Dianne M. Triplett
Deputy General Counsel

August 3, 2018

VIA ELECTRONIC FILING

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

Re: *Duke Energy Florida, LLC's Petition for Approval to Terminate Qualifying Facility Power Purchase Agreement; Docket No. _____*

Dear Ms. Stauffer:

Please find enclosed for filing on behalf of Duke Energy Florida, LLC, documents to open a new docket. The filing includes the following:

- Duke Energy Florida, LLC's Petition for Approval to Terminate Qualifying Facility Power Purchase Agreement;
- Direct Testimony of Benjamin M.H. Borsch and Exhibit Nos.____ (BMHB-1), ___(BMHB-2), and ____(BMHB-3) ; and
- Direct Testimony of Christopher A. Menendez and Exhibit No. ___(CAM-1).

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Respectfully,

s/ Dianne M. Triplett

Dianne M. Triplett

DMT/mw
Enclosures

299 First Avenue N (33701) ▪ Post Office Box 14042 (33733) ▪ St. Petersburg, Florida
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Duke Energy Florida, LLC's Petition for Approval to Terminate Qualifying Facility Power Purchase Agreement	Docket No. Filed: August 3, 2018

DUKE ENERGY FLORIDA, LLC'S PETITION FOR APPROVAL TO TERMINATE QUALIFYING FACILITY POWER PURCHASE AGREEMENT

Duke Energy Florida, LLC ("DEF") hereby petitions the Florida Public Service Commission ("FPSC" or the "Commission") for approval of a Termination Agreement (the "Termination Agreement") between DEF and Ridge Generating Station, L.P. ("Ridge"), pursuant to which DEF and Ridge propose to terminate a power purchase agreement (the "Ridge QF PPA") that is no longer cost-effective for DEF customers. The Termination Agreement is projected to save customers between $37.6 - $44.0 million (nominal) over the Ridge QF PPA term (Dec 2023).

Consummation of the Termination Agreement, and attainment of the resulting benefits for DEF customers, is contingent on the FPSC's determination that entering into the Termination Agreement is prudent and on FPSC approval to: (a) establish a regulatory asset for the Ridge Termination Payment and (b) recover the Ridge Termination Payment through the Capacity Cost Recovery Clause by amortizing the Ridge regulatory asset through the expiration of the Ridge QF PPA term (December 2023) and (c) earn a return, at DEF's retail Weighted Average Cost of Capital ("WACC") on the unrecovered Ridge regulatory asset balance through the Capacity Cost Recovery Clause.

DEF further requests that the Commission consider this matter at its October 2018 Agenda Conference and issue an order on this Petition as soon as possible thereafter, in order to

realize the projected customer savings and comply with the Backstop Date (December 31, 2018) contained in the Termination Agreement. In support of this Petition, DEF states:

1. DEF is a Florida limited liability company with headquarters at 299 1st Avenue North, St. Petersburg, Florida 33701. DEF is an investor-owned utility operating under the jurisdiction of this Commission pursuant to the provisions of Chapter 366, Florida Statutes, and is a wholly-owned subsidiary of Duke Energy Corporation. DEF provides generation, transmission, and distribution service to approximately 1.8 million retail customers in Florida.

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

Dianne M. Triplett
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Duke Energy Florida, LLC
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(727) 820-4692 / (727) 820-5519 (fax)

Matthew R. Bernier
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Duke Energy Florida, LLC
106 E. College Avenue, Ste. 800
Tallahassee, FL 32301
(850) 521-1428 / (850) 521-1437 (fax)

3. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f), and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (d), DEF states that it is not known at this time which, if any, of the issues of material fact set forth in the body of this Petition may be disputed by any others who may plan to participate in this proceeding.

Existing Ridge Facility and PPA

4. The Ridge Facility is an approximately 50 megawatt multi-waste fueled qualifying facility located in Auburndale, Florida. The Ridge Facility is deemed a Qualifying Facility ("QF") under the Public Utility Regulatory Policy Act of 1978. The Ridge Facility came online in May 1994, at which time DEF began purchasing firm energy and capacity from the Ridge Facility pursuant to the Ridge QF PPA with an associated 39.6 megawatt Committed Capacity.

5. The Ridge Facility is owned by Ridge Generating Station, L.P., an affiliate of Wheelabrator Ridge Energy, Inc. Ridge sells the firm energy and Committed Capacity produced by the Facility to DEF.

6. DEF's payments to Ridge for the purchase of electricity are made pursuant to a PPA, which the parties originally executed on March 8, 1991; the FPSC approved the PPA in1991, in Docket Number 19910401, Order Number 24734, pursuant to Rule 25-17.0832, F.A.C. The Ridge Facility began producing electricity for sale to DEF in May 1994. Pursuant to the Ridge QF PPA, DEF is obligated to purchase the firm energy and Committed Capacity from the Ridge Facility until its expiration in December 2023.

7. At the time the Ridge QF PPA was approved, it was cost-effective and did not exceed DEF's then-current avoided costs. Since that time, however, DEF's avoided costs have decreased. As a consequence of this decrease, DEF's payments under the Ridge QF PPA now exceed DEF's current avoided costs.

The Termination Agreement

8. Under the Termination Agreement, a copy of which is attached to Mr. Benjamin Borsch's testimony, filed with this Petition, DEF would pay a total of $34.5 million to Ridge in

exchange for Ridge to terminate its Qualifying Facility status with FERC, permanently shut down the Ridge Facility, and terminate any interconnection agreements for the Ridge Facility which were negotiated conditions agreeable to both Ridge and DEF.

9. As part of the Termination Agreement, DEF will not assume either ownership of the Ridge Facility or responsibility for any existing contracts pertaining to the Ridge Facility.

10. Consummation of the Termination Agreement, and attainment of the resulting benefits for DEF customers, is contingent on the FPSC's determination that entering into the Termination Agreement is prudent and on FPSC's approval to: (a) establish a regulatory asset for the Ridge Termination Payment; (b) recover the Ridge Termination Payment through the Capacity Cost Recovery Clause by amortizing the Ridge regulatory asset through the expiration of the Ridge QF PPA term (December 2023); and (c) earn a return, at DEF's retail WACC on the unrecovered Ridge regulatory asset balance through the said Clause.

Benefits of the Ridge Termination Agreement

11. The termination of the Ridge QF PPA is projected to save customers between $37.6 - $44.0 million ($30.2 - $35.4 million CPVRR). As described in the testimony of DEF witness Benjamin Borsch, DEF calculated these projected savings by performing an economic analysis of customer revenue requirements under the current PPA structure compared to the proposed Termination Agreement.

12. DEF analyzed the economic benefits of the Termination Agreement under three alternate scenarios, supported by Ridge's recent performance, in which DEF analyzed customer benefits using three different but realistic forecasts of future energy (MWh) output from the Ridge Facility. Under each of these scenarios, the Termination Agreement is expected to save customers between $37.6 - $44.0 million (nominal).

13. The Termination Agreement is also expected to yield environmental benefits. The Florida Department of Environmental Protection ("FDEP") regulatory classification for the Ridge facility includes a Title V major source of air pollution in accordance with Chapter 62-213, F.A.C. DEF anticipates that the retirement of the Ridge Facility will reduce DEF's average annual CO_2 emissions of its total resource portfolio by approximately 46 - 57 thousand tons per year and 232 – 283 thousand tons cumulatively over the remaining Ridge QF PPA term or termination period, (January 2019 – December 2023).

Proposed Regulatory Accounting Treatment for the Termination Agreement

14. DEF proposes to treat the investment required to effectuate the Termination Agreement as a regulatory asset that would be amortized over the remaining term of the Ridge QF PPA (approximately five years) with a return on the unamortized balance of the regulatory asset at DEF's retail WACC. As described in the testimony of DEF witness Christopher Menendez, DEF proposes to recover the retail costs associated with the Termination Agreement through DEF's Capacity Cost Recovery Clause, including both the return on investment and the amortization expense.

Investment Resulting from Ridge Transaction

15. As reflected in DEF Exhibit No. __ (BMHB-3), co-sponsored by DEF witness Christopher Menendez, DEF proposes to recover the regulatory asset through DEF's Capacity Cost Recovery Clause over the remaining PPA period (approximately five years) in an amount of approximately $7 million per year.

16. As explained by DEF witness Christopher Menendez, DEF proposes to establish a regulatory asset for the Termination Payment. DEF also proposes to amortize the regulatory asset over the remaining Ridge contract term through December 2023 and to earn a return, using

DEF's retail WACC, on the unamortized balance. DEF seeks to recover these costs, both the amortization and return, through DEF's Capacity Cost Recovery Clause. The projected customer savings fully account for DEF's WACC. This proposed treatment is consistent with Commission precedent in similar transactions. See, e.g. Order Number PSC-2015-0401-AS-EI, issued in Docket Number 20150075-EI; Order Number PSC-2016-0506-FOF-EI, issued November 2, 2016, in Docket Number 20160154-EI; and Order Number PSC-2018-0240-PAA-EQ, issued May 8, 2018, in Docket Number 20170274-EQ.

17. This methodology is consistent with Order No. PSC-2012-0425-PAA-EU, in which the Commission approved a stipulation and settlement agreement entered into by Florida's various investor-owned utilities, the Office of Public Counsel, and the Florida Industrial Power Users Group to specify the methodology for calculating the WACC applicable to clause-recoverable investments. Through that order, the Commission provided for DEF to earn its current, approved WACC on clause-recoverable investments.

Expedited Treatment

18. Because DEF has ongoing payment obligations under the existing Ridge QF PPA, any delays in consummating the Termination Agreement will result in diminished customer savings. In addition, the Termination Agreement has a requirement that the transaction be closed no later than December 31, 2018, which was a negotiated condition important to Ridge and DEF due to the limited term remaining on the Ridge QF PPA. The range of approximately $37.6 - $44.0 million (nominal) in customer savings projected to result from the Termination Agreement are premised on closing December 31, 2018, which would necessitate a final order from the Commission by November 1, 2018, to allow time for the issuance of the consummation order and appeal period to run. Accordingly, DEF requests expedited consideration of this Petition.

Finalization of the Termination Agreement is contingent upon a final, non-appealable Commission order approving the requests set forth in this Petition and the accompanying testimony. To facilitate and support the Commission's processing of this Petition, DEF will expedite responses to any data requests or discovery propounded by Commission Staff or other parties to the proceeding.

WHEREFORE, DEF respectfully requests that the Commission enter an order approving the proposed Termination Agreement between DEF and Ridge, with no changes, as prudent and specifically authorizing DEF to: (a) establish a regulatory asset for the Ridge Termination Payment; (b) recover the Ridge Termination Payment through the Capacity Cost Recovery Clause by amortizing the Ridge regulatory asset through the expiration of the Ridge QF PPA term (December 2023); and (c) earn a return, at DEF's Retail Weighted Average Cost of Capital ("WACC") on the unrecovered Ridge regulatory asset balance through the Capacity Cost Recovery Clause; and

DEF respectfully requests that the Commission consider this Petition at its October 2018 Agenda Conference and issue an order as soon as possible thereafter, so that the parties may move expeditiously and realize the projected customer savings described in this Petition.

Respectfully submitted,

s/Dianne M. Triplett

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IN RE: DUKE ENERGY FLORIDA, LLC'S PETITION FOR APPROVAL TO TERMINATE QUALIFYING FACILITY POWER PURCHASE AGREEMENT

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF BENJAMIN M. H. BORSCH

Q. Please state your name and business address.

A. My name is Benjamin M. H. Borsch. My business address is Duke Energy Florida, LLC, 299 1st Avenue North, St. Petersburg, Florida 33701.

Q. By whom are you employed and what is your position?

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as the Director, IRP & Analytics.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for resource planning for DEF. I am responsible for directing the resource planning process in an integrated approach in order to find the most cost-effective alternatives to meet the Company's obligation to serve its customers in Florida. I oversee the completion of the Company's Ten-Year Site Plan filed each April.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor's of Science and Engineering degree in Chemical Engineering from Princeton University in 1984. I joined Progress Energy in 2008 supporting the project management and construction department in the development of power plant projects. In 2009, I became Manager of Generation Resource Planning for Progress Energy Florida, and following the 2012 merger with DEF, I accepted my current position. Prior to joining Progress Energy, I was employed for more than five years by Calpine Corporation where I was Manager (later Director) of Environmental Health and Safety for Calpine's Southeastern Region. In this capacity, I supported development and operations and oversaw permitting and compliance for several gas-fired power plant projects in nine states. I was also employed for more than eight years as an environmental consultant with projects including development, permitting, and compliance of power plants and transmission facilities. I am a professional engineer licensed in Florida and North Carolina.

