DOCKET NO. 140137-EI

DUKE ENERGY
FLORIDA

Matthew R. Bernier
SENIOR COUNSEL
Duke Energy Florida, Inc.

June 25, 2014

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Petition for Approval of Modifications to DEF's As-Available Purchase Tariff & Interconnection Agreement

Dear Ms. Stauffer:

Enclosed for filing are the original and 7 copies of Duke Energy Florida's Petition for Approval of Modifications to DEF's As-Available Purchase Tariff. The above-referenced modifications concern Tariff Sheet Nos. 9.100 through 9.330 and Sheet Nos. 9.700 through 9.709.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in this matter and please let me know if you have any questions. I can be reached at (850) 521-1428.

Sincerely,

Matthew R. Bernier

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Attachments

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, Inc. For Approval of Modifications to the Approved As-Available Purchase Tariff /	Date Filed: June 25, 2014 Docket No. ______________

PETITION FOR APPROVAL OF MODIFICATIONS TO
DEF'S AS-AVAILABLE PURCHASE TARIFF

Pursuant to Rule 25-9.001(3), F.A.C., Duke Energy Florida ("DEF" or the "Company") respectfully petitions the Florida Public Service Commission ("PSC" or the "Commission") for approval of modifications to DEF's Agreement for Purchase of As-Available Energy and/or Parallel Operation with a Qualifying Facility tariff (the "As-Available Purchase tariff"). Modifications to the As-Available Purchase tariff are needed to reflect rule changes and to streamline the process and require Commission approval pursuant to Commission Rule 25-9.001(3), F.A.C.

Additionally, DEF has combined its standard Interconnection Agreement and Parallel Operating Agreement ("Interconnection Agreement") and separated it from the remainder of the As-Available Purchase tariff. These modifications also require Commission approval pursuant to Commission Rule 25-9.001(3), F.A.C.

The modified As-Available Purchase tariff, Section No. IX, Fourth Revised Sheet No. 9.100 through 9.330, as well as the Interconnection Agreement, Section No. IX, Original Sheet No. 9.700 through 9.709, are attached hereto in standard format as Exhibit

A and in legislative format as Exhibit B.[1] In support of this petition, DEF submits the following:

1. DEF is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes. The Company's General Offices are located at 299 1st Avenue North, St. Petersburg, Florida 33701.

2. Any pleading, motion, notice, order, or other document required to be served upon DEF of filed by any party to this proceeding should be served upon the following individuals:

Dianne M. Triplett
Associate General Counsel
dianne.triplett@duke-energy.com
Duke Energy Florida, Inc.
299 1st Avenue North
St. Petersburg, Florida 33701
(727) 820-4692 / (727) 820-5519 (fax)

Matthew R. Bernier
Senior Counsel
matthew.bernier@duke-energy.com
Paul Lewis, Jr.
Director, Regulatory Affairs
paul.lewisjr@duke-energy.com
Duke Energy Florida, Inc.
106 East College Ave., Ste. 800
Tallahassee, Florida 32301
(850) 521-1428/(850) 521-1437 (fax)

3. DEF's proposed modifications are intended to streamline the As-Available contract process and to update the tariff to incorporate legal and operational changes, such as rule changes and the inapplicability of certain tariff provisions to the As-Available Purchase agreement (e.g., the Standard Interconnection Agreement is not a necessary component of the As-Available Purchase agreement).

[1] The Interconnection Agreement, Section No. IX, Original Sheet No. 9.700 through 9.709, is provided in standard format only. As an original sheet, legislative format would not provide any practical benefit to the Commission.

4. To that end, DEF is proposing to divide the current tariff into three distinct pieces: 1) the as-available purchase contract; 2) a Qualifying Facility ("QF") Standard Interconnection Agreement; and 3) the rates section of the tariff.

5. One benefit of reorganizing the current tariff as proposed is to separate the standard Interconnection Agreement from the remainder of the as-available purchase contract to allow the standard Interconnection Agreement to stand on its own. This modification will allow a QF to either execute the standard Interconnection Agreement or use DEF's Open Access Tariff.

6. Another benefit of the proposed modifications is the proposed amendment to the execution pages of the standard Interconnection Agreement and the as-available purchase agreement. As proposed, DEF would acknowledge the receipt of the QF's executed agreement. This change increases efficiency by eliminating the need for the Company to formally execute the Commission-approved agreements before they can take effect. The Company is obligated to perform under these agreements once a QF has executed it, and the proposed modification reflects that obligation.

7. Additional modifications to the As-Available Purchase tariff include:

- Section 2.2 – adds the requirement that QF status be maintained throughout the term of the Agreement, as required by Rules 25-17.080 and 25-17.0825, F.A.C.;
- Section 2.3 – requires the QF to apply to its Transmission Service Utility for transmission service, including a system impact study (if necessary), within 60 days of the Execution Date of the Agreement;
- Section 2.4 – adds an intended date for the QF to begin deliveries to DEF;
- Section 4.3 – provides that the QF retains the rights to any Environmental Attributes associated with the electric generation of the facility (e.g., Renewable

Energy Credits (RECs)), as required by Rule 25-17.280, F.A.C., and further provides that the QF must comply with the Company's Minimum Load Emergency Curtailment Procedures, as required by Rule 25-17.086, F.A.C.;

- Section 4.4 – allows DEF to terminate the Agreement if the QF has not begun deliveries on the intended start date provided in section 2.4 or if the QF has made no deliveries for a period of 2 years or more;
- Section 6.3 – specifies that a negotiated price is available upon agreement of the QF and DEF, subject to Commission approval, as permitted by Rule 25-17.0825(1), F.A.C.;
- Section 9.1.6 – provides that payments under the Agreement are subject to adjustment for a period of no longer than 2 years based on errors or omissions by either party.

8. These proposed changes are consistent with the Commission's Rules and will allow DEF to more efficiently manage its contractual relationships (e.g., by allowing DEF to terminate contracts where the QF has not applied to its Transmission Service Utility within the required timeframe, has not made a delivery for a period of greater than two years, or has not maintained its QF status).

9. For the reasons stated above, DEF respectfully requests that the Commission approve its Petition.

Respectfully submitted this 25th day of June, 2014.

Dianne M. Triplett
Associate General Counsel
Matthew R. Bernier

Senior Counsel
DUKE ENERGY FLORIDA, INC.
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-4692
Facsimile: (727) 820-5249

Exhibit A
Standard Format

Fourth Revised Sheet No. 9.100 through 9.330

AGREEMENT FOR PURCHASE OF AS-AVAILABLE ENERGY AND/OR PARALLEL OPERATION WITH A QUALIFYING FACILITY

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AGREEMENT FOR THE PURCHASE OF AS-AVAILABLE ENERGY AND/OR PARALLEL OPERATION FROM A QUALIFYING FACILITY

between

____

and

DUKE ENERGY FLORIDA

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AGREEMENT

This Agreement ("Agreement") is made and entered by and between ____________________________, a __________, having its principal place of business at _________________________ (hereinafter referred to as the "QF"), and Florida Power Corporation d.b.a. Duke Energy Florida, a private utility corporation organized under the laws of the State of Florida, having its principal place of business at St. Petersburg, Florida (hereinafter referred to as the "Company"). The QF and the Company may be hereinafter referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the QF desires Parallel Operation with the Company and the Company desires to purchase any as available energy to be generated by the Facility and made available for sale to the Company, consistent with FPSC Rules 25-17.080, 25-17.082, 25-17.0825, 25-17.084, 26-17.086, 25-17.087, 25-17.0883 and 25-17.0889, as such rules may be amended from time to time; and

WHEREAS, the QF has acquired or will acquire an interconnection/transmission service agreement with the utility in whose service territory the Facility is to be located, pursuant to which the QF assumes contractual responsibility to make any and all transmission-related arrangements (including ancillary services) between the QF and the Transmission Service Utility for delivery of the Facility's firm capacity and energy to the Company. The Parties recognize that the Transmission Service Utility may be the Company and, in such event, that the transmission service will be provided under a separate agreement;

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

ARTICLE I: DEFINITIONS

As used in this Agreement and in the Appendices hereto, the following capitalized terms shall have the following meanings:

1.1 **Appendices** means the schedules, exhibits and attachments which are appended hereto and are hereby incorporated by reference and made a part of this Agreement.

1.1.1 **Appendix A** sets forth the Company's Rates for Purchase of As-Available Energy.

1.2 **Company's Interconnection Facilities** means all equipment located on the Company's side of the Point of Delivery, (including without limitation), equipment for connection, switching, transmission, distribution, protective relaying and safety provisions which in the Company's judgment is required to be installed for the delivery and measurement of electric energy into the Company's system on behalf of the QF, including all metering and telemetering equipment installed for the measurement of such energy regardless of its location in relation to the Point of Delivery.

1.3 **As-Available Energy** means energy produced and sold by a QF on an hour-by-hour basis for which contractual commitments as to quantity, time, or reliability of delivery are not required.

1.4 **Distributed Resource** means a facility that is defined as a Distributed Resource in the Institute of Electrical and Electronics Engineers ("IEEE") Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems.

1.5 **Execution Date** means the date on which the Company executes this Agreement.

1.6 **Facility** means all equipment, as described in this Agreement, used to produce electric energy and, for a cogeneration facility, used to produce useful thermal energy through the sequential use of energy.

1.7 **FERC** means the Federal Energy Regulatory Commission and any successor.

1.8 **FPSC** means the Florida Public Service Commission and any successor.

1.9 **Force Majeure Event** means an event or occurrence that is not reasonably foreseeable by a Party, is beyond its reasonable control, and is not caused by its negligence or lack of due diligence, including, but not limited to, natural disasters, fire, lightning, wind, perils of the sea, flood, explosions, acts of God or the public enemy, strikes, lockouts, vandalism, blockages, insurrections, riots, war, sabotage, action of a court or public authority, or accidents to or failure of equipment or machinery, including, if applicable, equipment of the Transmission Service Utility.

1.10 **KW** means one (1) kilowatt of electric capacity.

1.11 **KWH** means one (1) kilowatt-hour of electric energy.

1.12 **Parallel Operation** means the QF will engage in interconnected operation of the QF's generating facility with the Company.

1.13 **Point of Delivery** means the point(s) where electric energy delivered to the Company pursuant to this Agreement enters the Company's system.

1.14 **Point of Metering** means the point(s) where electric energy made available for delivery to the Company, subject to adjustment for losses, is measured.

1.15 **Point of Ownership** means the interconnection point(s) between the Facility and the interconnected utility.

1.16 **Qualifying [Small Power Production or Cogeneration] Facility ("QF")** means a facility that meets the requirements defined in FPSC Rule 25-17.080.

ARTICLE II: FACILITY

2.1 The Facility shall be located in ______________________ of Section ______________________ Township ____________________, Range __________________. The Facility shall meet all other specifications identified in the Appendices hereto in all material respects and no change in the designated location of the Facility shall be made by the QF. The Facility shall be designed and constructed by the QF or its agents at the QF's sole expense.

2.2 Throughout the Term of this Agreement, the Facility shall be a Qualifying [Cogeneration or Small Power Production] Facility. In the event the Facility does not maintain its status as a Qualifying Facility, this Agreement shall be immediately deemed null and void as of said date and of no further effect.

2.3 Unless the QF is already interconnected to a transmission or distribution system, no later than sixty (60) days after the Execution Date, the QF shall apply to its Transmission Service Utility for transmission service including a system impact study, if required. The QF shall continue the interconnection process in a timely manner so as to maintain its position in the interconnection queue.

2.4 The QF intends to begin deliveries to the Company by ______________.

ARTICLE III TERM

The Term of this agreement shall begin on the Execution Date and shall continue until terminated by the Company for good cause or by the QF. Upon termination or expiration of this Agreement, the Parties shall be relieved of their obligations under this Agreement except for the obligation to pay each other all monies under this Agreement, which obligation shall survive termination or expiration.

ARTICLE IV: PURCHASE OF AS-AVAILABLE ENERGY

4.1 The QF shall sell and arrange for delivery of the As-Available Energy to the Company and the Company agrees to purchase, accept and pay for the As-Available Energy made available to the Company and which the Company is able to receive at the Point of Delivery in accordance with the terms and conditions of this Agreement, or a separately negotiated contract.

4.2 The QF shall not commence initial deliveries of energy to the Point of Delivery without the prior written consent of the Company, which consent shall not unreasonably be withheld.

4.3 The RF/QF shall retain any and all rights to own and to sell any and all Environmental Attributes associated with the electric generation of the Facility. During minimum load conditions on the Company's system the QF shall comply with the Company's Minimum Load Emergency Curtailment Procedures as approved by the FPSC and as updated from time to time.

4.4 In the event that the Company has not received any deliveries of energy from the QF by the date in Section 3.5 or for a period of two years or more then the Company will contact the QF in writing using the information in Section 15 requesting the QFs future plans. The Company shall have the right to terminate this Agreement unless the QF replies in writing within a reasonable timeframe that it would like this Agreement to continue.

ARTICLE V: INTERCONNECTION

5.1 The QF's interconnection scheduling and cost responsibilities and parallel operating procedures shall be those specified in a separate interconnection agreement.

5.2 The location and voltage of the Point of Interconnection and the Point of Metering will be specified by the interconnection/transmission service agreement.

ARTICLE VI: ENERGY PAYMENTS

6.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount as computed in Appendix A.

6.2 Energy payments pursuant to sections 9.1.1 and 9.1.2 hereof shall be subject to the delivery voltage adjustment value applicable to the Facility and approved from time to time by the FPSC pursuant to Appendix A.

6.3 Upon agreement by the Company and the QF and subject to approval by the FPSC, an alternative rate for the purchase of As-Available Energy may be negotiated in a separate agreement.

ARTICLE VII: CHARGES TO THE QF

The Company shall bill and the QF shall pay all charges applicable under Appendix A.

ARTICLE VIII: METERING

8.1 All electric energy shall be capable of being measured as described in Appendix C, Determination of Payment, at the Point of Metering. All electric energy delivered to the Company shall be adjusted for losses from the Point of Metering to the Point of Delivery. Any additional required metering equipment to measure electric energy and the telemetering equipment necessary to transmit such measurements to a location specified by the Company shall be installed, calibrated and maintained by the Company and all related costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.

8.2 All meter testing and related billing corrections, for electricity sold and purchased by the Company, shall conform to the metering and billing guidelines contained in FPSC Rules 25-6.052 through 25-6.060 and FPSC Rule 25-6.103, as they may be amended from time to time, notwithstanding that such guidelines apply to the utility as the seller of electricity.

ARTICLE IX: PAYMENT PROCEDURE

9.1 Bills shall be issued and payments shall be made monthly to the QF and by the QF in accordance with the following procedures:

9.1.1 The electric energy payment calculated for a given month shall be tendered, with cost tabulations showing the basis for payment, by the Company to the QF as a single payment. Such payments to the QF shall be due and payable twenty (20) business days following the date the meters are read.

9.1.2 When any amount is owing from the QF, the Company shall issue a monthly bill to the QF with cost tabulations showing the basis for the charges. All amounts owing to the Company from the QF shall be due and payable twenty (20) business days after the date of the Company's billing statement. Amounts owing to the Company for retail electric service shall be payable in accordance with the provisions of the applicable rate schedule.

9.1.3 At the option of the QF, the Company will provide a net payment or net bill, whichever is applicable, that consolidates amounts owing to the QF with amounts owing to the Company.

9.1.4 Except for charges for retail electric service, any amount due and payable from either Party to the other pursuant to this Agreement that is not received by the due date shall accrue interest from the due date at the rate equal to the thirty (30) day highest grade commercial paper as published in the Wall Street Journal on the first business day of each month. Such interest shall be compounded monthly.

9.1.5 The QF may elect net sale or simultaneous purchase and sale in accordance with the provisions of FPSC Rule 25-17.082, such election not to be changed more often than every twelve (12) months.

9.1.6 Payments to be made under this Contract shall, for a period of not longer than two (2) years, remain subject to adjustment based on billing adjustments due to error or omission by either Party.

ARTICLE X: INSURANCE

The provisions of this Article do not apply to a QF whose Facility is not directly interconnected with the Company's system.

10.1 The QF shall deliver to the Company, at least fifteen (15) days prior to the commencement of any work on the Company's Interconnection Facilities, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the QF as a named insured and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering liabilities arising out of the interconnection with the Facility, or caused by the operation of the Facility or by the QF's failure to maintain the Facility in satisfactory and safe operating condition.

10.2 The insurance policy providing such coverage shall provide public liability insurance, including property damage, in an amount not less than $1,000,000 for each occurrence. The required insurance policy shall be endorsed with a provision requiring the insurance company to notify the Company at least thirty (30) days prior the effective date of any cancellation or material change in the policy.

10.3 The QF shall pay all premiums and other charges due on said insurance policy and shall keep said policy in force during the entire period of interconnection with the Company.

ARTICLE XI: REGULATORY CHANGES

The Parties agree that the Company's payment obligations under this Agreement are expressly conditioned upon the mutual commitments set forth in this Agreement. Payments for as-available energy made to QF's pursuant to this Agreement shall be recovered by the Company through the Commission's periodic review of fuel and purchased power.

ARTICLE XII: FACILITY RESPONSIBILITY AND ACCESS

12.1 Representatives of the Company shall at all reasonable times have access to the Facility and to property owned or controlled by the QF and having relationship to the interconnection for the purpose of inspecting, testing, and obtaining other technical information deemed necessary by the Company in connection with this Agreement. Any inspections or testing by the Company shall not relieve the QF of its obligation to maintain the Facility.

12.2 In no event shall any Company statement, representation, or lack thereof, either express or implied, relieve the QF of its exclusive responsibility for the Facility and its exclusive obligations, if applicable, with the Transmission Service Utility. Any Company inspection of property or equipment owned or controlled by the QF or the Transmission Service Utility, or any Company review of or consent to the QF's or the Transmission Service Utility's plans, shall not be construed as endorsing the design, fitness or operation of the Facility or the Transmission Service Utility's equipment nor as a warranty or guarantee.

12.3 The Company shall reactivate the Company's Interconnection Facilities at its own expense if the same are rendered inoperable due to actions of the Company or its agents, or a Force Majeure Event.

ARTICLE XIII: INDEMNIFICATION

The QF agrees to indemnify and save harmless the Company and its employees, officers, and directors against any and all liability, loss, damage, costs or expense which the Company, its employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the QF in performing its obligations pursuant to this Agreement or the QF's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the QF and its employees, officers, and directors against any and all liability, loss, damage, cost or expense which the QF, its employees, officers, and directors may hereafter incur, suffer, or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provisions of this Agreement. The QF agrees to include the Company as an additional insured in any liability insurance policy or policies the QF obtains to protect the QF's interests with respect to the QF's indemnity and hold harmless assurance to the Company contained in this Article.

ARTICLE XIV: EXCLUSION OF INCIDENTAL CONSEQUENTIAL AND INDIRECT DAMAGES

Neither Party shall be liable to the other for incidental, consequential or indirect damages, including, but not limited to, the cost of replacement power, whether arising in contract, tort, or otherwise.

ARTICLE XV: COMMUNICATIONS

15.1 Any non-emergency or operational notice, request, consent, payment or other communication made pursuant to this Agreement to be given by one Party to the other Party shall be in writing, either personally delivered or mailed to the representative of said other Party designated in this section, and shall be deemed to be given when received. Notices and other communications by the Company to the QF shall be addressed to:

____
____
____
____
____

Notices to the Company shall be addressed to:

Manager-Cogeneration Contracts & Administration
Duke Energy Florida
P.O. Box 14042
St. Petersburg, FL 33733

15.2 Communications made for emergency or operational reasons may be made to the following persons and shall thereafter be confirmed promptly in writing.

To The Company: System Dispatcher on Duty
Title: System Dispatcher
Telephone: (727) 866-5888
Telecopier: (727) 384-7865

To The QF: Name: ____________________
Title: ____________________________
Telephone: ( ) ______________________
Telecopier: ( ) ______________________

15.3 Either Party may change its representatives names in this section by prior written notice to the other Party.

15.4 The Parties' representatives designated above shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. However, they shall not have the authority to amend, modify, or waive any provision of this Agreement.