Q. What is the purpose of your testimony?

A. My testimony is provided to support DEF's request for approval of a Termination Agreement (the "Termination Agreement") between DEF and Ridge Generating Station, L.P. ("Ridge"), pursuant to which DEF and Ridge propose to terminate a power purchase agreement (the "Ridge QF PPA") that is no longer cost-effective for DEF customers. My testimony includes an overview of the Ridge PPA and provides an explanation of the Termination Agreement. My testimony will also explain why the proposed Termination Agreement is cost-effective and why DEF does not need the capacity or energy generated by the Ridge Facility.

Q. Are you presenting exhibits in this proceeding?

A. Yes. They consist of the following exhibits:

Exhibit No. ___ (BMHB-1) Existing Qualifying Facility Power Purchase Agreement ("Ridge QF PPA");

Exhibit No. ___ (BMHB-2) Termination Agreement; and

Exhibit No. ___ (BMHB-3) Projected Customer Savings Calculation.

These exhibits are true and accurate.

Q. What is the status of the Ridge QF PPA and what are its terms?

A. The Ridge QF PPA was originally executed on March 8, 1991 between DEF and Ridge Generation Station, L.P ("Ridge"), and provides for the purchase of electricity from an approximately 50 megawatt ("MW") multi-waste fueled facility. The FPSC approved the Ridge QF PPA in 1991, in Docket Number 19910401, Order Number 24734, pursuant to Rule 25-17.0832, F.A.C. Pursuant to the Ridge QF PPA, DEF is obligated to purchase firm energy and capacity from the Ridge Facility with a Committed Capacity of 39.6 MW until the expiration of the PPA in December 2023. A complete copy of the Ridge QF PPA is attached to my testimony as Exhibit No. ___ (BMHB-1).

Q. Please describe the Ridge Facility.

A. The Ridge Facility is an approximately 50 megawatt multi-waste-fired, qualifying facility located in Auburndale, Florida. The Ridge Facility is deemed a Qualifying

Facility ("QF") under the Public Utility Regulatory Policy Act of 1978. Ridge sells the firm energy and capacity produced by the Ridge Facility to DEF. The Ridge Facility came online in May 1994.

Q. Why is DEF proposing to terminate the Ridge QF PPA?

A. At the time the Ridge QF PPA was approved, it was cost-effective and did not exceed DEF's then-current avoided costs. Since that time, however, DEF's avoided costs have decreased. As a consequence of this decrease, DEF's payments under the Ridge QF PPA now exceed DEF's current avoided costs. Accordingly, DEF has negotiated the proposed Termination Agreement to eliminate these above market payments and generate savings for DEF's customers.

Q. Please provide an overview of the Termination Agreement.

A. DEF has entered into the Termination Agreement to terminate the Ridge QF PPA that is no longer cost-effective for DEF customers; therefore by terminating the Ridge QF PPA, DEF projects customer savings of $37.6 - $44.0 million. The Termination Agreement provides that the Ridge QF PPA will be terminated for a termination payment of $34.5 million paid to Ridge by DEF, in exchange for Ridge's agreement to permanently shut down the Ridge Facility, terminate its Qualifying Facility status, and to terminate any interconnection agreements for the Ridge Facility. Furthermore, Ridge and its affiliates or its successors agree to not re-file for Certification of Qualifying Facility Status for this Facility at any regulatory agency. DEF will not assume ownership of the Ridge Facility or responsibility for any existing contracts

pertaining to the Ridge Facility. The Termination Agreement, and DEF's requested regulatory treatment of the costs associated with the Termination Agreement, are subject to approval by the Florida Public Service Commission. The complete Termination Agreement is attached to my testimony as Exhibit No. ___ (BMHB-2).

Q. Are there other benefits associated with the Termination Agreement?

A. Yes. The Termination Agreement is expected to yield environmental benefits. The Ridge Facility is classified by the Florida Department of Environmental Protection as a major source of numerous criteria air pollutants in accordance with Chapter 62-213, F.A.C. In addition, DEF anticipates that the retirement of the Ridge Facility will reduce DEF's system wide average annual carbon dioxide ("CO_2") emissions of its total resource portfolio in Florida by approximately 46 – 57 thousand tons per year and 232 – 283 thousand tons cumulatively over the remaining Ridge QF PPA term or termination period (January 2019 – December 2023).

Q. Are there economic benefits for DEF customers from DEF's approach of negotiating a retirement of the Ridge Facility, rather than purchasing the Ridge Facility or buying out the QF PPA?

A. Yes. As I explain later in my testimony, DEF does not have a need for the firm capacity and energy associated with the QF PPA being generated from the Ridge Facility. By terminating the Ridge QF PPA as proposed by DEF, customers will benefit through lower projected fuel costs. Acquiring the Ridge Facility would likely result in additional risks associated with the cleanup and dismantlement of the Ridge

facility, including higher costs. Under the proposed transaction to terminate the PPA, both DEF and its customers avoid those risks.

Q. Is the proposed Termination Agreement cost-effective?

A. Yes. The termination of the Ridge QF PPA is projected to save customers between $37.6 - $44.0 million ($30.2 - $35.4 million CPVRR).

Q. How were those savings estimated?

A. DEF calculated these projected savings by performing an economic analysis of customer revenue requirements under the current PPA structure compared to those under the proposed Termination Agreement. To be conservative, DEF evaluated three alternate scenarios using different assumptions about the future energy output of the Ridge Facility based on recent generation performance trends. In the lower band scenario, DEF assumed approximately 222 gigawatt hours (GWh) of annual output. The middle band scenario assumed approximately 246 GWh of annual output, and the upper band generation scenario assumed approximately 260 GWh of annual output. In each scenario, DEF analyzed the economic benefits of the Termination Agreement assuming base case fuel prices (the forecast used in the 2018 Ten-Year Site Plan).

In addition to the generation output scenarios described above, DEF also performed a high fuel sensitivity for each. This resulted in a total of six CPVRR analyses, including the base cases; these are shown in the tables below. DEF's high fuel sensitivity reflects fuel prices that are approximately 33% higher than DEF's base case fuel. The Termination Agreement results in favorable customer savings in

all six of the analyses performed. DEF did not perform a carbon cost sensitivity, since the Ridge QF PPA ends prior to DEF's estimated initiation of carbon pricing. Additionally, DEF did not perform a lower fuel price sensitivity. Since the Termination Agreement results in favorable customer savings in both the base fuel case and high fuel sensitivity, fuel prices lower than DEF's base fuel case would result in even greater customer savings.

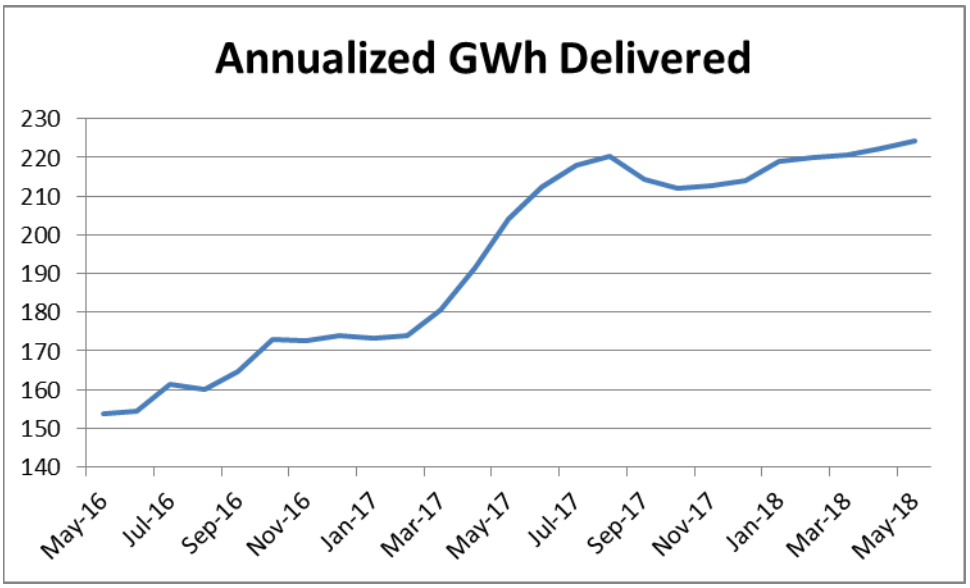
CPVRR Net Cost / (Savings) of Termination Agreement
$ Millions (2019)

	Lower Band 222 GWh	Middle Band 246 GWh	Upper Band 260 GWh
Base Case Fuel	(30)	(34)	(35)
High Fuel Sensitivity	(23)	(25)	(27)

Q. How did DEF determine the three different assumptions about the future energy output of the Ridge Facility?

A. DEF selected three bands (260, 246 and 222 GWH) by reviewing Ridge's performance over the last twenty four years with an emphasis on operations in the last two years. Until recently, the Ridge Facility has not been able to meet the minimum requirements in the PPA to receive its full capacity payment for several years. Recently, the Ridge Facility has spent a good deal of time and money to restore the operations of the Facility. These efforts can be seen because the Ridge Facility has met the minimum requirement of an eight-five percent (85%) twelve month rolling

capacity factor for its full capacity payment since March of this year. Indeed, the Ridge Facility twelve month rolling capacity factor has been steadily increasing over the last 24 months. Accordingly, DEF considered the range of 12 month rolling average capacity factors for the last 24 months which have ranged from 64% to 87%. This analysis resulted in capacity factors (based on Ridge's contracted Committed Capacity of 39.6 MW) of 64%, 71% and 75% which translated to the annual generation values used (222 GWh, 246 GWh and 260 GWh, respectively). The lower band case (222 GWh) projects that Ridge would operate over the remaining contract period at a generation rate close to its lowest level as seen two years ago. This is the most conservative case in terms of customer benefit. The middle energy case (246 GWh) anticipates that Ridge will operate at a higher level than two years ago, but less than its most recent operating level. The highest energy case (260 GWh) is still below the current operation of the Ridge Facility but reflects the impact of some of the operational issues that Ridge has experienced over the last few years, which it made changes to avoid going forward. Actual historical data also shows an upward trend in energy deliveries to DEF. DEF believes Ridge intends to continue this performance pattern and that the higher energy case scenario may in fact be conservative given the maintenance, and output improvements as exhibited by the recent operation of the Ridge Facility. If Ridge were capable of achieving that output level, the customer savings would be greater than shown in this analysis. The chart below shows the historic performance for the Ridge Facility that DEF used in the analysis.



Q. Is DEF contractually obligated to proceed with the Termination Agreement if its cost recovery proposal is not approved by the Commission?

A. No. While DEF has proposed a solution to the above-market costs of the Ridge QF PPA that will benefit customers, DEF wants to ensure that its investors are compensated for the investment in this transaction. Therefore, the Termination Agreement provides as a condition precedent that the Commission approve cost recovery as DEF has proposed, including a return on the unamortized balance of the regulatory asset as described in Mr. Christopher Menendez's testimony.

Q. Does the capacity provided by Ridge contribute significantly to maintaining DEF's reserve margin?

A. No. In the near term, DEF has adequate reserves without the Ridge Facility. In the longer term, DEF foresees having more cost effective and emission-free capacity options including new solar generation. The 39.6 MW of firm energy and Committed Capacity provided by Ridge is not a material contributor to DEF's reliability reserve margin which is over 2,000 MW in 2019.

Q. Should the Commission approve DEF's request to terminate the Ridge Facility?

A. Yes. As demonstrated above, approving the Termination Agreement will benefit DEF's customers with environmental benefits and by eliminating the continued payment of higher than current avoided cost payments. The Termination Agreement is therefore in the best interest of DEF's customers.

Q. Does that conclude your testimony?

A. Yes.

Interconnected and
Non-Interconnected

NEGOTIATED CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

between

RIDGE GENERATING STATION LIMITED PARTNERSHIP

and

FLORIDA POWER CORPORATION

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NEGOTIATED CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

This Agreement ("Agreement") is made and entered by and between Ridge Generating Station Limited Partnership, a limited partnership, having its principal place of business at Winter Park, Forida (hereinafter referred to as the "QF"), and Florida Power Corporation, 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 to sell, and the Company desires to purchase, electricity to be generated by the Facility and made available for sale to the Company, consistent with FPSC Rules 25-17.080 through 25-17.091 in effect as of the Execution Date; and

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

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 Interconnection Scheduling and Cost Procedures.

1.1.2 Appendix B sets forth the Company's Parallel Operating Procedures.

1.1.3 Appendix C sets forth the Company's Rates for Purchase of Firm Capacity and Energy from a Qualifying Facility.

1.1.4 Appendix D sets forth the Company's Transmission Service Standards.

1.1.5 Appendix E sets forth FPSC Rules 25-17.080 through 25-17.091 in effect as of the Execution Date.

1.2 Accelerated Capacity Payment means payments based upon the accelerated payment rates in Appendix C.

1.3 As-Available Energy Cost means the energy rate calculated in accordance with FPSC Rule 25-17.0825 as such rule may be amended from time to time.

1.4 Avoided Unit Fuel Reference Plant means that Company unit(s) whose delivered price of fuel shall be used as a proxy for the fuel associated with the avoided unit type selected in section 8.2.1 hereof as such unit(s) are defined in Appendix C.

1.5 Avoided Unit Heat Rate means the average annual heat rate associated with the unit type selected in section 8.2.1 hereof as it is defined in Appendix C.

1.6 Avoided Unit Variable O & M means the variable operation and maintenance expense associated with the unit type selected in section 8.2.1 hereof as it is defined in Appendix C.

1.7 BTU means British thermal unit.

1.8 Capacity Account means that account which complies with the procedure in section 8.5 hereof.

1.9 Capacity Discount Factor means the value specified pursuant to section 8.4 hereof.

1.10 Capacity Payment Adjustment means the value calculated pursuant to Appendix C.

1.11 Commercial In-Service Status means (i) that the Facility is in compliance with all applicable Facility permits; (ii) that the Facility has maintained an hourly KW output, as metered at the Point of Delivery, equal to or greater than the Committed Capacity for a consecutive twenty-four (24) hour period or during the on-peak hours specified in Appendix C of two consecutive days; and (iii) that such twenty-four (24) hour period is reasonably reflective of the Facility's day to day operations.

1.12 Committed Capacity means the KW capacity, as defined in Article VI hereof, which the QF has agreed to make available on a firm basis during the On-Peak Hours at the Point of Delivery.

1.13 Committed On-Peak Capacity Factor means the On-Peak Capacity Factor, as defined in Article VII hereof, which the QF has agreed to make available on a firm basis at the Point of Delivery.

1.14 Company's Interconnection Facilities means all equipment which is constructed, owned, operated and maintained by the Company 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 reasonable 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.

1.15 Completion Security Guaranty means the deposits or other assurances as specified in section 13.1 hereof.

1.16 Contract Approval Date means the date of issuance of a final FPSC order approving this Agreement, without change, finding that it is prudent and cost recoverable by the Company through the FPSC's periodic review of fuel and purchased power costs, which order shall be considered final when all opportunities for requesting a hearing, requesting reconsideration, requesting clarification and filing for judicial review have expired or are barred by law.

1.17 Contract In-Service Date means the date, as specified in Article IV hereof, by which the QF has agreed to achieve Commercial In-Service Status.

1.18 Construction Commencement Date means the date on which work on the concrete foundation for the turbine generator begins and substantial construction activity at the Facility site thereafter continues.

1.19 Control Area means a utility system capable of regulating its generation in order to maintain its interchange schedule with other utility systems and contribute its frequency bias obligation to the interconnection.

1.20 Execution Date means the latter of the date on which the Company or the QF executes this Agreement.

1.21 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 and all equipment that is owned or controlled by the QF required for parallel operation with the interconnected utility.

1.22 FERC means the Federal Energy Regulatory Commission and any successor.

1.23 Firm Energy Cost means the energy rate calculated in accordance with section 9.1.2 hereof.

1.24 Florida-Southern Interface means the points of interconnection between the electric Control Areas of (1) Florida Power & Light Company, Florida Power Corporation, Jacksonville Electric Authority, and the City of Tallahassee and (2) Southern Company.

1.25 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.

1.26 FPSC means the Florida Public Service Commission and any successor.

1.27 Fuel Multiplier means that value associated with the unit type selected in section 8.2.1 hereof as it is defined in Appendix C.

1.28 Import Capability means the capability to import power at the Florida-Southern Interface, giving consideration to the various limitations imposed upon those facilities by the electric systems to which they are directly or indirectly connected.

1.29 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.

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

1.31 KW means one (1) kilowatt of electric capacity.

1.32 KWH means one (1) kilowatthour of electric energy.

1.33 Minimum On-Peak Capacity Factor means that value which is associated with the unit type selected in section 8.2.1 hereof as it is defined in Appendix C.

1.34 MWH means one (1) megawatthour of electric energy.

1.35 On-Peak Hours means the lesser of those daily time periods specified in Appendix C or the hours that the Company would have operated a unit with the characteristics defined in section 9.1.2 (i) hereof.

1.36 On-Peak Capacity Factor means the ratio calculated pursuant to section 8.3 hereof.

1.37 Operational Event of Default means an event or circumstance defined as such in Article XV hereof.

1.38 Operational Security Guaranty means the deposits or other assurances as specified in section 13.3 hereof.

1.39 Performance Adjustment means the value calculated pursuant to Appendix C.

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

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

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

1.43 Pre-Operational Event of Default means an event or circumstance defined as such in Article XV hereof.

1.44 Qualifying Small Power Production Facility means a facility that meets the requirements defined in section 3(17)(C) of the Federal Power Act, as amended by section 201 of the Public Utility Regulatory Policies Act of 1978, and that is certified as such by the FERC pursuant to applicable FERC regulations.

1.45 Term means the duration of this Agreement as specified in Article IV hereof.

1.46 Transmission Service Agreement means that agreement between the QF and the Transmission Service Utility which meets the requirements of Appendix D.

ARTICLE II: TRANSMISSION LIMITATIONS

2.1 For a QF with a Facility located north of the latitude of the Company's Central Florida Substation, the Company will use its best efforts to obtain an amount of Import Capability equal to the diminution of Import Capability caused by the Facility during the Term of this Agreement and the QF agrees to reimburse the Company for the costs of such Import Capability.

2.2 The Company will notify the QF in writing of the availability and cost of the required Import Capability within sixty (60) days after the Execution Date. Such reimbursement shall not be considered as a reduction in the payments made by the Company to the QF for capacity and energy under this Agreement. The QF may terminate this Agreement after receiving such notification without penalty prior to the date that the Completion Security Guaranty is due pursuant to section 13.1 hereof.

ARTICLE III: FACILITY

3.1 The Facility shall be located in either Section 23, Township 26S, Range 27E, or in Section 19-20, 29,30, Township 28S, Range 25E. This Agreement shall terminate if the QF does not notify the Company of its final selected location from one of these two locations on or before June 15, 1991. 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.

3.2 Throughout the Term of this Agreement, the Facility shall be a Qualifying Small Power Production Facility.

3.3 Except for Force Majeure Events declared by the Facility's fuel supplier(s) or fuel transporter(s) which comply with the definition of Force Majeure Events as specified in this Agreement and occur after the Contract In-Service Date, the Facility's ability to deliver its Committed Capacity shall not be encumbered by interruptions in its fuel supply.

3.4 The QF shall either (i) arrange for and maintain standby electrical service under a firm tariff; or (ii) maintain the ability to restart and/or continue operations during interruptions of electric service; or (iii) maintain multiple independent sources of generation.

3.5 From the Execution Date through the Contract In-Service Date, the QF shall provide the Company with progress reports on the first day of January, April, July and October which describe the current status of Facility development in such detail as the Company may reasonably require.

ARTICLE IV: TERM AND MILESTONES

4.1 The Term of this Agreement shall begin on the Execution Date and shall expire at 24:00 hours on the last day of December, 2023, unless extended pursuant to section 4.2.4 hereof or terminated in accordance with the provisions of this Agreement. 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. Each Party shall use its best efforts to enforce the validity of this Agreement and to expedite FPSC action on the Company's request for FPSC approval of this Agreement. The Company shall submit this Agreement and related documentation to the FPSC for approval within ten (10) days of the Execution Date.

4.2 The Parties agree that time is of the essence and that: (i) the QF shall execute the Transmission Service Agreement, if applicable, which shall be approved or accepted for filing by the FERC on or before the first day of January, 1993; (ii) the Construction Commencement Date shall occur on or before the first day of November, 1992; and (iii) the Facility shall achieve Commercial In-Service Status on or before the first day of January, 1994, which date shall constitute the Contract In-Service Date. These three dates shall not be modified except as provided in section 4.2.1, 4.2.2, 4.2.3 and 4.2.5 hereof.

4.2.1 Upon written request by the QF, these three dates each may be extended on a day-for-day basis for each day that the Contract Approval Date exceeds one hundred twenty (120) days after the date the Company submits this Agreement and related documentation to the FPSC for approval; provided, however, that the QF's notice shall specifically identify the date and duration for which extension is being requested; and provided, further, that the maximum extension of such date shall in no event exceed a total of one hundred and eighty (180)

days. Such delay shall not be considered a Force Majeure Event for purposes of this Agreement.

4.2.2 Upon written request by the QF not more than sixty (60) days after the declaration of a Force Majeure Event by the QF, which event contributes proximately and materially to a delay in the QF's schedule, these three dates each may be extended on a day-for-day basis for each day of delay so caused by the Force Majeure Event; provided, however, that the QF shall specifically identify: (i) each date for which extension is being requested; and (ii) the expected duration of the Force Majeure Event; and provided further, that the maximum extension of any of these three dates shall in no event exceed a total of one hundred and eighty (180) days, irrespective of the nature or number of Force Majeure Events declared by the QF.

4.2.3 The Contract In-Service Date shall be extended on a day-for-day basis for any delays directly attributable to the Company's failure to complete its obligations hereunder.

4.2.4 If the Contract In-Service Date is extended pursuant to sections 4.2.1, 4.2.2 or 4.2.3 hereof, then the Term of the Agreement may be extended for the same number of days upon separate written request by the QF not more than thirty (30) days after the Contract In-Service Date.

4.2.5 The QF shall have the one-time option of accelerating the Contract In-Service Date by up to six (6) months upon written notice to the Company not less than thirty (30) days before the accelerated Contract In-Service Date; provided, however, that (i) the QF shall be in compliance with all applicable requirements of this Agreement as of such earlier date; and (ii) the Company's Interconnection

Facilities can reasonably be expected to be operational as of such earlier date.

ARTICLE V: QF OPERATING RESPONSIBILITIES

5.1 During the Term of this Agreement, the QF shall:

5.1.1 Have the sole responsibility to, and shall at its sole expense, operate and maintain the Facility in accordance with all requirements set forth in this Agreement.

5.1.2 Provide the Company prior to October 1 of each calendar year the estimated amounts of electricity to be generated by the Facility and delivered to the Company for each month of the following calendar year, including the estimated time, duration and magnitude of any planned outages or reductions in capacity.

5.1.3 Promptly notify the Company of any changes to the yearly generation and maintenance schedules.

5.1.4 Provide the Company by telephone or facsimile prior to 9:00 A.M. of each day an estimate of the hourly amounts of electric energy to be delivered at the Point of Delivery for the next succeeding day.

5.1.5 Coordinate scheduled outages and maintenance of the Facility with the Company. The QF agrees to recognize and accommodate the Company's system demands and obligations by exercising reasonable efforts to schedule outages and maintenance during such times as are designated by the Company.

5.1.6 Comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications with the Company or with the Transmission Service Utility relative to the performance of this Agreement.