ARTICLE XVI: SECTION HEADINGS FOR CONVENIENCE

Article or section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

ARTICLE XVII: GOVERNING LAW

The interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the QF has caused this Agreement to be executed by its duly authorized representatives on the day and year below.

The Qualifying Facility:

By:________________________

Title:________________________

Date:________________________

ATTEST:

____

IN WITNESS WHEREOF, the Company has acknowledged receipt of this executed Agreement.

The Company:

By:________________________

Title:________________________

Date:________________________

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APPENDIX A
RATES

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APPENDIX A
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SCHEDULE 1

PAYMENTS FOR AS-AVAILABLE ENERGY

Payments:

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with the methodology described in Schedule 2 of this Appendix. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment. Avoided energy costs include incremental fuel and identifiable variable operation and maintenance expenses, and identifiable variable utility power purchases. An adjustment for line losses reflecting delivery voltage shall also be included. When interchange transactions take place, the incremental costs are calculated after the purchase or before the sale of the interchange energy. All sales shall be adjusted for losses from the point of metering to the point of interconnection.

Estimated As-Available Energy Cost:

Upon request by a qualifying facility or any interested person, each utility shall provide within 30 days its most current projections of its generation mix, fuel price by type of fuel, and at least a five year projection of fuel forecasts to estimate future as-available energy prices as well as any other information reasonably required by the qualifying facility to project future avoided cost prices including, but not limited to, a 24 hour advance forecast of hour-by-hour avoided energy costs. The Company may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

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SCHEDULE 2

METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS

Introduction:

A unit commitment computer program is utilized to determine the hourly avoided energy cost as the basis for purchase of as-available energy from qualifying facilities. All economic, unit constraint, and system requirements data necessary for program execution is based on real time data accumulated during the hour that energy was received.

Determination of Energy Block Size:

The energy received from all as-available QFs is determined by the Company's Meter Department for metered energy and the Company's Energy Control Department for telemetered energy. The Energy Control Department combines these inputs to determine the total energy received by the Company from QFs for the period. The energy block size will be the equivalent of this total divided by the number of hours in the period, rounded to the nearest five MW. The energy price payable to the QFs will be based on this energy block size. A time aligned matrix of energy received from each QF excluding non-time-of-day QFs (less than 100 KW) is produced from this data (Energy Received Matrix).

Unit Commitment Program Execution:

The Unit Commitment Program is executed with the following hourly input data for the desired period:

1. Unit constraint data to simulate actual unit operating conditions and availability.

2. Resource economic data consistent with the data used in the actual dispatch of energy resources. This includes a replacement cost of fuel based on an average forecast price from the Company's suppliers for oil, the price for interruptible gas, and the spot market price of coal.

3. System load and operating/spinning reserve requirements actually experienced.

4. Interchange purchases in the magnitude and at the average variable cost actually incurred. The cost of emergency purchases shall be assumed equal to that of the average unit cost of emergency purchases made during the prior twelve months' period for which emergency purchase information is available.

The unit commitment program is executed a second time for the same period with an increase in the hourly system load equal to the energy block size. All other data remain the same.

Determination of Energy Price:

A comparison of the unit commitment program executions described above produces the energy prices. The hourly cost of the second execution minus the corresponding hourly cost of the first execution equals the hourly energy cost avoided by the Company as a result of the energy supplied by the QFs. These hourly avoided energy costs will be arranged into a time aligned matrix of energy prices (Energy Price Matrix).

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SCHEDULE 2
METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS

Determination of Identifiable Variable Operation & Maintenance Cost:

The Company's Fossil Plant Performance Department examines for a five year historic period all the Company's production operation and maintenance expenses excluding fuel costs and identifies the variable component. A ratio of variable costs to total O&M costs excluding fuel is derived for various fossil generating types. The appropriate ratio is applied to each fossil generating type's unit cost (on a KWH basis) for the most current twelve months' period to establish the current variable O&M unit cost for each generating type. These unit costs are then weighted according to the current twelve months' generation output of each generating type to determine the average current variable O&M unit cost.

Determination of Line Loss (Delivery Voltage) Adjustment:

The Company's average system line losses are analyzed annually for the prior calendar year, and delivery efficiencies are developed for the transmission, distribution primary, and distribution secondary voltage levels. This analysis is provided in the Company's semi-annual fuel cost recovery filing with the FPSC in Exhibit Schedule E1. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined avoided costs to reflect the delivery voltage level at which QF energy is received by the Company.

Determination of Payment:

The actual payment to each QF for the period is determined by one of the following methods:

1. **For QFs (less than 100 KW) Time-of-Day Metered**

   Average On-Peak and Off-Peak energy prices derived from the "Energy Price Matrix" are applied to the QF's corresponding On-Peak and Off-Peak energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

2. **For QFs (less than 100 KW) Non-Time-of-Day Metered**

   The average Off-Peak energy price derived from the "Energy Price Matrix" is applied to the QF's energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

3. **For QFs (100 KW or Greater) Hourly Metered**

   The "Energy Price Matrix" is applied to corresponding elements of the QF's "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

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SCHEDULE 3

CHARGES TO QUALIFYING FACILITY

Customer Charges:

The Qualifying Facility shall be responsible for all FPSC approved charges for any retail service that may be provided by the Company. The Qualifying Facility shall be billed at the customer charge rate stated in DEF's applicable standby tariff monthly for the costs of meter reading, billing, and other appropriate administrative costs.

Operation, Maintenance, and Repair Charges:

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

The Qualifying Facility shall pay a monthly charge equal to 0.50% of the Interconnection Costs less the Interconnection Costs Offset.

Taxes and Assessments:

The Qualifying Facility shall be billed or credited monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its installation of facilities in connection with this Agreement, its purchase of As-Available Energy produced by the Qualifying Facility, or any other activity undertaken pursuant to this Agreement. Such amount billed shall not include any amounts (i) for which the Company would have been liable had it generated or purchased from other sources an equivalent amount of electric energy; or (ii) which are recovered by the Company.

Exhibit A

Standard Format

Original Sheet No. 9.700 through 9.709

INTERCONNECTION AGREEMENT

INTERCONNECTION SCHEDULING AND COST RESPONSIBILITY

1.0 Purpose

This Agreement provides the procedures for the scheduling of construction for the Company's Interconnection Facilities as well as the cost responsibility of the QF for the payment of Interconnection Costs. This Agreement also provides general operating, testing, and inspection procedures intended to promote the safe parallel operation of the Facility with the Company's system. This Agreement applies to QF's, whether or not their Facility will be directly interconnected with the Company's system. All requirements contained herein shall apply in addition to and not in lieu of the provisions of the Power Purchase Agreement.

2.0 Definitions

2.1 "Agreement" means this Interconnection Agreement.

2.1 "Company" means Duke Energy Florida.

2.2 "Company's Interconnection Facilities" means all equipment located on the Company's side of the Point of Delivery, including without limitation, equipment for connection, switching, transmission, distribution, protective relaying and safety provisions which in the Company's judgment are required to be installed for the delivery and measurement of electric energy into the Company's system on behalf of the QF, including all metering and telemetering equipment installed for the measurement of such energy regardless of its location in relation to the Point of Delivery.

2.3 "Execution Date" means the date on which the Company executes this Agreement.

2.4 "Facility" means all equipment, as described in this Agreement, used to produce electric energy and, for a cogeneration facility, used to produce useful thermal energy through the sequential use of energy.

2.5 "Interconnection Costs" means the actual costs incurred by the Company for the Company's Interconnection Facilities, including, without limitation, the cost of equipment, engineering, communication and administrative activities.

2.6 "Interconnection Costs Offset" means the estimated costs included in the Interconnection Costs that the Company would have incurred if it were not purchasing electric energy but instead itself generated or purchased from other sources an equivalent amount of electric energy and provided normal service to the Facility as if it were a non-generating customers.

2.7 "Part(y)(ies)" means the Company or/and the QF.

2.8 "Point of Delivery" means the point(s) where electric energy delivered to the Company pursuant to this Agreement enters the Company's system.

2.9 "Point of Metering" means the point(s) where electric energy made available for delivery to the Company, subject to adjustment for losses, is measured.

2.10 "Point of Ownership" means the interconnection point(s) between the Facility and the interconnected utility.

2.11 "Power Purchase Agreement" means either the (i) Agreement for Purchase of As-Available Energy, (ii) the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW or (iii) a negotiated contract based upon (i) or (ii).

2.11 "Qualifying Facility" or "QF" means a facility that meets the requirements defined in FPSC Rule 25-17.080.

2.12 "Transmission Service Utility" means the operator(s) of the Transmission System(s) or any successor thereof or any other entity or entities authorized to transmit Energy on behalf of RF/QF from the Electrical Interconnection Point.

3.0 Submission of Plans and Development of Interconnection Schedules and Cost Estimates

3.1 No later than sixty (60) days after the Execution Date, the QF shall specify the date it desires the Company's Interconnection Facilities to be available for receipt of the electric energy and shall provide a preliminary written description of the Facility and, if applicable, the QF's anticipated arrangements with the Transmission Service Utility, including without limitation, a one-line diagram, anticipated Facility site data and any additional facilities anticipated to be needed by the Transmission Service Utility. Based upon the information provided, the Company shall develop preliminary written Interconnection Costs and scheduling estimates for the Company's Interconnection Facilities within sixty (60) days after the information is provided. The schedule developed hereunder will indicate when the QF's final electrical plans must be submitted to the Company pursuant to section 3.2 hereof.