5.2 The estimates and schedules provided by the QF under this Article V shall be prepared in good faith, based on conditions known or anticipated at the time such estimates and schedules are made, and shall not be binding upon either Party; provided, however, that the QF shall in no event be relieved of its obligation to deliver Committed Capacity under the terms and conditions of this Agreement.

ARTICLE VI: PURCHASE AND SALE OF CAPACITY AND ENERGY

6.1 Commencing on the Contract In-Service Date, the QF shall commit, sell and arrange for delivery of the Committed Capacity to the Company and the Company agrees to purchase, accept and pay for the Committed Capacity made available to the Company at the Point of Delivery in accordance with the terms and conditions of this Agreement. The QF also shall sell and deliver or arrange for the delivery of the electric energy to the Company and the Company agrees to purchase, accept, and pay for such electric energy as is made available for sale to and received by the Company at the Point of Delivery.

6.2 The Committed Capacity and electric energy made available at the Point of Delivery to the Company shall be (X) net of any electric energy used on the QF's side of the Point of Ownership or ( ) simultaneous with any purchases from the interconnected utility. This selection in billing methodology shall not be changed.

6.3 If the Company is unable to receive part or all of the Committed Capacity which the QF has made available for sale to the Company at the Point of Delivery by reason of (i) a Force Majeure Event; or (ii) pursuant to FPSC Rule 25-17.086, notice and procedural requirements of Article XXI shall apply and the Company will nevertheless be obligated to make capacity payments which the QF would be otherwise qualified to receive, and to pay for energy actually received, if any. The Company shall not be obligated to pay for energy which the QF would have delivered but for such occurrences and QF shall be entitled to sell or otherwise dispose of such energy in any lawful manner; provided, however, such entitlement to sell shall not be construed to require the Company to transmit such energy to another entity.

6.4 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 be unreasonably withheld. The QF shall provide the Company not less than thirty (30) days written notice before any testing to establish the Facility's Commercial In-Service Status. Representatives of the Company shall have the right to be present during any such testing.

ARTICLE VII: CAPACITY COMMITMENT

7.1 The Committed Capacity shall be 36,000 KW, unless modified in accordance with this Article VII. The Committed Capacity shall be made available at the Point of Delivery from the Contract In-Service Date through the remaining Term of this Agreement at a Committed On-Peak Capacity Factor of 85%.

7.2 For the period ending one (1) year immediantely after the Contract In-Service Date, the QF may, on one occasion only, increase or decrease the initial Committed Capacity by no more than ten percent (10%) of the Committed Capacity specified in section 7.1 hereof as of the Execution Date upon written notice to the Company before such change is to be effective.

7.3 After the one (1) year period specified in section 7.2, and except as provided in section 7.4, the QF may decrease its Committed Capacity over the Term of this Agreement by amounts not to exceed in the aggregate more than twenty percent (20%) of the initial Committed Capacity specified in section 7.1 hereof as of the Execution Date. Notwithstanding any other provision of this Agreement, if less than three (3) years prior written notice is provided for any such decrease, the QF shall be subject to an adjustment to the otherwise applicable payments (except as provided in section 7.4) which shall begin when the Committed Capacity is decreased and which shall end three (3) years after notice of such decrease is provided. For each month, this adjustment shall be equal to the lesser of (i) the estimated increased costs incurred by the Company to generate or purchase an equivalent amount of replacement capacity and energy and (ii) the reduction in Committed Capacity times the applicable Normal Capacity Payment rate from Appendix C. Such adjustment shall assume that the difference between the original Committed Capacity and the redesignated Committed Capacity, during all hours of the replacement period, would operate at the On-Peak Capacity Factor at the time notice is provided.

7.4 During a Force Majeure Event declared by the QF, the QF may temporarily redesignate the Committed Capacity for up to twenty-four (24) consecutive months; provided, however, that no more than one such temporary redesignation may be made within any twenty-four (24) month period unless otherwise agreed by the Company in writing. Within three (3) months after such Force Majeure Event is cured, the QF may, on one occasion, without penalty, designate a new Committed Capacity to apply for the remaining Term; provided, however, that such new Committed Capacity shall be subject to the aggregate capacity reduction limit specified in section 7.3. Any temporary or final redesignation of the Committed Capacity pursuant to this section 7.4 must, in the Company's judgment, be directly attributable to the Force Majeure Event and of a magnitude commensurate with the scope of the Force Majeure Event. Redesignations of Committed Capacity pursuant to this section 7.4 shall not be subject to the payment adjustment provisions of section 7.3.

7.5 A redesignated Committed Capacity pursuant to this Article VII shall be stated to the nearest whole KW and shall be effective only on the commencement of a full billing period.

7.6 The Company shall have the right to require that the QF, not more than once in any twelve (12) month period, re-demonstrate the Commercial In-Service Status of the Facility within sixty (60) days of the demand; provided, however, that such demand shall be coordinated with the QF so that the sixty (60) day period for re-demonstration avoids, if practical, previously notified periods of planned outages and reduction in capacity pursuant to Article V.

ARTICLE VIII: CAPACITY PAYMENTS

8.1 Capacity payments shall not commence before the Contract Approval Date and before the Contract In-Service Date and (i) until the QF has achieved Commercial In-Service Status and (ii) until the QF has posted the Operational Security Guaranty pursuant to section 13.2 hereof.

8.2 Capacity payments shall be based upon the following selections as described in Appendix C.

8.2.1 Unit type:

( ) Combustion turbine, Schedule 2

(X) Pulverized coal, Schedule 4, Option A

8.2.2 Payment options:

( ) Normal Capacity Payments

(X) Accelerated Capacity Payments

8.3 At the end of each billing month, beginning with the first full month following the Contract In-Service Date, the Company will calculate the On-Peak Capacity Factor on a rolling average basis for the most recent twelve (12) month period, including such month, or for the actual number of full months since the Contract In-Service Date if less than twelve (12) months, based on the On-Peak Hours defined in Appendix C. The On-Peak Capacity Factor shall be calculated as the electric energy actually received by the Company at the Point of Delivery during the On-Peak Hours of the applicable period divided by the product of the Committed Capacity and the number of On-Peak Hours during the applicable period. In calculating the On-Peak Capacity Factor, the Company shall exclude hours and electric energy delivered by the QF during periods in which: (i) the Company does not or cannot perform its obligations to receive all the electric energy which the QF has made available at the Point of Delivery; or (ii) the QF's payments for electric energy are being calculated pursuant to section 9.1.1 hereof.

8.4 The monthly capacity payment shall equal the product of (i) the applicable capacity payment rate; (ii) the Committed Capacity; (iii) the ratio of the Committed On-Peak Capacity Factor to the Minimum On-Peak Capacity Factor; (iv) the Capacity Payment Adjustment; (v) the Capacity Discount Factor of 1.00 and (vi) the ratio of the total number of hours in the billing period less the number of hours during which the QF is being paid for energy pursuant to section 9.1.1 to the total number of hours in the billing period.

8.5 The Parties recognize that Accelerated Capacity Payments are in the nature of "early payment" for a future capacity benefit to the Company when such payments exceed Normal Capacity Payments without consideration of the Capacity Discount Factor. To ensure that the Company will receive a capacity benefit for such difference in capacity payments which have been made, or alternatively, that the QF will repay the amount of such difference in payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

8.5.1 When the QF is first entitled to a capacity payment, the Company shall establish a Capacity Account. Each month the Capacity Account shall be credited in the amount of the Company's Accelerate Capacity Payments and shall be debited in the amount which the Company would have paid for capacity in the month pursuant to the Normal Capacity Payment without consideration of the Capacity Discount Factor.

8.5.2 In addition to the amounts pursuant to section 8.5.1 hereof, each month the Capacity Account shall be credited in the amount of any increased income taxes owed by the Company resulting from Accelerated Capacity Payments and shall be debited in the amount of any decreased income taxes owned by the Company resulting from Accelerated Capacity Payments. If such tax impacts are recovered by the Company, the Company will adjust the Capacity Account accordingly.

8.5.3 The monthly balance in the Capacity Account shall accrue interest at the annual rate of 9.96%, or 0.79436% per month.

8.5.4 The QF shall owe the Company and be liable for the credit balance in the Capacity Account. The Company agrees to notify QF monthly as to the current Capacity Account balance. Prior to receipt of Accelerated Capacity Payments, the QF shall execute a promise to repay any credit balance in the Capacity Account; provided that the entity issuing such promise, the form of the promise, and the means of securing payment all shall be acceptable to the Company in its sole discretion.

8.5.5 The QF's obligation to pay the credit balance in the Capacity Account shall survive termination or expiration of this Agreement.

ARTICLE IX: ENERGY PAYMENTS

9.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount computed as follows:

9.1.1 Prior to the Contract In-Service Date and for the duration of an Event of Default or a Force Majeure Event declared by the QF prior to a permitted redesignation of the Committed Capacity by the QF, the QF will receive electric energy payments based on the Company's As-Available Energy Cost as calculated hourly in accordance with FPSC Rule 25-17.0825; provided, however, that the calculation shall be based on such rule as it may be amended from time to time.

9.1.2 Except as otherwise provided in section 9.1.1 hereof, for each billing month beginning with the Contract In-Service Date, the QF will receive electric energy payments based upon the Firm Energy Cost calculated on an hour-by-hour basis as follows: (i) the product of the average monthly inventory chargeout price of fuel burned at the Avoided Unit Fuel Reference Plant, the Fuel Multiplier, and the Avoided Unit Heat Rate, plus the Avoided Unit Variable O & M, if applicable, for each hour that the Company would have had a unit with these characteristics operating; and (ii) during all other hours, the energy cost shall be equal to the As-Available Energy Cost.

9.1.3 Energy payments shall be equal to the sum, over all hours of the month, of the product of each hour's energy cost as determined pursuant to section 9.1.1 hereof or section 9.1.2 hereof, whichever is applicable, and the energy received by the Company at the Point of Delivery, plus the Performance Adjustment.

9.2 Energy payments pursuant to sections 9.1.1 and 9.1.2 hereof shall be subject to the Delivery Voltage Adjustment pursuant to Appendix C.

ARTICLE X: CHARGES TO THE QF

10.1 The Company shall bill and the QF shall pay all charges applicable under this Agreement.

10.2 To the extent not otherwise included in the charges under section 10.1 hereof, the Company shall bill and the QF shall pay a monthly charge equal to any taxes, assessments or other impositions for which the Company may be liable as a result of its installation of facilities in connection with this Agreement, its purchases of Committed Capacity and electric energy from the QF or any other activity undertaken pursuant to this Agreement. Such amounts 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 Committed Capacity and electric energy; or (ii) which are recovered by the Company; or (iii) which are accrued in the Capacity Account pursuant to section 8.5.2 hereof.

ARTICLE XI: METERING

11.1 All electric energy delivered to the Company shall be capable of being measured hourly 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. Metering equipment required to measure electric energy delivered to the Company and the telemetering equipment required to transmit such measurements to a location specified by the Company shall be installed, calibrated and maintained by the Company or the Transmission Service Utility, if applicable, and all related applicable costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.

11.2 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.

11.3 The QF shall have the right to install, at its own expense, metering equipment capable of measuring energy on an hourly basis at the Point of Metering. At the request of the QF, the Company shall provide the QF hourly energy cost data from the Company's system; provided that the QF agrees to reimburse the Company for its cost to provide such data.

ARTICLE XII: PAYMENT PROCEDURE

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

12.1.1 The capacity payment, if any, calculated for a given month pursuant to Article VIII hereof shall be added to the electric energy payment, if any, calculated for such month pursuant to Article IX hereof, and the total shall be reduced by the amount of any payment adjustments pursuant to section 7.3 hereof. The resulting amount, if any, 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.

12.1.2 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.

12.1.3 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.

12.1.4 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 specified in section 13.3 hereof.

ARTICLE XIII: SECURITY GUARANTIES

13.1 Within sixty (60) days after the Contract Approval Date, the QF shall post an Completion Security Guaranty with the Company equal to $10.00 per KW of Committed Capacity to ensure completion of the Facility in a timely fashion as contemplated by this Agreement. This Agreement shall terminate if the Completion Security Guaranty is not tendered by the QF on or before the applicable due date specified herein. The QF shall either: (i) pay the Company cash in the form of a certified check in an amount equal to the Completion Security Guaranty; or (ii) provide the Company an unconditional and irrevocable direct pay letter of credit or other promise to pay such amount upon failure of the QF to perform its obligations under this Agreement; provided that the entity issuing such promise, the form of the promise, and the means of securing payment all shall be acceptable to the Company in its sole discretion.