3.2 The QF shall submit the Facility's final electrical plans and all revisions to the information previously submitted under section 3.1 hereof to the Company no later than the date specified under section 3.1 hereof, unless such date is modified in the Company's reasonable discretion. Based upon the information provided and within sixty (60) days after the information is provided, the Company shall update its written Interconnection Costs and schedule estimates, provide the estimated time period required for construction of the Company's Interconnection Facilities, and specify the date by which the Company must receive notice from the QF to initiate construction, which date shall, to the extent practical, be consistent with the QF's schedule for delivery of energy into the Company's system. The final electrical plans shall include the following information, unless all or a portion of such information is waived by the Company in its discretion:

a. Physical layout drawings, including dimensions;

b. All associated equipment specifications and characteristics including technical parameters, ratings, basic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, frequency, voltage, current and interconnection distance;

c. Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the Facility's proposed system and to be able to make a coordinated system;

d. Power requirements in watts and vars;

e. Expected radio-noise, harmonic generation and telephone interference factor;

f. Synchronizing methods; and

g. Facility operating/instruction manuals.

h. If applicable, a detailed description of the facilities to be utilized by the Transmission Service Utility to deliver energy to the Point of Delivery.

3.3 Any subsequent change in the final electrical plans shall be submitted to the Company and it is understood and agreed that any such changes may affect the Company's schedules and Interconnection Costs as previously estimated.

3.4 The QF shall pay the actual costs incurred by the Company to develop all estimates pursuant to section 3.1 and 3.2 hereof and to evaluate any changes proposed by the QF under section 3.3 hereof, as such costs are billed pursuant to the Power Purchase Agreement. At the Company's option, advance payment for these cost estimates may be required, in which event the Company will issue an adjusted bill reflecting actual costs following completion of the cost estimates.

3.5 The Parties agree that any cost or scheduling estimates provided by the Company hereunder shall be prepared in good faith but shall not be binding. The Company may modify such schedules as necessary to accommodate contingencies that affect the Company's ability to initiate or complete the Company's Interconnection Facilities and actual costs will be used as the basis for all final charges hereunder.

4.0 Payment Obligations for Interconnection Costs.

4.1 The Company shall have no obligation to initiate construction of the Company's Interconnection Facilities prior to a written notice from the QF agreeing to the Company's interconnection design requirements and notifying the Company to initiate its activities to construct the Company's Interconnection Facilities; provided, however, that such notice shall be received not later than the date specified by the Company under section 3.2 hereof. The QF shall be liable for and agrees to pay all Interconnection Costs incurred by the Company on or after the specified date for initiation of construction.

4.2 The QF agrees to pay all of the Company's actual Interconnection Costs as such costs are incurred and billed in accordance with the Power Purchase Agreement. Such amounts shall be billed pursuant to section 4.2.1 if the QF elects the payment option permitted by FPSC Rule 25-17.087(3). Otherwise the QF shall be billed pursuant to section 4.2.2.

4.2.1 Upon a showing of credit worthiness, the QF shall have the option of making monthly installment payments for Interconnection Costs over a period no longer than thirty six (36) months. The period selected is _______ months. Principal payments will be based on the estimated Interconnection Costs less the Interconnection Costs Offset, divided by the repayment period in months to determine the monthly principal payment. Payments will be invoiced in the first month following first incurrence of Interconnection Costs by the Company. Invoices to the QF will include principal payments plus interest on the unpaid balance, if any, calculated at a rate equal to the thirty (30) day highest grade commercial paper rate as published in the Wall Street Journal on the first business day of each month. The final payment or payments will be adjusted to cause the sum of principal payments to equal the actual Interconnection Costs.

4.2.2 When Interconnection Costs are incurred by the Company, such costs will be billed to the QF to the extent that they exceed the Interconnection Costs Offset.

4.3 If the QF notifies the Company in writing to interrupt or cease interconnection work at any time and for any reason, the QF shall nonetheless be obligated to pay the Company for all costs incurred in connection with the Company's Interconnection Facilities through the date of such notification and for all additional costs for which the Company is responsible pursuant to binding contracts with third parties.

5.0 Payment Obligation for Operation, Maintenance and Repair of the Company's Interconnection Facilities

The QF also agrees to pay monthly through the term of the Agreement for all costs associated with the operation, maintenance and repair of the Company's Interconnection Facilities, based on a percentage of the total Interconnection Costs net of the Interconnection Costs Offset, as set forth in Appendix A of the Agreement for Purchase of As-Available Energy and/or Parallel Operation With a Qualifying Facility.

6.0 Schematic Diagram

Exhibit B-1, attached hereto and made a part hereof, is a schematic diagram showing the major circuit components connecting the Facility and the Company's [substation] and showing the Point of Delivery and the Point of Metering and/or Point of Ownership, if different. All switch number designations initially left blank on Exhibit B-1 will be inserted by the Company on or before the date on which the Facility first operates in parallel with the Company's system.

7.0 Operating Standards

7.1 The QF and the Company will independently provide for the safe operation of their respective facilities, including periods during which the other Party's facilities are unexpectedly energized or de-energized.

7.2 The QF shall reduce, curtail, or interrupt electrical generation or take other appropriate action for so long as it is reasonably necessary, which in the judgment of the QF or the Company may be necessary to operate and maintain a part of either Party's system, to address, if applicable, an emergency on either Party's system.

7.3 As may be provided in the Power Purchase Agreement, the QF shall not operate the Facility's electric generation equipment in parallel with the Company's system without prior written consent of the Company. Such consent shall not be given until the QF has satisfied all criteria under the Power Purchase Agreement and has:

(i) submitted to and received consent from the Company of its as-built electrical specifications;

(ii) demonstrated to the Company's satisfaction that the Facility is in compliance with the insurance requirements of the Power Purchase Agreement; and

(iii) demonstrated to the Company's satisfaction that the Facility is in compliance with all regulations, rules, orders, or decisions of any governmental or regulatory authority having jurisdiction over the Facility's generating equipment or the operation of such equipment.

7.4 After any approved Facility modifications are completed, the QF shall not resume parallel operation with the Company's system until the QF has demonstrated that it is in compliance with all the requirements of section 8.2 hereof.

7.5 The QF shall be responsible for coordination and synchronization of the Facility's equipment with the Company's electrical system, and assumes all responsibility for damage that may occur from improper coordination or synchronization of the generator with the utility's system.

7.6 The Company shall have the right to open and lock, with a Company padlock, manual disconnect switch numbers(s)___________ and isolate the Facility's generation system without prior notice to the QF. To the extent practicable, however, prior notice shall be given. Any of the following conditions shall be cause for disconnection:

1. Company system emergencies and/or maintenance repair and construction requirements;

2. hazardous conditions existing on the Facility's generating or protective equipment as determined by the Company;

3. adverse effects of the Facility's generation to the Company's other electric consumers and/or system as determined by the Company;

4. failure of the QF to maintain any required insurance; or

5. failure of the QF to comply with any existing or future regulations, rules, orders or decisions of any governmental or regulatory authority having jurisdiction over the Facility's electric generating equipment or the operation of such equipment.

7.7 The Facility's electric generation equipment shall not be operated in parallel with the Company's system when auxiliary power is being provided from a source other than the Facility's electric generation equipment.

7.8 Neither Party shall operate switching devices owned by the other Party, except that the Company may open the manual disconnect switch number(s)________ owned by the QF pursuant to section 7.6 hereof.

7.9 Should one Party desire to change the operating position of a switching device owned by the other Party, the following procedures shall be followed:

(i) The Party requesting the switching change shall orally agree with an authorized representative of the other Party regarding which switch or switches are to be operated, the requested position of each switching device, and when each switch is to be operated.

(ii) The Party performing the requested switching shall notify the requesting Party when the requested switching change has been completed.

(iii) Neither Party shall rely solely on the other party's switching device to provide electrical isolation necessary for personnel safety. Each Party will perform work on its side of the Point of Ownership as if its facilities are energized or test for voltage and install grounds prior to beginning work.

(iv) Each Party shall be responsible for returning its facilities to approved operating conditions, including removal of grounds, prior to the Company authorizing the restoration of parallel operation.

(v) The Company shall install one or more red tags similar to the red tag shown in Exhibit B-2 attached hereto and made a part hereof, on all open switches. Only Company personnel on the Company's switching and tagging list shall remove and/or close any switch bearing a Company red tag under any circumstances.

7.10 Should any essential protective equipment fail or be removed from service for maintenance or construction requirements, the Facility's electric generation equipment shall be disconnected from the Company's system. To accomplish this disconnection, the QF shall either (i) open the generator breaker number(s) ______; or (ii) open the manual disconnect switch number(s) ______.

7.10.1 If the QF elects option (i), the breaker assembly shall be opened and drawn out by QF personnel. As promptly as practicable, Company personnel shall install a Company padlock and a red tag on the breaker enclosure door.

7.10.2 If the QF elects option (ii), the switch shall be opened by QF personnel or by Company personnel and, as promptly as practicable, Company personnel will install a Company padlock and a red tag.

8.0 Inspection and Testing

8.1 The inspection and testing of all electrical relays governing the operation of the generator's circuit breaker shall be performed in accordance with manufacturer's recommendations, but in no case less than once every 12 months. This inspection and testing shall include, but not be limited to, the following:

(i) electrical checks on all relays and verification of settings electrically;

(ii) cleaning of all contacts;

(iii) complete testing of tripping mechanisms for correct operating sequence and proper time intervals; and

(iv) visual inspection of the general condition of the relays.

8.2 In the event that any essential relay or protective equipment is found to be inoperative or in need of repair, the QF shall notify the Company of the problem and cease parallel operation of the generator until repairs or replacements have been made. The QF shall be responsible for maintaining records of all inspections and repairs and shall make said records available to the Company upon request.

8.3 The Company shall have the right to operate and test any of the Facility's protective equipment to assure accuracy and proper operation. This testing shall not relieve the QF of the responsibility to assure proper operation of its equipment and to perform routine maintenance and testing.

9.0 Notification

9.1 Communications made for emergency or operational reasons may be made to the following persons and shall thereafter be confirmed promptly in writing:

To The Company: System Dispatcher on Duty
Title: System Dispatcher
Telephone: (727)384-7211
Telecopier: (727)384-7865

To The QF: Name:_______________________
Title:_______________________
Telephone:_______________________
Telecopier:_______________________

9.2 Each Party shall provide as much notification as practicable to the other Party regarding planned outages of equipment that may affect the other Party's operation.

10.0 Standards

Interconnection with, and delivery into, the Company's system must be accomplished in accordance with the provisions of FPSC Rule 25-17.087. Additionally, as provided in FPSC Order No. PSC-06-0707-PAA-EI, issued August 18, 2006, in Docket No. 060410-EI, for a QF that is a Distributed Resource, the QF's interconnection with the Company's system must be accomplished in accordance with the provisions of the IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems that is in effect at the time of construction.

EXHIBIT B-1

Exhibit B-1 will be unique for each Facility
and must be complete prior to parallel
operation with the Company

EXHIBIT B-2

A switch or switch point (i.e., elbow, open jumpers, etc.) with a red tag attached is open and shall not be closed under any circumstances. After a switch has been red tagged, that switch cannot be closed until the red tag is removed. Red tags can only be removed when authorized by a specific written order.

Exhibit B

Legislative Format

AGREEMENT FOR PURCHASE OF AS-AVAILABLE ENERGY AND/OR PARALLEL OPERATION WITH A QUALIFYING FACILITY

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**AGREEMENT FOR THE PURCHASE OF
AS-AVAILABLE ENERGY AND/OR PARALLEL OPERATION ~~WITH~~FROM
A QUALIFYING FACILITY**

between

____

and

DUKE ENERGY FLORIDA

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ii

AGREEMENT

This Agreement ("Agreement") is made and entered by and between ______________________________, a ___________, having its principal place of business at ___________________________ (hereinafter referred to as the "QF"), and Florida Power Corporation d.b.a. Duke Energy Florida, a private utility corporation organized under the laws of the State of Florida, having its principal place of business at St. Petersburg, Florida (hereinafter referred to as the "Company"). The QF and the Company may be hereinafter referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the QF desires Parallel Operation with the Company and the Company desires to purchase any as available energy to be generated by the Facility and made available for sale to the Company, consistent with FPSC Rules 25-17.080, 25-17.082, 25-17.0825, 25-17.084, 26-17.086, 25-17.087, 25-17.0883 and 25-17.0889, as such rules may be amended from time to time; and

~~WHEREAS, the QF will engage in interconnected operation of the QF's generating facility with either the Company or with [utility]'s system (hereinafter referred as the "Transmission Service Utility") which is directly interconnected at one or more points with the Company.~~

WHEREAS, the QF has acquired or will acquire an interconnection/transmission service agreement with the utility in whose service territory the Facility is to be located, pursuant to which the QF assumes contractual responsibility to make any and all transmission-related arrangements (including ancillary services) between the QF and the Transmission Service Utility for delivery of the Facility's firm capacity and energy to the Company. The Parties recognize that the Transmission Service Utility may be the Company and, in such event, that the transmission service will be provided under a separate agreement;

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

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ARTICLE I: DEFINITIONS

As used in this Agreement and in the Appendices hereto, the following capitalized terms shall have the following meanings:

1.1 **Appendices** means the schedules, exhibits and attachments which are appended hereto and are hereby incorporated by reference and made a part of this Agreement.

~~1.1.1 **Appendix A** sets forth the Company's Interconnection Scheduling and Cost Procedures.~~

~~1.1.1 **Appendix B** sets forth the Company's Parallel Operating Procedures.~~

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~~1.1.2~~1.1.1 **Appendix** ~~**C**~~ **A** sets forth the Company's Rates for Purchase of As-Available Energy.

1.2 **Company's Interconnection Facilities** means all equipment located on the Company's side of the Point of Delivery, (including without limitation), equipment for connection, switching, transmission, distribution, protective relaying and safety provisions which in the Company's judgment is required to be installed for the delivery and measurement of electric energy into the Company's system on behalf of the QF, including all metering and telemetering equipment installed for the measurement of such energy regardless of its location in relation to the Point of Delivery.

1.3 **As-Available Energy** means energy produced and sold by a QF on an hour-by-hour basis for which contractual commitments as to quantity, time, or reliability of delivery are not required.

1.4 **Distributed Resource** means a facility that is defined as a Distributed Resource in the Institute of Electrical and Electronics Engineers ("IEEE") Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems.

1.5 **Execution Date** means the date on which the Company executes this Agreement.

1.6 **Facility** means all equipment, as described in this Agreement, used to produce electric energy and, for a cogeneration facility, used to produce useful thermal energy through the sequential use of energy.

1.7 **FERC** means the Federal Energy Regulatory Commission and any successor.

1.8 **FPSC** means the Florida Public Service Commission and any successor.

1.9 **Force Majeure Event** means an event or occurrence that is not reasonably foreseeable by a Party, is beyond its reasonable control, and is not caused by its negligence or lack of due diligence, including, but not limited to, natural disasters, fire, lightning, wind, perils of the sea, flood, explosions, acts of God or the public enemy, strikes, lockouts, vandalism, blockages, insurrections, riots, war, sabotage, action of a court or public authority, or accidents to or failure of equipment or machinery, including, if applicable, equipment of the Transmission Service Utility.

~~1.10 **Interconnection Costs** means the actual costs incurred by the Company for the Company's Interconnection Facilities, including, without limitation, the cost of equipment, engineering, communication and administrative activities.~~

~~1.11 **Interconnection Costs Offset** means the estimated costs included in the Interconnection Costs that the Company would have incurred if it were not purchasing electric energy but instead itself generated or purchased from other sources an equivalent amount of electric energy and provided normal service to the Facility as if it were a non-generating customers.~~

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~~1.12~~1.10 **KW** means one (1) kilowatt of electric capacity.

~~1.13~~1.11 **KWH** means one (1) kilowatt-hour of electric energy.

1.12 **Parallel Operation** means the QF will engage in interconnected operation of the QF's generating facility with the Company.

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1.13 **Point of Delivery** means the point(s) where electric energy delivered to the Company pursuant to this Agreement enters the Company's system.

1.14 **Point of Metering** means the point(s) where electric energy made available for delivery to the Company, subject to adjustment for losses, is measured.

1.15 **Point of Ownership** means the interconnection point(s) between the Facility and the interconnected utility.

1.16 **Qualifying [Small Power Production or Cogeneration] Facility ("QF")** means a facility that meets the requirements defined in FPSC Rule 25-17.080.

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~~1.15 **Point of Delivery** means the point(s) where electric energy delivered to the Company pursuant to this Agreement enters the Company's system.~~

~~1.16 **Point of Metering** means the point(s) where electric energy made available for delivery to the Company, subject to adjustment for losses, is measured.~~

~~1.17 **Point of Ownership** means the interconnection point(s) between the Facility and the interconnected utility.~~

~~1.18 **Qualifying [Small Power Production or Cogeneration] Facility ("QF")** means a facility that meets the requirements defined in FPSC Rule 25-17.080.~~

ARTICLE II: FACILITY

2.1 The Facility shall be located in ______________________ of Section ________________________ Township ____________________, Range _________________. The Facility shall meet all other specifications identified in the Appendices hereto in all material respects and no change in the designated location of the Facility shall be made by the QF. The Facility shall be designed and constructed by the QF or its agents at the QF's sole expense.

2.2 Throughout the Term of this Agreement, the Facility shall be a Qualifying [Cogeneration or Small Power Production] Facility. In the event the Facility does not maintain its status as a Qualifying Facility, this Agreement shall be immediately deemed null and void as of said date and of no further effect.

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2.3 Unless the QF is already interconnected to a transmission or distribution system, no later than sixty (60) days after the Execution Date, the QF shall apply to its Transmission Service Utility for transmission service including a

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system impact study, if required. The QF shall continue the interconnection process in a timely manner so as to maintain its position in the interconnection queue.

2.4 The QF intends to begin deliveries to the Company by ____________.

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ARTICLE III TERM

The Term of this agreement shall begin on the Execution Date and shall continue until terminated by the Company for good cause or by the QF. Upon termination or expiration of this Agreement, the Parties shall be relieved of their obligations under this Agreement except for the obligation to pay each other all monies under this Agreement, which obligation shall survive termination or expiration.

ARTICLE IV: PURCHASE OF AS-AVAILABLE ENERGY

4.1 The QF shall sell and arrange for delivery of the As-Available Energy to the Company and the Company agrees to purchase, accept and pay for the As-Available Energy made available to the Company and which the Company is able to receive at the Point of Delivery in accordance with the terms and conditions of this Agreement, or a separately negotiated contract.

4.2 ~~4.2~~ The QF shall not commence initial deliveries of energy to the Point of Delivery without the prior written consent of the Company, which consent shall not unreasonably be withheld.

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4.3 The RF/QF shall retain any and all rights to own and to sell any and all Environmental Attributes associated with the electric generation of the Facility. During minimum load conditions on the Company's system the QF shall comply with the Company's Minimum Load Emergency Curtailment Procedures as approved by the FPSC and as updated from time to time.

4.4 In the event that the Company has not received any deliveries of energy from the QF by the date in Section 3.5 or for a period of two years or more then the Company will contact the QF in writing using the information in Section 15 requesting the QFs future plans. The Company shall have the right to terminate this Agreement unless the QF replies in writing within a reasonable timeframe that it would like this Agreement to continue.

ARTICLE V: INTERCONNECTION ~~SCHEDULING AND COST RESPONSIBLLITIES QF PARALLEL OPERATING PROCEDURES~~

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5.1 The QF's interconnection scheduling and cost responsibilities and parallel operating procedures shall be those specified in ~~Appendices A and B~~a separate interconnection agreement. ~~Interconnection with, and delivery into, the Company's system must be accomplished in accordance with the~~

~~provisions of FPSC Rule 25-17.087. Additionally, as provided in FPSC Order No. PSC-06-0707-PAA-EI, issued August 18, 2006, in Docket No. 060410-EI, for a QF that is a Distributed Resource, the QF's interconnection with the Company's system must be accomplished in accordance with the provisions of the IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems that is in effect at the time of construction.~~

~~5.2 The location and voltage of the Point of Interconnection and the Point of Metering will be specified by the Company.~~

~~**ARTICLE VI: ENERGY PAYMENTS**~~

~~6.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount as computed in Appendix C.~~

~~6.2 Energy payments pursuant to sections 9.1.1 and 9.1.2 hereof shall be subject to the delivery voltage adjustment value applicable to the Facility and approved from time to time by the FPSC pursuant to Appendix C.~~

5.2 The location and voltage of the Point of Interconnection and the Point of Metering will be specified by the interconnection/transmission service agreement.