13.2 From the date on which the QF first becomes entitled to capacity payments under this Agreement through the remaining Term, the QF shall post an Operational Security Guaranty with the Company equal to $20.00 per KW of Committed Capacity to ensure timely performance by the QF of its obligations under this Agreement. The QF shall either: (i) pay the Company cash in the form of a certified check in an amount equal to the Operational Security Guaranty; or (ii) provide the Company an unconditional and irrevocable direct pay letter of credit or other promise to pay such amount upon failure of the QF to perform its obligations under this Agreement; provided that the entity issuing such promise, the form of the promise, and the means of securing payment all shall be acceptable to the Company in its sole discretion. Furthermore, if

option (ii) is selected, the Operational Security Guaranty shall be increased monthly as if it had accrued interest pursuant to section 13.3 hereof.

13.3 All Completion and Operational Security Guaranties paid in cash to the Company shall accrue interest 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. Such interest shall be compounded monthly.

13.4 If the Facility achieves Commercial In-Service Status on or before the Contract In-Service Date, the Company shall refund to the QF any cash Completion Security Guaranty and accrued interest within thirty (30) days thereafter and shall cancel any other form of Completion Security Guaranty which the Company has accepted in lieu of a cash deposit. If the Facility fails to achieve Commercial In-Service Status on or before the Contract In-Service Date for any reason, including Force Majeure Events, except as provided in section 4.2.2 hereof, then in addition to any other rights or obligations of the Parties, the QF shall immediately forfeit and the Company, in lieu of any other remedies except as provided in section 15.1.6 hereof, shall retain any cash Completion Security Guaranty and accrued interest, and any other form of Completion Security Guaranty which the Company has accepted in lieu of a cash deposit shall become immediately due and payable to the Company.

13.5 Upon conclusion of the Term of this Agreement, without early termination by either Party, the Company shall refund to the QF any cash Operational Security Guaranty and accrued interest within thirty (30) days thereafter and shall cancel any other form of Operational Security Guaranty which the Company has accepted in lieu of a cash deposit. Upon any earlier termination of this Agreement for any reason, including Force Majeure Events, but excluding an early termination by the QF permitted pursuant to this Agreement, then in addition to any other rights or obligation of the Parties, the QF shall immediately forfeit and the Company shall retain the Operational Security Guaranty and accrued interest, and any other form of Operational Security

Guaranty which the Company has accepted in lieu of a cash deposit shall become immediately due and payable to the Company.

ARTICLE XIV: REPRESENTATIONS, WARRANTIES AND COVENANTS

14.1 The QF makes the following additional representations, warranties and covenants as the basis for the benefits and obligations contained in this Agreement:

14.1.1 The QF represents and warrants that it is a corporation, partnership or other business entity duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified to do business under the laws of the State of Florida.

14.1.2 The QF represents, covenants and warrants that, to the best of the QF's knowledge, throughout the Term of this Agreement the QF will be in compliance with, or will have acted in good faith and used its best efforts to be in compliance with, all laws, judicial and administrative orders, rules and regulations, with respect to the ownership and operation of the Facility, including but not limited to applicable certificates, licenses, permits and governmental approvals; environmental impact analyses, and, if applicable, the mitigation of environmental impacts.

14.1.3 The QF represents and warrants that it is not prohibited by any law or contract from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed pursuant to this Agreement.

14.1.4 The QF represents and warrants that there is no pending or threatened action or proceeding affecting the QF before any court, governmental agency or arbitrator that could reasonably be expected to affect materially and adversely the ability of the QF to perform its obligations hereunder, or which purports to affect the legality, validity or enforceability of this Agreement.

14.2 All representations and warranties made by the QF in or under this Agreement shall survive the execution and delivery of this Agreement and any action taken pursuant hereto.

ARTICLE XV: EVENTS OF DEFAULT; REMEDIES

15.1 PRE-OPERATIONAL EVENTS OF DEFAULT

Any one or more of the following events occurring before the Contract In-Service Date, except events caused by the Company, shall constitute a Pre-Operational Event of Default and shall give the Company the right to exercise, without limitation, the remedies specified under section 15.2 hereof:

15.1.1 The QF, without a prior assignment permitted pursuant to Article XXIII hereof, becomes insolvent, becomes subject to bankruptcy or receivership proceedings, or dissolves as a legal business entity.

15.1.2 Any representation or warranty furnished by the QF to the Company is false or misleading in any material respect when made and the QF fails to conform to said representation or warranty within sixty (60) days after a demand by the Company to do so.

15.1.3 The QF has not entered into the Transmission Service Agreement, if applicable, which has been approved or accepted for filing by the FERC on or before the date specified in Article IV hereof, as extended only pursuant to said Article IV.

15.1.4 The Construction Commencement Date has not occurred on or before the date specified in Article IV hereof, as extended only pursuant to said Article IV.

15.1.5 The QF fails to diligently pursue construction of the Facility after the Construction Commencement Date.

15.1.6 The Facility fails to achieve Commercial In-Service Status on or before the Contract In-Service Date unless the QF notifies the Company on or before the Contract In-Service Date that it agrees to pay the Company in weekly installments in cash or certified check an amount equal to $0.15 per KW times the Committed Capacity specified in section 7.1 hereof for every day between the date that the Facility achieves Commercial In-Service Status and the Contract In-Service Date and the Facility subsequently achieves Commercial In-Service Status no later than ninety (90) days after the Contract In-Service Date.

15.1.7 The QF fails to comply with any other material terms and conditions of this Agreement and fails to conform to said term and condition within sixty (60) days after a demand by the Company to do so.

15.2 REMEDIES FOR PRE-OPERATIONAL EVENTS OF DEFAULT

For any Pre-Operational Event of Default specified under section 15.1 hereof, the Company may, in its sole discretion and without an election of one remedy to the exclusion of the other remedy, take any of the actions pursuant to sections 15.2.1 and 15.2.2 hereof; provided, however, that the Company shall first exercise the remedy pursuant to section 15.2.1 hereof if (i) the Construction Commencement Date has occurred on or before the date specified in Article IV hereof, as extended only pursuant to said Article IV; and (ii) the QF is not in arrears for any monies owed to the Company pursuant to this Agreement.

15.2.1 Renegotiate any applicable provisions of this Agreement with the QF when necessary to preserve its validity. If the Parties cannot agree within thirty (30) days from the date of the Pre-Operational Event of Default, the Company shall have the right to exercise the remedy pursuant to section 15.2.2 hereof.

15.2.2 Terminate this Agreement.

15.3 OPERATIONAL EVENTS OF DEFAULT

Any one or more of the following events except events caused by Force Majeure Events unless otherwise stated, occurring on or after the Contract In-Service Date shall constitute an Operational Event of Default by the QF and shall give the Company the right, without limitation, to exercise the remedies under section 15.4 hereof:

15.3.1 The Operational Security Guaranty required under Article XIII is not tendered on or before the applicable due date specified in the Article.

15.3.2 The QF fails upon request by the Company pursuant to section 7.6 hereof to re-demonstrate the Facility's Commercial In-Service Status to the satisfaction of the Company.

15.3.3 The QF fails for any reason, including Force Majeure Events, to qualify for capacity payments under Article VIII hereof for any consecutive twenty-four (24) month period.

15.3.4 The QF, without a prior assignment permitted pursuant to Article XXIII hereof, becomes insolvent, becomes subject to bankruptcy or receivership proceedings, or dissolves as a legal business entity.

15.3.5 The QF fails to perform or comply with any other material terms and conditions of this Agreement and fails to conform to said term and conditions within sixty (60) days after a demand by the Company to do so.

15.4 REMEDIES FOR OPERATIONAL EVENTS OF DEFAULT

For any Operational Event of Default specified under section 15.3 hereof, the Company may, without an election of one remedy to the exclusion of the other remedies, take any of the actions pursuant to sections 15.4.1, 15.4.2, and 15.4.3 hereof; provided, however, that the Company shall first exercise the remedy pursuant to section 15.4.1 hereof except for an Operational Event of Default pursuant to section 15.3.3 hereof.

15.4.1 Allow the QF a reasonable opportunity to cure the Operational Event of Default and suspend its capacity payment obligations upon written notice whereupon the QF shall be entitled only to energy payments calculated pursuant to section 9.1.1 hereof. Thereafter, if the Operational Event of Default is cured: (i) capacity payments shall resume and subsequent energy payments shall be paid pursuant to section 9.1.2 hereof; and (ii) the On-Peak Capacity Factor shall be calculated on the assumption that the first full month after the Operational Event of Default is cured is the first month that the On-Peak Capacity factor is calculated.

15.4.2 Terminate this Agreement.

15.4.3 Exercise all remedies available at law or in equity.

ARTICLE XVI: PERMITS

The QF hereby agrees to seek to obtain, at its sole expense, any and all governmental permits, certificates, or other authorization the QF is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees, at the QF's expense, to seek to obtain any and all governmental permits, certificates, or other authorization the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

ARTICLE XVII: 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 Article XVII.

ARTICLE XVIII: 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 capacity and energy (except as provided for in section 7.3 hereof), whether arising in contract, tort, or otherwise.

ARTICLE XIX: INSURANCE

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

19.1 In addition to other insurance carried by the QF in accordance with the Agreement, 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.

19.2 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.

19.3 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 XX: REGULATORY CHANGES

20.1 The Parties agree that the Company's payment obligations under this Agreement are expressly conditioned upon the mutual commitments set forth in this Agreement and upon the Company's being fully reimbursed for all payments to the QF through the Fuel and Purchased Power Costs Recovery Clause or other authorized rates or charges. Notwithstanding any other provision of this Agreement, should the Company at any time during the Term of this Agreement be denied the FPSC's or the FERC's authorization, or the authorization of any other regulatory bodies which in the future may have jurisdiction over the Company's rates and charges, to recover from its customers all payments required to be made to the QF under the terms of this Agreement, payments to the QF from the Company shall be reduced accordingly. Neither Party shall initiate any action to deny recovery of payments under this Agreement and each Party shall participate in defending all terms and conditions of this Agreement, including, without limitation, the payment levels specified in this Agreement. Any amounts initially recovered by the Company from its ratepayers but for which recovery is subsequently disallowed by the FPSC or the FERC and charged back to the Company may be off-set or credited against subsequent payments made by the Company for purchases from the QF, or alternatively, shall be repaid by the QF. If any disallowance is subsequently reversed, the Company shall repay the QF such disallowed payments with interest at the rate specified in section 13.3 hereof to the extent such payments and interest are recovered by the Company.

20.2 If the QF's payments are reduced pursuant to section 20.1 hereof, the QF may terminate this Agreement upon thirty (30) days notice; provided that the QF gives the Company written notice of said termination within eighteen (18) months after the effective date of such reduction in the QF's payments.

ARTICLE XXI: FORCE MAJEURE

21.1 If either Party because of Force Majeure Event is rendered wholly or partly unable to perform its obligations under this Agreement, other than the obligation of that Party to make payments of money, that Party shall, except as otherwise provided in this Agreement, be excused from whatever performance is affected by the Force Majeure Event to the extent so affected, provided that:

21.1.1 The non-performing Party, as soon as possible after it becomes aware of its inability to perform, shall declare a Force Majeure Event and give the other Party written notice of the particulars of the occurrence(s), including without limitation, the nature, cause, and date and time of commencement of the occurrence(s), the anticipated scope and duration of any delay, and any date(s) that may be affected thereby.

21.1.2 The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure Event.

21.1.3 Obligations of either Party which arose before the occurrence causing the suspension of performance are not excused as a result of the occurrence.

21.1.4 The non-performing Party uses its best efforts to remedy its inability to perform with all reasonable dispatch; provided, however, that nothing contained herein shall require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the affected Party, are contrary to its interests. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the affected Party.

21.1.5 When the non-performing Party is able to resume performance of its obligations under this Agreement, that Party shall so notify the other Party in writing.

21.2 Unless and until the QF temporarily redesignates the Committed Capacity pursuant to section 7.4 hereof, no capacity payment obligation pursuant to Article VII hereof shall accrue during any period of a declared Force Majeure Event pursuant to section 21.1.1 through 21.1.5. During any such period, the Company will pay for such energy as may be received and accepted pursuant to section 9.1.1 hereof.

21.3 If the QF temporarily or permanently redesignates the Committed Capacity pursuant to section 7.4 hereof, then capacity payment obligations shall thereafter resume at the applicable redesignated level and the Company will resume energy payments pursuant to section 9.1.2 hereof.

ARTICLE XXII: FACILITY RESPONSIBILITY AND ACCESS

22.1 Representatives of the Company shall at all reasonable times have access to the Facility and to property owned or controlled by the QF 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.

22.2 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.

22.3 The QF shall reactivate the Facility and shall arrange for the Transmission Service Utility's delivery of electric energy to the Point of Delivery at its own expense if either the Facility or the equipment of the Transmission Service Utility is rendered inoperable due to actions of the QF or its agents, or a Force Majeure Event. 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 XXIII: SUCCESSORS AND ASSIGNS

Neither Party shall have the right to assign its obligations, benefits, and duties without the written consent of the other Party, which shall be not unreasonably withheld or delayed.

ARTICLE XXIV: DISCLAIMER

In executing this Agreement, the Company does not, nor should it be construed to, extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QF or any assignee of this Agreement, nor does it create any third party beneficiary rights. Nothing contained in this Agreement shall be construed to create an association, trust, partnership, or joint venture between the Parties. No payment by the Company to the QF for energy or capacity shall be construed as payment by the Company for the acquisition of any ownership or property interest in the Facility.

ARTICLE XXV: WAIVERS

The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

The terms and provisions contained in this Agreement constitute the entire agreement between the Parties and shall supersede all previous communications, representations, or agreements, either verbal or written, between the Parties with respect to the Facility and this Agreement.

ARTICLE XXVII: COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE XXVIII: COMMUNICATIONS

28.1 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:

Macauley Whiting, Jr.
Ridge Generating Station Limited Partnership
400 N. New York Ave., Suite 101
Winter Park, Fla. 32789

Notices to the Company shall be addressed to:

Manager, Cogeneration Contracts & Administration
Florida Power Corporation
P. O. Box 14042
St. Petersburg, FL 33733

28.2 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:	(813)866-5888
Telecopier:	(813)384-7865

To The QF:	Name Macauley Whiting
Title:	President
Telephone:	(407)628-8900
Telecopier:	(407)628-8535

28.3 Either Party may change its representatives in sections 28.1 or 28.2 by prior written notice to the other Party.

28.4 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 XXIX: 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 XXX: 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: _____
M. H. Phillips
Executive Vice President

Date: 3/6/91

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 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 Agreement.

2.0 Submission of Plans and Development of Interconnection Schedules and Cost Estimates.

2.1 No later than sixty (60) days after the Contract Approval 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.

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.

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 XII 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 XII of the Agreement. Such amounts shall be billed pursuant to section 3.2.1 if the QF elects the payment option permitted by FPSC Rule 25-17.087(4). Otherwise the QF shall be billed pursuant to section 3.2.2.

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.

3.3 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.

4.0 Payment Obligations 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.

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 A-1-1, 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.

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.

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.

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.

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 extend 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.

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 operate 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:

(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.**

3.10 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) _____.

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.

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: (813)866-5888
Telecopier: (813)384-7865

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

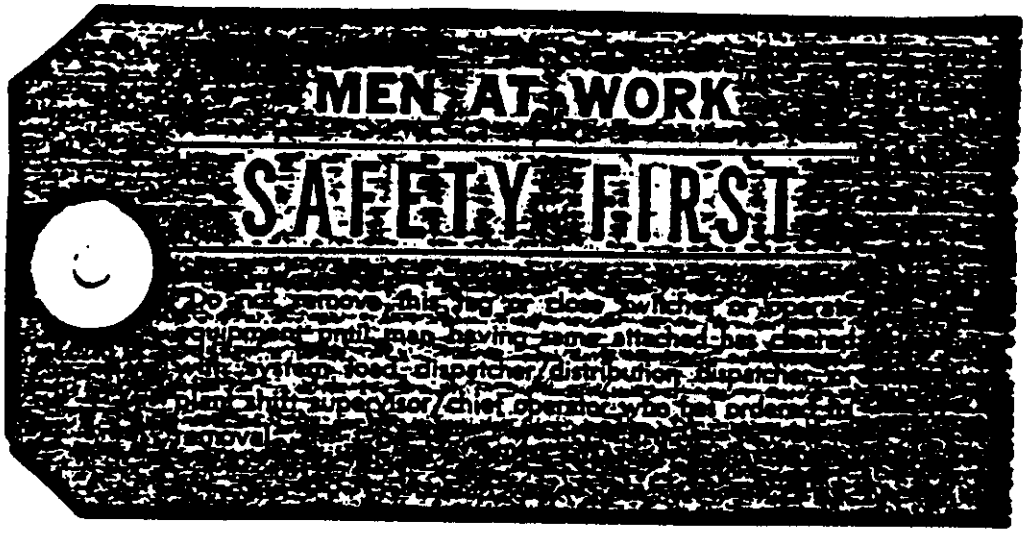
5.2 Each Party shall provide as much notification as practicable to the other Party regarding planned outages of equipment that may affect the other Party's operation.

EXHIBIT B-1

Exhibit B-1 will be unique for each Facility and must be completed prior to parallel operation of the Facility 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.



APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

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APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

SCHEDULE 1

GENERAL INFORMATION FOR 1991 COMBUSTION TURBINE UNIT **Page 1 of 1**

GENERAL

YEAR OF AVOIDED UNIT = 1991
AVOIDED UNIT FUEL REFERENCE PLANT = BARTOW CT UNITS

OPERATING DATA

AVOIDED UNIT VARIABLE O&M COSTS IN 1/90 $'s = $1.74/MWH
SYSTEM VARIABLE O&M COSTS IN 1/90 $'s = $0.592/MWH
ANNUAL ESCALATION RATE OF O&M COSTS = 5.10%
MINIMUM ON-PEAK CAPACITY FACTOR = 90.0%
AVOIDED UNIT HEAT RATE = 12,480 BTU/KWH
TYPE OF FUEL = DISTILLATE

ON-PEAK HOURS

(1) FOR THE CALENDAR MONTHS OF NOVEMBER THROUGH MARCH,
ALL DAYS: 6:00 A.M. TO 12:00 NOON, AND
5:00 P.M. TO 10:00 P.M.
(2) FOR THE CALENDAR MONTHS OF APRIL THROUGH OCTOBER,
ALL DAYS: 11:00 A.M. TO 10:00 P.M.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

SCHEDULE 2

Payments for Avoided 1991 Combustion Turbine Unit

Fuel Multiplier = 1.0

(1)	(2)	(3)	(4)	(5)	(6)
	CAPACITY PAYMENT - $/KW/MONTH		ENERGY PAYMENT - $/MWH (c) (ESTIMATED)		
CALENDAR YEAR	NORMAL PAYMENT RATE	ACCELERATED PAYMENT RATE (b)	FUEL	O&M	TOTAL
1991	3.96		29.78	0.76	30.54
1992	4.17		31.62	0.80	32.42
1993	4.37		34.28	0.84	35.12
1994	4.59		39.75	0.88	40.63
1995	4.84		44.64	0.93	45.57
1996	5.08		47.98	0.98	48.96
1997	5.33		52.63	1.03	53.66
1998	5.61		55.82	1.08	56.90
1999	5.90		53.70	1.13	54.83
2000	6.20		58.78	1.19	59.97
2001	6.51		56.42	1.25	57.67
2002	6.84		62.36	1.32	63.68
2003	7.19		66.46	1.38	67.84
2004	7.56		72.25	1.45	73.70
2005	7.94		79.70	1.53	81.23
2006	8.36		83.76	1.61	85.37
2007	8.77		88.04	1.69	89.73
2008	9.22		92.53	1.77	94.30
2009	9.70		97.25	1.86	99.11
2010	10.19		102.20	1.96	104.16
2011	10.71		107.42	2.06	109.48
2012	11.25		112.90	2.16	115.06
2013	11.83		118.65	2.27	120.92
2014	12.43		124.70	2.39	127.09
2015	13.07		131.06	2.51	133.57
2016	13.73		137.75	2.64	140.39
2017	14.43		144.77	2.78	147.55
2018	15.17		152.16	2.92	155.08
2019	15.94		159.92	3.07	162.99
2020	16.76		168.07	3.22	171.29
2021	17.61		176.64	3.38	180.02
2022	18.51		185.65	3.56	189.21
2023	19.46(a)		195.12	3.74	198.86

NOTES:

(a) If the Term of the Agreement is extended beyond 2023 pursuant to Article IV hereof, the normal payment rate schedule shall be escalated at 5.1% per year.

(b) The QF may structure an accelerated payment rate schedule that has the same or lower net present value over the Term as the normal payment rate schedule using the discount rate specified in section 8.5.3 hereof and which assumes the Contract In-Service Date specified as of the Execution Date. At the request of the QF prior to the commencement of capacity payments of if the Contract In-Service Date differs from the date specified as of the Execution Date, the accelereted payment rate schedule in this schedule will be recalculated so that the ratio of the net present value as of January 1, 1991, of the recalculated schedule to the normal payment schedule over the Term is not increased.

(c) Information provided is estimated and excludes the Delivery Voltage Adjustment.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

SCHEDULE 3
GENERAL INFORMATION FOR 1991 PULVERIZED COAL UNIT **Page 1 of 1**

GENERAL

YEAR OF AVOIDED UNIT = 1991
AVOIDED UNIT FUEL REFERENCE PLANT = CRYSTAL RIVER UNITS 1&2

OPERATING DATA

AVOIDED UNIT VARIABLE O&M COSTS IN 1/90 $'s = $4.36/MWH (Option A only)
ANNUAL ESCALATION RATE OF O&M COSTS = 5.10%
MINIMUM ON-PEAK CAPACITY FACTOR = 83.0%
AVOIDED UNIT HEAT RATE = 9,830 BTU/KWH
TYPE OF FUEL = COAL WITH 1.15% SULFUR BY WEIGHT MAXIMUM AT 11,000 BTU/LB., ADJUSTABLE IN DIRECT PROPORTION TO THE BTU/LB. OF COAL

ON-PEAK HOURS

(1) FOR THE CALENDAR MONTHS OF NOVEMBER THROUGH MARCH,
ALL DAYS: 6:00 A.M. TO 12:00 NOON, AND
5:00 P.M. TO 10:00 P.M.
(2) FOR THE CALENDAR MONTHS OF APRIL THROUGH OCTOBER,
ALL DAYS: 11:00 A.M. TO 10:00 P.M.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

SCHEDULE 4

Payments for Avoided 1991 Pulverized Coal Unit

Option A

Fuel Multiplier = 1.0

(1)	(2)	(3)	(4)	(5)	(6)
	CAPACITY PAYMENT - $/KW/MONTH		ENERGY PAYMENT - $/MWH (c) (ESTIMATED)		
CALENDAR YEAR	NORMAL PAYMENT RATE	ACCELERATED PAYMENT RATE (b)	FUEL	O&M	TOTAL
1991	10.92		21.07	4.70	25.77
1992	11.48		21.94	4.94	26.88
1993	12.07	12.06	22.86	5.19	28.05
1994	12.68	12.68	23.87	5.45	29.32
1995	13.32	13.32	25.09	5.73	30.82
1996	14.00	14.00	26.37	6.02	32.39
1997	14.72	14.71	27.71	6.33	34.04
1998	15.46	15.47	29.13	6.65	35.78
1999	16.25	16.25	30.61	6.99	37.60
2000	17.08	17.08	32.17	7.35	39.52
2001	17.95	17.95	33.81	7.73	41.54
2002	18.87	18.87	35.54	8.12	43.66
2003	19.83	19.83	37.35	8.53	45.88
2004	20.85	19.80	39.26	8.97	48.23
2005	21.91	20.81	41.26	9.43	50.69
2006	23.02	21.87	43.36	9.91	53.27
2007	24.20	22.99	45.57	10.41	55.98
2008	25.43	24.16	47.90	10.94	58.84
2009	26.74	25.39	50.34	11.50	61.84
2010	28.09	26.69	52.91	12.09	65.00
2011	29.53	28.05	55.61	12.70	68.31
2012	31.04	29.48	58.44	13.35	71.79
2013	32.61	30.98	61.42	14.03	75.45
2014	34.28	28.11	64.55	14.75	79.30
2015	36.03	29.54	67.85	15.50	83.35
2016	37.86	31.05	71.31	16.29	87.60
2017	39.80	32.63	74.94	17.12	92.06
2018	41.82	34.29	78.77	18.00	96.77
2019	43.96	36.05	82.78	18.91	101.69
2020	46.20	37.88	87.01	19.88	106.89
2021	48.56	39.79	91.45	20.89	112.34
2022	51.03	41.84	96.11	21.96	118.07
2023	53.64(a)	43.98	101.11	23.08	124.19

NOTES:

(a) If the Term of the Agreement is extended beyond 2023 pursuant to Article IV hereof, the normal payment rate schedule shall be escalated at 5.1% per year.