ARTICLE VI: ENERGY PAYMENTS

6.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount as computed in Appendix A.

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6.2 Energy payments pursuant to sections 9.1.1 and 9.1.2 hereof shall be subject to the delivery voltage adjustment value applicable to the Facility and approved from time to time by the FPSC pursuant to Appendix A.

6.3 Upon agreement by the Company and the QF and subject to approval by the FPSC, an alternative rate for the purchase of As-Available Energy may be negotiated in a separate agreement.

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ARTICLE VII: CHARGES TO THE QF

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The Company shall bill and the QF shall pay all charges applicable under Appendix A ~~and C~~.

ARTICLE VIII: METERING

8.1 All electric energy shall be capable of being measured as described in Appendix C, Determination of Payment, at the Point of Metering. All electric energy delivered to the Company shall be adjusted for losses from the Point of Metering to the Point of Delivery. Any additional required metering equipment to measure electric energy and the telemetering equipment necessary to transmit such measurements to a location specified by the Company shall be installed, calibrated and maintained by the Company and all related costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.

~~8.2 All meter testing and related billing corrections, for electricity sold and purchased by the Company, shall conform to the metering and billing guidelines contained in FPSC Rules 25-6.052 through 25-6.060 and FPSC Rule 25-6.103, as they may be amended from time to time, notwithstanding that such guidelines apply to the utility as the seller of electricity.~~

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~~**ARTICLE IX: PAYMENT PROCEDURE**~~

~~9.1 Bills shall be issued and payments shall be made monthly to the QF and by the QF in accordance with the following procedures:~~

~~9.1.1 The electric energy payment calculated for a given month shall be tendered, with cost tabulations showing the basis for payment, by the Company to the QF as a single payment. Such payments to the QF shall be due and payable twenty (20) business days following the date the meters are read.~~

8.2 All meter testing and related billing corrections, for electricity sold and purchased by the Company, shall conform to the metering and billing guidelines contained in FPSC Rules 25-6.052 through 25-6.060 and FPSC Rule 25-6.103, as they may be amended from time to time, notwithstanding that such guidelines apply to the utility as the seller of electricity.

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ARTICLE IX: PAYMENT PROCEDURE

9.1 Bills shall be issued and payments shall be made monthly to the QF and by the QF in accordance with the following procedures:

9.1.1 The electric energy payment calculated for a given month shall be tendered, with cost tabulations showing the basis for payment, by the Company to the QF as a single payment. Such payments to the QF shall be due and payable twenty (20) business days following the date the meters are read.

9.1.2 When any amount is owing from the QF, the Company shall issue a monthly bill to the QF with cost tabulations showing the basis for the charges. All amounts owing to the Company from the QF shall be due and payable twenty (20) business days after the date of the Company's billing statement. Amounts owing to the Company for retail electric service shall be payable in accordance with the provisions of the applicable rate schedule.

9.1.3 At the option of the QF, the Company will provide a net payment or net bill, whichever is applicable, that consolidates amounts owing to the QF with amounts owing to the Company.

~~9.1.4 Except for charges for retail electric service, any amount due and payable from either Party to the other pursuant to this Agreement that is not received by the due date shall accrue interest from the due date at the rate equal to the thirty (30) day highest grade commercial paper as published in the Wall Street Journal on the~~

~~first business day of each month. Such interest shall be compounded monthly.~~

~~9.1.5 The QF may elect net sale or simultaneous purchase and sale in accordance with the provisions of FPSC Rule 25-17.082, such election not to be changed more often than every twelve (12) months.~~

~~**ARTICLE X: INSURANCE**~~

~~The provisions of this Article do not apply to a QF whose Facility is not directly interconnected with the Company's system.~~

~~10.1 The QF shall deliver to the Company, at least fifteen (15) days prior to the commencement of any work on the Company's Interconnection Facilities, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the QF as a named insured and the~~

9.1.4 Except for charges for retail electric service, any amount due and payable from either Party to the other pursuant to this Agreement that is not received by the due date shall accrue interest from the due date at the rate equal to the thirty (30) day highest grade commercial paper as published in the Wall Street Journal on the first business day of each month. Such interest shall be compounded monthly.

9.1.5 The QF may elect net sale or simultaneous purchase and sale in accordance with the provisions of FPSC Rule 25-17.082, such election not to be changed more often than every twelve (12) months.

9.1.6 Payments to be made under this Contract shall, for a period of not longer than two (2) years, remain subject to adjustment based on billing adjustments due to error or omission by either Party.

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~~10.2 The insurance policy providing such coverage shall provide public liability insurance, including property damage, in an amount not less than~~

~~$1,000,000 for each occurrence. The required insurance policy shall be endorsed with a provision requiring the insurance company to notify the Company at least thirty (30) days prior the effective date of any cancellation or material change in the policy.~~

~~10.3 The QF shall pay all premiums and other charges due on said insurance policy and shall keep said policy in force during the entire period of interconnection with the Company.~~

~~**ARTICLE XI: REGULATORY CHANGES**~~

~~The Parties agree that the Company's payment obligations under this Agreement are expressly conditioned upon the mutual commitments set forth in this Agreement. Payments for as available energy made to QF's pursuant to this Agreement shall be recovered by the Company through the Commission's periodic review of fuel and purchased power.~~

~~**ARTICLE XII: FACILITY RESPONSIBILITY AND ACCESS**~~

~~12.1 Representatives of the Company shall at all reasonable times have access to the Facility and to property owned or controlled by the QF and having relationship to the interconnection for the purpose of inspecting, testing, and obtaining other technical information deemed necessary by the Company in connection with this Agreement. Any inspections or testing by the Company shall not relieve the QF of its obligation to maintain the Facility.~~

10.2 The insurance policy providing such coverage shall provide public liability insurance, including property damage, in an amount not less than $1,000,000 for each occurrence. The required insurance policy shall be endorsed with a provision requiring the insurance company to notify the Company at least thirty (30) days prior the effective date of any cancellation or material change in the policy.

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~~12.2 In no event shall any Company statement, representation, or lack thereof, either express or implied, relieve the QF of its exclusive responsibility for the Facility and its exclusive obligations, if applicable, with the Transmission Service Utility. Any Company inspection of property or equipment owned or controlled by the QF or the Transmission Service~~

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~~Utility, or any Company review of or consent to the QF's or the Transmission Service Utility's plans, shall not be construed as endorsing the design, fitness or operation of the Facility or the Transmission Service Utility's equipment nor as a warranty or guarantee.~~

~~12.3 The Company shall reactivate the Company's Interconnection Facilities at its own expense if the same are rendered inoperable due to actions of the Company or its agents, or a Force Majeure Event.~~

~~**ARTICLE XIII: INDEMNIFICATION**~~

~~The QF agrees to indemnify and save harmless the Company and its employees, officers, and directors against any and all liability, loss, damage, costs or expense which the Company, its employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the QF in performing its obligations pursuant to this Agreement or the QF's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the QF and its employees, officers, and directors against any and all liability, loss, damage, cost or expense which the QF, its employees, officers, and directors may hereafter incur, suffer, or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provisions of this Agreement. The QF agrees to include the Company as an additional insured in any liability insurance policy or policies the QF obtains to protect the QF's interests with respect to the QF's indemnity and hold harmless assurance to the Company contained in this Article.~~

12.2 In no event shall any Company statement, representation, or lack thereof, either express or implied, relieve the QF of its exclusive responsibility for the Facility and its exclusive obligations, if applicable, with the Transmission Service Utility. Any Company inspection of property or equipment owned or controlled by the QF or the Transmission Service Utility, or any Company review of or consent to the QF's or the Transmission Service Utility's plans, shall not be construed as endorsing the design, fitness or operation of the Facility or the Transmission Service Utility's equipment nor as a warranty or guarantee.

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The QF agrees to indemnify and save harmless the Company and its employees, officers, and directors against any and all liability, loss, damage, costs or expense which the Company, its employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the QF in performing its obligations pursuant to this Agreement or the QF's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the QF and its employees, officers, and directors against any and all liability, loss, damage, cost or expense which the QF, its employees, officers, and directors may hereafter incur, suffer, or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provisions of this Agreement. The QF agrees to include the Company as an additional insured in any liability insurance policy or policies the QF obtains to protect the QF's interests with respect to the QF's indemnity and hold harmless assurance to the Company contained in this Article.

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~~**ARTICLE XIV: EXCLUSION OF INCIDENTAL CONSEQUENTIAL AND INDIRECT DAMAGES**~~

~~Neither Party shall be liable to the other for incidental, consequential or indirect damages, including, but not limited to, the cost of replacement power, whether arising in contract, tort, or otherwise.~~

~~**ARTICLE XV: COMMUNICATIONS**~~

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~~15.1 Any non-emergency or operational notice, request, consent, payment or other communication made pursuant to this Agreement to be given by one Party to the other Party shall be in writing, either personally delivered or mailed to the representative of said other Party designated in this section, and shall be deemed to be given when received. Notices and other communications by the Company to the QF shall be addressed to:~~

____
____
____
____
____

~~Notices to the Company shall be addressed to:~~

~~Manager-Cogeneration Contracts & Administration~~
~~Duke Energy Florida~~
~~P.O. Box 14042~~
~~St. Petersburg, FL 33733~~

~~15.2 Communications made for emergency or operational reasons may be made to the following persons and shall thereafter be confirmed promptly in writing.~~

~~To The Company: System Dispatcher on Duty~~
~~Title: System Dispatcher~~
~~Telephone: (727) 866-5888~~
~~Telecopier: (727) 384-7865~~

~~To The QF: Name:~~ ____________________
~~Title:~~ ____________________
~~Telephone: ( )~~ ____________________
~~Telecopier: ( )~~ ____________________

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To The Company: System Dispatcher on Duty
Title: System Dispatcher
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Telecopier: (727) 384-7865

To The QF: Name: ____________________
Title: ____________________________
Telephone: ( ) ______________________
Telecopier: ( ) ______________________

~~15.3 Either Party may change its representatives names in this section by prior written notice to the other Party.~~

~~15.4 The Parties' representatives designated above shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. However, they shall not have the authority to amend, modify, or waive any provision of this Agreement.~~

~~ARTICLE XVI: SECTION HEADINGS FOR CONVENIENCE~~

~~Article or section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.~~

~~ARTICLE XVII: GOVERNING LAW~~

~~The interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Florida.~~

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Article or section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

ARTICLE XVII: GOVERNING LAW

The interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Florida.

~~**IN WITNESS WHEREOF**, the QF and the Company have caused this Agreement to be executed by their duly authorized representatives on the day and year first above written.~~

~~**The Qualifying Facility:**~~

~~**By:**~~ ____________________

~~**Title:**~~ ____________________

~~**Date:**~~ ____________________

~~**ATTEST:**~~

____

~~The Company:~~

~~By:____________________~~

~~Title:____________________~~

~~Date:____________________~~

~~ATTEST:~~

~~____________________________~~

IN WITNESS WHEREOF, the QF ~~and the Company have~~has caused this Agreement to be executed by ~~their~~ its duly authorized representatives on the day and year ~~first above written~~below.

The Qualifying Facility:

By:________________________

Title:________________________

Date:________________________

ATTEST:

____

IN WITNESS WHEREOF, the Company has acknowledged receipt of this executed Agreement.

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The Company:

By:________________________

Title:________________________

Date:________________________

~~**ATTEST:**~~

~~APPENDIX A~~

~~INTERCONNECTION SCHEDULING AND COST RESPONSIBILITY~~

~~1.0 Purpose~~

~~This appendix provides the procedures for the scheduling of construction for the Company's Interconnection Facilities as well as the cost responsibility of the QF for the payment of Interconnection Costs. This appendix applies to all QFs, whether or not their Facility will be directly interconnected with the Company's system. All requirements contained herein shall apply in addition to and not in lieu of the provisions of the Agreement.~~

~~2.0 Submission of Plans and Development ofInterconnection Schedules andCost Estimates~~

~~2.1 No later than sixty (60) days after the Execution Date, the QF shall specify the date it desires the Company's Interconnection Facilities to be available for receipt of the electric energy and shall provide a preliminary written description of the Facility and, if applicable, the QF's anticipated arrangements with the Transmission Service Utility, including without limitation, a one-line diagram, anticipated Facility site data and any additional facilities anticipated to be needed by the Transmission Service Utility. Based upon the information provided, the Company shall develop preliminary written Interconnection Costs and scheduling estimates for the Company's Interconnection Facilities within sixty (60) days after the information is provided. The schedule developed hereunder will indicate when the QF's final electrical plans must be submitted to the Company pursuant to section 2.2 hereof.~~

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~~2.2 The QF shall submit the Facility's final electrical plans and all revisions to the information previously submitted under section 2.1 hereof to the Company no later than the date specified under section 2.1 hereof, unless such date is modified in the Company's reasonable discretion. Based upon the information provided and within sixty (60) days after the information is provided, the Company shall update its written Interconnection Costs and schedule estimates, provide the estimated time period required for construction of the Company's Interconnection Facilities, and specify the date by which the Company must receive notice from the QF to initiate construction, which date shall, to the extent practical, be consistent with the QF's schedule for delivery of energy into the Company's system. The final electrical plans shall include the following information, unless all or a portion of such information is waived by the Company in its discretion:~~

~~a. Physical layout drawings, including dimensions;~~

~~b. All associated equipment specifications and characteristics including technical parameters, ratings, basic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, frequency, voltage, current and interconnection distance;~~

~~c. Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the Facility's proposed system and to be able to make a coordinated system;~~

~~d. Power requirements in watts and vars;~~

~~e. Expected radio noise, harmonic generation and telephone interference factor;~~

~~f. Synchronizing methods; and~~

~~g. Facility operating/instruction manuals.~~

~~h. If applicable, a detailed description of the facilities to be utilized by the Transmission Service Utility to deliver energy to the Point of Delivery.~~

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~~2.3 Any subsequent change in the final electrical plans shall be submitted to the Company and it is understood and agreed that any such changes may affect the Company's schedules and Interconnection Costs as previously estimated.~~

~~2.4 The QF shall pay the actual costs incurred by the Company to develop all estimates pursuant to section 2.1 and 2.2 hereof and to evaluate any changes proposed by the QF under section 2.3 hereof, as such costs are billed pursuant to Article VII of the Agreement. At the Company's option, advance payment for these cost estimates may be required, in which event the Company will issue an adjusted bill reflecting actual costs following completion of the cost estimates.~~

~~2.5 The Parties agree that any cost or scheduling estimates provided by the Company hereunder shall be prepared in good faith but shall not be binding. The Company may modify such schedules as necessary to accommodate contingencies that affect the Company's ability to initiate or complete the Company's Interconnection Facilities and actual costs will be used as the basis for all final charges hereunder.~~

~~**3.0 Payment Obligations for Interconnection Costs.**~~

~~3.1 The Company shall have no obligation to initiate construction of the Company's Interconnection Facilities prior to a written notice from the QF agreeing to the Company's interconnection design requirements and notifying the Company to initiate its activities to construct the Company's Interconnection Facilities; provided, however, that such notice shall be received not later than the date specified by the Company under section 2.2 hereof. The QF shall be liable for and agrees to pay all Interconnection Costs incurred by the Company on or after the specified date for initiation of construction.~~

~~3.2 The QF agrees to pay all of the Company's actual Interconnection Costs as such costs are incurred and billed in accordance with Article VII of the Agreement. Such amounts shall be billed pursuant to section 3.2.1 if the QF elects the payment option~~

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~~permitted by FPSC Rule 25-17.087(3). Otherwise the QF shall be billed pursuant to section 3.2.2.~~

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~~3.2.1 Upon a showing of credit worthiness, the QF shall have the option of making monthly installment payments for Interconnection Costs over a period no longer than thirty six (36) months. The period selected is _______ months. Principal payments will be based on the estimated Interconnection Costs less the Interconnection Costs Offset, divided by the repayment period in months to determine the monthly principal payment. Payments will be invoiced in the first month following first incurrence of Interconnection Costs by the Company. Invoices to the QF will include principal payments plus interest on the unpaid balance, if any, calculated at a rate equal to the thirty (30) day highest grade commercial paper rate as published in the Wall Street Journal on the first business day of each month. The final payment or payments will be adjusted to cause the sum of principal payments to equal the actual Interconnection Costs.~~

~~3.2.2 When Interconnection Costs are incurred by the Company, such costs will be billed to the QF to the extent that they exceed the Interconnection Costs Offset.~~

~~If the QF notifies the Company in writing to interrupt or cease interconnection work at any time and for any reason, the QF shall nonetheless be obligated to pay the Company for all costs incurred in connection with the Company's Interconnection Facilities through the date of such notification and for all additional costs for which the Company is responsible pursuant to binding contracts with third parties~~

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~~**4.0 Payment Obligation for Operation, Maintenance and Repair of the Company's Interconnection Facilities**~~

~~The QF also agrees to pay monthly through the Term of the Agreement for all costs associated with the operation, maintenance and repair of the Company's Interconnection Facilities, based on a percentage of the total Interconnection Costs net of the Interconnection Costs Offset, as set forth in Appendix C.~~

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~~**APPENDIX B**~~

~~**PARALLEL OPERATING PROCEDURES**~~

~~**1.0 Purpose**~~

~~This appendix provides general operating, testing, and inspection procedures intended to promote the safe parallel operation of the Facility with the Company's system. All requirements contained herein shall apply in addition to and not in lieu of the provisions of the Agreement.~~

~~**2.0 Schematic Diagram**~~

~~Exhibit B-1, attached hereto and made a part hereof, is a schematic diagram showing the major circuit components connecting the Facility and the Company's [substation] and showing the Point of Delivery and the Point of Metering and/or Point of Ownership, if different. All switch number designations initially left blank on Exhibit B-1 will be inserted by the Company on or before the date on which the Facility first operates in parallel with the Company's system.~~

~~**3.0 Operating Standards**~~

~~3.1 The QF and the Company will independently provide for the safe operation of their respective facilities, including periods during which the other Party's facilities are unexpectedly energized or de-energized.~~

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~~3.2 The QF shall reduce, curtail, or interrupt electrical generation or take other appropriate action for so long as it is reasonably necessary, which in the judgment of the QF or the Company may be necessary to operate and maintain a part of either Party's system, to address, if applicable, an emergency on either Party's system.~~

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~~3.3 As provided in the Agreement, the QF shall not operate the Facility's electric generation equipment in parallel with the Company's system without prior written consent of the Company. Such consent shall not be given until the QF has satisfied all criteria under the Agreement and has:~~

~~(i) submitted to and received consent from the Company of its as built electrical specifications;~~

~~(ii) demonstrated to the Company's satisfaction that the Facility is in compliance with the insurance requirements of the Agreement; and~~

~~(iii) demonstrated to the Company's satisfaction that the Facility is in compliance with all regulations, rules, orders, or decisions of any governmental or regulatory authority having jurisdiction over the Facility's generating equipment or the operation of such equipment.~~

~~3.4 After any approved Facility modifications are completed, the QF shall not resume parallel operation with the Company's system until the QF has demonstrated that it is in compliance with all the requirements of section 4.2 hereof.~~

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~~3.5 The QF shall be responsible for coordination and synchronization of the Facility's equipment with the Company's electrical system, and assumes all responsibility for damage that may occur from improper coordination or synchronization of the generator with the utility's system.~~

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~~3.6 The Company shall have the right to open and lock, with a Company padlock, manual disconnect switch numbers(s)__________ and isolate the Facility's generation system without prior notice to the QF. To the extent practicable, however, prior notice shall be given. Any of the following conditions shall be cause for disconnection:~~

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~~1. Company system emergencies and/or maintenance repair and construction requirements;~~

~~2. hazardous conditions existing on the Facility's generating or protective equipment as determined by the Company;~~

~~3. adverse effects of the Facility's generation to the Company's other electric consumers and/or system as determined by the Company;~~