(b) The QF may structure an accelerated payment rate schedule that has the same or lower net present value over the Term as the normal payment rate schedule using the discount rate specified in section 8.5.3 hereof and which assumes the Contract In-Service Date specified as of the Execution Date. At the request of the QF prior to the commencement of capacity payments or if the Contract In-Service Date differs from the date specified as of the Execution Date, the accelerated payment rate schedule in this schedule will be recalculated so that the ratio of the net present value as of January 1, 1991, of the recalculated schedule to the normal payment schedule over the Term is not increased.

(c) Information provided is estimated and excludes the Delivery Voltage Adjustment.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

SCHEDULE 4

Payments for Avoided 1991 Pulverized Coal Unit

Option B

Fuel Multiplier = 1.0

(1)	(2)	(3)	(4)
	CAPACITY PAYMENT - $/KW/MONTH		ENERGY PAYMENT - $/MWH (c)
CALENDAR YEAR	NORMAL PAYMENT RATE	ACCELERATED PAYMENT RATE (b)	(ESTIMATED) FUEL
1991	13.77		21.07
1992	14.47		21.94
1993	15.21		22.86
1994	15.98		23.87
1995	16.80		25.09
1996	17.65		26.37
1997	18.55		27.71
1998	19.49		29.13
1999	20.49		30.61
2000	21.54		32.17
2001	22.63		33.81
2002	23.79		35.54
2003	25.00		37.35
2004	26.28		39.26
2005	27.62		41.26
2006	29.02		43.36
2007	30.51		45.57
2008	32.07		47.90
2009	33.71		50.34
2010	35.42		52.91
2011	37.23		55.61
2012	39.13		58.44
2013	41.11		61.42
2014	43.22		64.55
2015	45.42		67.85
2016	47.73		71.31
2017	50.17		74.94
2018	52.73		78.77
2019	55.42		82.78
2020	58.25		87.01
2021	61.22		91.45
2022	64.33		96.11
2023	67.62(a)		101.01

NOTES:

(a) If the Term of the Agreement is extended beyond 2023 pursuant to Article IV hereof, the normal payment rate schedule shall be escalated at 5.1% per year.

(b) The QF may structure an accelerated payment rate schedule that has the same or lower net present value over the Term as the normal payment rate schedule using the discount rate specified in section 8.5.3 hereof and which assumes the Contract In-Service Date specified as of the Execution Date. At the request of the QF prior to the commencement of capacity payments or if the Contract In-Service Date differs from the date specified as of the Execution Date, the accelerated payment rate schedule in this schedule will be recalculated so that the ratio of the net present value as of January 1, 1991, of the recalculated schedule to the normal payment schedule over the Term is not increased.

(c) Information provided is estimated and excludes the Delivery Voltage Adjustment.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

SCHEDULE 4

Payments for Avoided 1991 Pulverized Coal Unit

Option C

Fuel Multiplier = 0.8

(1)	(2)	(3)	(4)
	CAPACITY PAYMENT - $/KW/MONTH		ENERGY PAYMENT - $/MWH (c)
CALENDAR YEAR	NORMAL PAYMENT RATE	ACCELERATED PAYMENT RATE (b)	(ESTIMATED)
1991	16.37		16.86
1992	17.18		17.55
1993	18.04		18.29
1994	18.93		19.10
1995	19.90		20.07
1996	20.91		21.10
1997	21.98		22.17
1998	23.09		23.30
1999	24.27		24.49
2000	25.52		25.74
2001	26.81		27.05
2002	28.18		28.43
2003	29.62		29.88
2004	31.13		31.41
2005	32.72		33.01
2006	34.38		34.69
2007	36.14		36.46
2008	37.99		38.32
2009	39.93		40.27
2010	41.96		42.33
2011	44.10		44.49
2012	46.35		46.75
2013	48.70		49.14
2014	51.20		51.64
2015	53.81		54.28
2016	56.54		57.05
2017	59.43		59.95
2018	62.47		63.02
2019	65.65		66.22
2020	69.00		69.61
2021	72.52		73.16
2022	76.21		76.89
2023	80.11(a)		80.81

NOTES:

(a) If the Term of the Agreement is extended beyond 2023 pursuant to Article IV hereof, the normal payment rate schedule shall be escalated at 5.1% per year.

(b) The QF may structure an accelerated payment rate schedule that has the same or lower net present value over the Term as the normal payment rate schedule using the discount rate specified in section 8.5.3 hereof and which assumes the Contract In-Service Date specified as of the Execution Date. At the request of the QF prior to the commencement of capacity payments or if the Contract In-Service Date differs from the date specified as of the Execution Date, the accelerated payment rate schedule in this schedule will be recalculated so the ratio of the net present value as of January 1, 1991, of the recalculated schedule to the normal payment schedule over the Term is not increased.

(c) Information provided is estimated and excludes the Delivery Voltage Adjustment.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

SCHEDULE 5
Capacity Payment Adjustment for On-Peak Capacity Factor

O.P.C.F.	CAPACITY PAYMENT ADJUSTMENT MULTIPLYING FACTOR
Greater than or Equal to the Committed O.P.C.F.	1.0
From 50.0% to the Committed O.P.C.F.	$\left[\frac{\text{O.P.C.F.}}{\text{Committed O.P.C.F.}}\right]^{1.5}$
Below 50.0%	0

NOTE: O.P.C.F. = On-Peak Capacity Factor

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

SCHEDULE 6
Performance Adjustment **Page 1 of 1**

The Performance Adjustment provision of Article IX in this Agreement shall be calculated as follows each month after the Contract In-Service Date for all hours in the month:

$$\sum_{\text{for } i = \text{first hour}}^{\text{last hour}} PERADJ_i = [KWH_i - (CC \times 1.0 \text{ hr.} \times CF/100)] \times (EP1_i - EP2_i)$$

Where:

$PERADJ_i$ = the Performance Adjustment for hour i.

KWH_i = the hourly energy delivered to the Company by the QF during hour i.

CC = the Committed Capacity in KW.

CF = if the On-Peak Capacity Factor (%) is 50.0% or greater, then CF equals the lesser of (a) the Committed On-Peak Capacity Factor (%) or (b) the On-Peak Capacity Factor (%); if the On-Peak Capacity Factor is less than 50.0%, then CF equals zero.

$EP1_i$ = the As-Available Energy Cost in $/KWH for hour i.

$EP2_i$ = the Firm Energy Cost in $/KWH for hour i.

Note:

The Performance Adjustment shall not apply to any hour in which the following condition occurs:

(a) the energy payment is determined on the basis of the of As-Available Energy Cost;

(b) the Company cannot perform its obligation to receive all energy which the QF has made available for sale at the Point of Delivery;

(c) the Firm Energy Cost exceeds the As-Available Energy Cost.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

SCHEDULE 7
Charges to Qualifying Facility **Page 1 of 1**

Customer Charges:

The Qualifying Facility shall be billed monthly for the costs of meter reading, billing, and other appropriate administrative costs. The charge shall be set equal to the stated Customer Charge of the Company's applicable rate schedule for service to the Qualifying Facility load as a non-generating customer of the Company.

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.

In lieu of payments for actual charges, the Qualifying Facility shall pay a monthly charge equal to 0.50% of the Interconnection Costs less the Interconnection Costs Offset. This monthly rate shall be adjusted periodically to the same rate applicable to standard offer contacts pursuant to the rules in Appendix E.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

SCHEDULE 8
Delivery Voltage Adjustment

The QF's energy payment will be multiplied by a Delivery Voltage Adjustment whose value will depend upon (i) the delivery voltage at the Point of Delivery and (ii) the methodology approved by the FPSC to determine the adjustment for standard offer contracts pursuant to the rules in Appendix E.

APPENDIX D

TRANSMISSION SERVICE STANDARDS

1.0 Purpose.

This appendix provides minimum standards required by the Company in the Transmission Service Agreement and applies to QF's whose Facility is not directly interconnected with the Company and who are selling firm capacity and energy to the Company.

2.0 Standards for QF's Selling Firm Capacity and Energy.

2.1 The QF shall ensure that, throughout the Term of the Agreement, the Transmission Service Utility or its lawful successors but no other party shall deliver the Committed Capacity and electric energy to the Company on behalf of the QF.

2.2 A proposed Transmission Service Agreement and any amendments thereto shall be submitted to the Company for its review and consent no less than sixty (60) days before said Transmission Service Agreement or amendment is proposed to be tendered for filing with the FERC. Such consent shall not be unreasonably withheld. No review, recommendations or consent by the Company shall be deemed an approval of any safety or other arrangements between the QF and the Transmission Service Utility nor shall it relieve the QF and the Transmission Service Utility of their responsibility with respect to the adequate engineering, design, construction and operation of any facilities other than the Company's Interconnection Facilities and for any injury to property or persons associated with any failure to perform in a proper and safe manner for any reason. Nothing contained herein shall prevent the Company from exercising any rights that it

otherwise would have to participate as a full party before the FERC when the Transmission Service Agreement or amendments thereto is tendered for filing.

2.3 To ensure the continuous availability to the Company of the Committed Capacity during the Term of the Agreement, the Transmission Service Agreement shall contain provisions satisfying the following minimum criteria:

(i) the Transmission Service Utility's transmission commitment shall be for the full amount of the Committed Capacity plus any losses assessed by the Transmission Service Utility from the Point of Metering to the Point of Delivery;

(ii) the duration of the Transmission Service Utility's transmission commitment shall be for a term at least as long as the Term of the Agreement with termination provisions that are acceptable to the Company;

(iii) the Transmission Service Utility's transmission commitment shall not be interruptible or curtailable to a greater extent than the Transmission Service Utility's transmission service to its own firm requirements customers;

(iv) The QF and the Transmission Service Utility shall not be permitted to amend the Transmission Service Agreement in a manner that adversely affects the Company's rights without the Company's prior written consent;

(v) the Company shall be provided with prompt notification of any default under the Transmission Service Agreement;

(vi) the QF and/or the Transmission Service Utility shall expressly indemnify and hold the Company harmless for any and all liability or cost responsibility in connection with the Transmission Service Agreement and the activities undertaken thereunder, including, without limitation, any facility costs, service charges, or third party impact claims;

(vii) the Company shall be entitled to reasonable access at all times to property and equipment owned or controlled by either the QF or the Transmission Service Utility and at reasonable times to records and schedules maintained by either the QF or the Transmission Service Utility, in order to carry out the purposes of the Agreement in a safe, reliable and economical manner;

(viii) unless otherwise agreed by the Company, the Point of Delivery into the Company's system shall be defined as all points of interconnection at transmission voltages between the Company and the Transmission Service Utility pursuant to any tariffs or interchange agreements on file with the FERC and in effect from time to time;

(ix) the electric energy made available from the Facility for transmission to the Company shall be telemetered to the Company and shall be reduced for all losses assessed by the Transmission Service Agreement from the Point of Metering to the Point of Delivery; the electric energy as so adjusted shall be considered the electric energy delivered to the Company for billing purposes and shall be considered as if within the Company's Control Area, provided that the Transmission Service Utility can deliver and the Company accept the electric energy as so adjusted;

(x) As an alternative to section 2.3(ix) hereof, electric energy from the Facility shall be scheduled for delivery to the Point of Delivery by the Transmission Service Utility and such electric energy as is scheduled shall be considered as electric energy delivered to the Company for billing purposes.