~~4. failure of the QF to maintain any required insurance; or~~

~~5. failure of the QF to comply with any existing or future regulations, rules, orders or decisions of any governmental or regulatory authority having jurisdiction over the Facility's electric generating equipment or the operation of such equipment.~~

~~3.7 The Facility's electric generation equipment shall not be operated in parallel with the Company's system when auxiliary power is being provided from a source other than the Facility's electric generation equipment.~~

~~3.8 Neither Party shall operate switching devices owned by the other Party, except that the Company may open the manual disconnect switch number(s)________ owned by the QF pursuant to section 3.6 hereof.~~

~~3.9 Should one Party desire to change the operating position of a switching device owned by the other Party, the following procedures shall be followed:~~

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~~(i) The Party requesting the switching change shall orally agree with an authorized representative of the other Party regarding which switch or switches are to be operated, the requested position of each switching device, and when each switch is to be operated.~~

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~~(ii) The Party performing the requested switching shall notify the requesting Party when the requested switching change has been completed.~~

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~~(iii) Neither Party shall rely solely on the other party's switching device to provide electrical isolation necessary for personnel safety. Each Party will perform work on its side of the Point of Ownership as if its facilities are energized or test for voltage and install grounds prior to beginning work.~~

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~~(iv) Each Party shall be responsible for returning its facilities to approved operating conditions, including removal of grounds, prior to the Company authorizing the restoration of parallel operation.~~

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~~(v) The Company shall install one or more red tags similar to the red tag shown in Exhibit B-2 attached hereto and made a part hereof, on all open switches.~~ ~~**Only Company personnel on the Company's switching and tagging list shall remove and/or close any switch bearing a Company red tag under any circumstances.**~~

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~~Should any essential protective equipment fail or be removed from service for maintenance or construction requirements, the Facility's electric generation equipment shall be disconnected from the Company's system. To accomplish this~~

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~~disconnection, the QF shall either (i) open the generator breaker number(s) ______; or (ii) open the manual disconnect switch number(s) ______.~~

~~3.10.1 If the QF elects option (i), the breaker assembly shall be opened and drawn out by QF personnel. As promptly as practicable, Company personnel shall install a Company padlock and a red tag on the breaker enclosure door.~~

~~3.10.2 If the QF elects option (ii), the switch shall be opened by QF personnel or by Company personnel and, as promptly as practicable, Company personnel will install a Company padlock and a red tag.~~

~~4.0 Inspection and Testing~~

~~4.1 The inspection and testing of all electrical relays governing the operation of the generator's circuit breaker shall be performed in accordance with manufacturer's recommendations, but in no case less than once every 12 months. This inspection and testing shall include, but not be limited to, the following:~~

~~(i) electrical checks on all relays and verification of settings electrically;~~

~~(ii) cleaning of all contacts;~~

~~(iii) complete testing of tripping mechanisms for correct operating sequence and proper time intervals; and~~

~~(iv) visual inspection of the general condition of the relays.~~

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~~4.2 In the event that any essential relay or protective equipment is found to be inoperative or in need of repair, the QF shall notify the Company of the problem and cease parallel operation of the generator until repairs or replacements have been made. The QF shall be responsible for maintaining records of all inspections and repairs and shall make said records available to the Company upon request.~~

~~4.3 The Company shall have the right to operate and test any of the Facility's protective equipment to assure accuracy and proper operation. This testing shall not relieve the QF of the responsibility to assure proper operation of its equipment and to perform routine maintenance and testing.~~

~~5.0 **Notification**~~

~~5.1 Communications made for emergency or operational reasons may be made to the following persons and shall thereafter be confirmed promptly in writing:~~

~~To The Company: System Dispatcher on Duty~~
~~Title: System Dispatcher~~
~~Telephone: (727)384-7211~~
~~Telecopier: (727)384-7865~~

~~To The QF: Name~~ ______________________
~~Title:~~ ______________________
~~Telephone:~~ ______________________
~~Telecopier:~~ ______________________

~~5.2 Each Party shall provide as much notification as practicable to the other Party regarding planned outages of equipment that may affect the other Party's operation.~~

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~~EXHIBIT B-1~~

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~~Exhibit B-1 will be unique for each Facility and must be complete prior to parallel operation with the Company~~

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~~EXHIBIT B-2~~

~~A switch or switch point (i.e., elbow, open jumpers, etc.) with a red tag attached is open and shall not be closed under any circumstances. After a switch has been red tagged, that switch cannot be closed until the red tag is removed. Red tags can only be removed when authorized by a specific written order.~~

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APPENDIX ~~C~~A
RATES

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APPENDIX ~~C~~A
RATES

SCHEDULE 1

PAYMENTS FOR AS-AVAILABLE ENERGY

Payments:

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with the methodology described in Schedule 2 of this Appendix. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment. Avoided energy costs include incremental fuel and identifiable variable operation and maintenance expenses, and identifiable variable utility power purchases. An adjustment for line losses reflecting delivery voltage shall also be included. When interchange transactions take place, the incremental costs are calculated after the purchase or before the sale of the interchange energy. All sales shall be adjusted for losses from the point of metering to the point of interconnection.

Estimated As-Available Energy Cost:

Upon request by a qualifying facility or any interested person, each utility shall provide within 30 days its most current projections of its generation mix, fuel price by type of fuel, and at least a five year projection of fuel forecasts to estimate future as-available energy prices as well as any other information reasonably required by the qualifying facility to project future avoided cost prices including, but not limited to, a 24 hour advance forecast of hour-by-hour avoided energy costs. The Company may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

APPENDIX ~~C~~A
RATES

SCHEDULE 2

METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS

Introduction:

A unit commitment computer program is utilized to determine the hourly avoided energy cost as the basis for purchase of as-available energy from qualifying facilities. All economic, unit constraint, and system requirements data necessary for program execution is based on real time data accumulated during the hour that energy was received.

Determination of Energy Block Size:

The energy received from all as-available QFs is determined by the Company's Meter Department for metered energy and the Company's Energy Control Department for telemetered energy. The Energy Control Department combines these inputs to determine the total energy received by the Company from QFs for the period. The energy block size will be the equivalent of this total divided by the number of hours in the period, rounded to the nearest five MW. The energy price payable to the QFs will be based on this energy block size. A time aligned matrix of energy received from each QF excluding non-time-of-day QFs (less than 100 KW) is produced from this data (Energy Received Matrix).

Unit Commitment Program Execution:

The Unit Commitment Program is executed with the following hourly input data for the desired period:

1. Unit constraint data to simulate actual unit operating conditions and availability.

2. Resource economic data consistent with the data used in the actual dispatch of energy resources. This includes a replacement cost of fuel based on an average forecast price from the Company's suppliers for oil, the price for interruptible gas, and the spot market price of coal.

3. System load and operating/spinning reserve requirements actually experienced.

4. Interchange purchases in the magnitude and at the average variable cost actually incurred. The cost of emergency purchases shall be assumed equal to that of the average unit cost of emergency purchases made during the prior twelve months' period for which emergency purchase information is available.

The unit commitment program is executed a second time for the same period with an increase in the hourly system load equal to the energy block size. All other data remain the same.

Determination of Energy Price:

A comparison of the unit commitment program executions described above produces the energy prices. The hourly cost of the second execution minus the corresponding hourly cost of the first execution equals the hourly energy cost avoided by the Company as a result of the energy supplied by the QFs. These hourly avoided energy costs will be arranged into a time aligned matrix of energy prices (Energy Price Matrix).

APPENDIX ~~C~~A
RATES

SCHEDULE 2
METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS

Determination of Identifiable Variable Operation & Maintenance Cost:

The Company's Fossil Plant Performance Department examines for a five year historic period all the Company's production operation and maintenance expenses excluding fuel costs and identifies the variable component. A ratio of variable costs to total O&M costs excluding fuel is derived for various fossil generating types. The appropriate ratio is applied to each fossil generating type's unit cost (on a KWH basis) for the most current twelve months' period to establish the current variable O&M unit cost for each generating type. These unit costs are then weighted according to the current twelve months' generation output of each generating type to determine the average current variable O&M unit cost.

Determination of Line Loss (Delivery Voltage) Adjustment:

The Company's average system line losses are analyzed annually for the prior calendar year, and delivery efficiencies are developed for the transmission, distribution primary, and distribution secondary voltage levels. This analysis is provided in the Company's semi-annual fuel cost recovery filing with the FPSC in Exhibit Schedule E1. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined avoided costs to reflect the delivery voltage level at which QF energy is received by the Company.

Determination of Payment:

The actual payment to each QF for the period is determined by one of the following methods:

1. **For QFs (less than 100 KW) Time-of-Day Metered**

   Average On-Peak and Off-Peak energy prices derived from the "Energy Price Matrix" are applied to the QF's corresponding On-Peak and Off-Peak energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

2. **For QFs (less than 100 KW) Non-Time-of-Day Metered**

   The average Off-Peak energy price derived from the "Energy Price Matrix" is applied to the QF's energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

3. **For QFs (100 KW or Greater) Hourly Metered**

   The "Energy Price Matrix" is applied to corresponding elements of the QF's "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

APPENDIX ~~C~~A
RATES

SCHEDULE 3

CHARGES TO QUALIFYING FACILITY

Customer Charges:

The Qualifying Facility shall be responsible for all FPSC approved charges for any retail service that may be provided by the Company. The Qualifying Facility shall be billed at the customer charge rate stated in DEF's applicable standby tariff ~~billed $74.42~~ monthly for the costs of meter reading, billing, and other appropriate administrative costs.

Operation, Maintenance, and Repair Charges:

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

The Qualifying Facility shall pay a monthly charge equal to 0.50% of the Interconnection Costs less the Interconnection Costs Offset.

Taxes and Assessments:

The Qualifying Facility shall be billed or credited monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its installation of facilities in connection with this Agreement, its purchase of As-Available Energy produced by the Qualifying Facility, or any other activity undertaken pursuant to this Agreement. Such amount billed shall not include any amounts (i) for which the Company would have been liable had it generated or purchased from other sources an equivalent amount of electric energy; or (ii) which are recovered by the Company.