(xi) The Transmission Service Utility and the Company shall coordinate with one another concerning any inability to deliver or receive the electric energy as adjusted pursuant to section 8.3 (ix) hereof. Whenever the Transmission Service Utility is unable to deliver or the Company does not accept such energy, such energy shall no longer be considered within the Company's Control Area if energy is delivered pursuant to section 2.3(ix) hereof; and

(xii) a contact person for the Transmission Service Utility shall be designated for day-to-day communications between the Transmission Service Utility and the Parties.

APPENDIX E
FPSC RULES 25-17.080 THROUGH 25-17.091

PART III

UTILITIES' OBLIGATIONS WITH REGARD TO COGENERATORS AND SMALL POWER PRODUCERS

25-17.080 Definitions and Qualifying Criteria.

(1) For the purpose of these rules the Commission adopts the Federal Energy Regulatory Commission Rules 292.101 through 292.207, effective March 20, 1980, regarding definitions and criteria that a small power producer or cogenerator must meet to achieve the status of a qualifying facility. Small power producers and cogenerators which fail to meet the FERC criteria for achieving qualifying facility status but otherwise meet the objectives of economically reducing Florida's dependence on oil and the economic deferral of utility power plant expenditures may petition the Commission to be granted qualifying facility status for the purpose of receiving energy and capacity payments pursuant to these rules.

(2) In general, under the FERC regulations, a small power producer is a qualifying facility if:

(a) the small power producer does not exceed 80 MW; and

(b) the primary (at least 50%) energy source of the small power producer is biomass, waste, or another renewable resource; and

(c) the small power production facility is not owned by a person primarily engaged in the generation or sale of electricity. This criterion is met if less than 50% of the equity interest in the facility is owned by a utility, utility holding company, or a subsidiary of them.

(3) In general, under the FERC regulations, a cogenerator is a qualifying facility if:

(a) the useful thermal energy output of a topping cycle cogeneration facility is not less than 5% of the facility's total energy output per year; and

(b) the useful power output plus half of the useful thermal energy output of a topping cycle cogeneration facility built after March 13, 1980, with any energy input of natural gas or oil is greater than 42.5% or 45% if the useful thermal energy output is less than 15% of the total energy output of the facility; and

(c) the useful power output of a bottoming cycle cogeneration facility built after March 13, 1980, with any energy input as supplementary firing of natural gas or oil is not less than 45% of the natural gas or oil input on an annual basis; and

(d) the cogeneration facility is not owned by a person primarily engaged in the generation or sale of electricity. This criterion is met if less than 50% of the equity interest in the facility is owned by a utility, utility holding company, or a subsidiary of them.

Specific Authority: 366.05(9), 350.127(2), F.S.
Law Implemented: 366.05(9), F.S.
History: New 5/13/81, amended 9/4/83, formerly 25-17.80.

25-17.081 Reserved.

25-17.082 The Utility's Obligation to Purchase; Customer's Selection of Billing Method.

(1) Upon compliance by the qualifying facility with Rule 25-17.087, each utility shall purchase electricity produced and sold by qualifying facilities at rates which have been agreed upon by the utility and qualifying facility or at the utility's published tariff. Each utility shall file a tariff or tariffs and a standard offer contract or contracts for the purchase of energy and capacity from qualifying facilities which reflects the provisions set forth in these rules.

(2) Unless the Commission determines that alternative metering requirements cause no adverse effect on the cost or reliability of electric service to the utility's general body of customers, each tariff and standard offer contract shall specify the following metering requirements for billing purposes:

(a) Hourly recording meters shall be required for qualifying facilities with an installed capacity of 100 kilowatts or more.

(b) For qualifying facilities with an installed capacity of less than 100 kilowatts, at the option of the qualifying facility, either hourly recording meters, dual kilowatt-hour register time-of-day meters, or standard kilowatt-hour meters shall be installed. Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

(3)(a) A qualifying facility, upon entering into a contract for the sale of firm capacity and energy or prior to delivery of as-available energy to a utility, shall elect to make either simultaneous purchases from the interconnecting utility and sales to the purchasing utility or net sales to the purchasing utility. Once made, the selection of a billing methodology may only be changed:

1. when a qualifying facility selling as-available energy enters into a negotiated contract or standard offer contract for the sale of firm capacity and energy; or
2. when a firm capacity and energy contract expires or is lawfully terminated by either the qualifying facility or the purchasing utility; or
3. when the qualifying facility is selling as-available energy and has not changed billing methods within the last twelve months; and
4. when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or any contract between the qualifying facility and the utility.

Firm capacity and energy contracts in effect prior to the effective date of this rule shall remain unchanged.

(b) If a qualifying facility elects to change billing methods in accordance with this rule, such change shall be subject to the following provisions:

1. upon at least thirty days advance written notice;
2. upon the installation by the utility of any additional metering equipment reasonably required to effect the change in billing and upon payment by the qualifying facility for such metering equipment and its installation; and

3. upon completion and approval by the utility of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the qualifying facility for such alterations.

(c) Should a qualifying facility elect to make simultaneous purchases and sales, purchases of electric service by the qualifying facility from the interconnecting utility shall be billed at the retail rate schedule under which the qualifying facility load would receive service as a non-generating customer of the utility; sales of electricity delivered by the qualifying facility to the purchasing utility shall be purchased at the utility's avoided energy and capacity rates, where applicable, in accordance with Rules 25-17.0825 and 25-17.0832.

(d) Should a qualifying facility elect a net billing arrangement, the hourly net energy and capacity sales delivered to the purchasing utility shall be purchased at the utility's avoided energy and capacity rates, where applicable, in accordance with Rules 25-17.0825 and 25-17.0832; purchases from the interconnecting utility shall be billed pursuant to the utility's applicable standby service or supplemental service rate schedules.

(4)(a) Payments for energy and capacity sold by a qualifying facility shall be rendered monthly by the purchasing utility and as promptly as possible, normally by the twentieth business day following the day the meter is read. The kilowatt-hours sold by the qualifying facility, the applicable avoided energy rate at which payments were made, and the rate and amount of the applicable capacity payment shall accompany the payment by the utility to the qualifying facility.

(b) Where simultaneous purchases and sales are made by a qualifying facility, avoided energy and capacity payments to the qualifying facility may, at the option of the qualifying facility, be shown as a credit to the qualifying facility's bill; the kilowatt-hours produced by the qualifying facility, the avoided energy rate at which payments were made, and the rate and amount of the capacity payment shall accompany the bill to the qualifying facility. A credit shall not exceed the amount of the qualifying facility's bill from the utility and the excess, if any, shall be paid directly to the qualifying facility in accordance with this rule.

(5) A utility may require a security deposit from each interconnected qualifying facility in accordance with Rule 25-6.097 for the qualifying facility's purchase of power from the utility. Each utility's tariff shall contain specific criteria for determining the applicability and amount of a deposit from an interconnected qualifying facility consistent with projected net cash flow on a monthly basis.

(6) Each utility shall keep separate accounts for sales to qualifying facilities and purchases from qualifying facilities.

Specific Authority: 366.051, 350.127(2), F.S.
Law Implemented: 366.051, F.S.
History: New 5/13/81, Amended 9/4/83, formerly 25-17.82, amended 10/25/90.

25-17.0825 As-Available Energy.

(1) As-available energy is energy produced and sold by a qualifying facility on an hour-by-hour basis for which contractual commitments as to the quantity, time, or reliability of delivery are not required. Each utility shall purchase as-available energy from any qualifying facility. As-available energy shall be sold by a qualifying facility and purchased by a utility pursuant to the terms and conditions of a published tariff or a separately negotiated contract.

As-available energy sold by a qualifying facility shall be purchased by the utility at a rate, in cents per kilowatt-hour, not to exceed the utility's avoided energy cost. Because of the lack of assurances as to the quantity, time, or reliability of delivery of as-available energy, no capacity payments shall be made to a qualifying facility for the delivery of as-available energy.

(a) Tariff Rates: Each utility shall publish a tariff for the purchase of as-available energy from qualifying facilities. Each utility's published tariff shall state that the rate of payment for as-available energy is the utility's

avoided energy cost as defined in subsection (2) of this rule, less the additional costs directly attributable to the purchase of such energy from a qualifying facility. The additional costs directly associated with the purchase of as-available energy from qualifying facilities shall be specifically identified in the utility's tariff.

(b) Contract Rates: Each utility may enter into a separately negotiated contract for the purchase of as-available energy from a qualifying facility. All contracts for the purchase of as-available energy between a qualifying facility and a utility shall be filed with the Commission within 10 working days of their signing. Those qualifying facilities wishing to negotiate a contract for the sale of firm capacity and energy with terms different from those in a utility's standard offer contract may do so pursuant to Rule 25-17.0832(2). Where parties cannot agree on the terms and conditions of a negotiated contract, either party may apply to the Commission for relief pursuant to Rule 25-17.0834.

(2)(a) Avoided energy costs associated with as-available energy are defined as the utility's actual avoided energy cost before the sale of interchange energy. Avoided energy costs associated with as-available energy shall be all costs the utility avoided due to the purchase of as-available energy, including the utility's incremental fuel, identifiable variable operating and maintenance expense, and identifiable variable utility power purchases. Demonstrable utility administrative costs required to calculate avoided energy costs may be deducted from avoided energy payments. Avoided line losses reflecting the voltage at which generation by the qualifying facility is received by the utility shall also be included in the determination of avoided energy costs. Each utility shall calculate its avoided energy cost associated with as-available energy deterministically, on an hour-by-hour basis, after accounting for interchange sales which have taken place, using the utility's actual avoided energy cost for the hour, as affected by the output of the qualifying facilities connected to the utility's system. A megawatt block size at least equal to the most recent available estimate of the combined average hourly generation of all qualifying facilities making energy sales based on the utility's as-available energy rate to the utility shall be used to calculate the utility's hourly avoided energy costs associated with as-available energy. For the purpose of this subsection, interchange sales are inter-utility sales which are provided at the option of the selling utility exclusive of central pool dispatch transactions.

(b) Each utility's tariff shall include a description of the methodology to be used in the calculation of avoided energy cost implementing subsection (2) of this Rule. Each utility's implementation methodology shall specify the method by which the utility's incremental fuel and operating and maintenance costs and line losses are determined.

(3)(a) For qualifying facilities with hourly recording meters, monthly payments for as-available energy shall be made and shall be calculated based on the product of: (1) the utility's actual avoided energy rate for each hour during the month; and (2) the quantity of energy sold by the qualifying facility during that hour.

(b) For qualifying facilities with dual kilowatt-hour register time-of-day meters, monthly payments for as-available energy shall be calculated based on the average of the utility's actual hourly avoided energy rate for the on-peak and off-peak periods during the month.

(c) For qualifying facilities with standard kilowatt-hour meters, monthly payments for as-available energy shall be calculated based on the average of the utility's actual hourly avoided energy rate for the off-peak periods during the month.

(4) Each utility shall file with the Commission by the twentieth business day of the following month, a monthly report of their actual hourly avoided energy costs, the average of their actual hourly avoided energy costs for the on-peak and

off-peak periods during the month, and the average of their actual hourly avoided energy costs for the month with the Commission. A copy shall be furnished to any individual who requests such information.

(5) 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 utility may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

(6) Utility payments for as-available energy made to qualifying facilities pursuant to the utility's tariff shall be recoverable by the utility through the Commission's periodic review of fuel and purchased power. Utility payments for as-available energy made to qualifying facilities pursuant to a separately negotiated contract shall be recoverable by the utility through the Commission's periodic review of fuel and purchased power costs if the payments are not reasonably projected to result in higher cost electric service to the utility's general body of ratepayers or adversely affect the adequacy or reliability of electric service to all customers.

Specific Authority: 366.051, 350.127(2), F.S.
Law Implemented: 366.051, F.S.
History: New 9/4/83, formerly 25-17.82, amended 10/25/90.

25-17.083 Firm Energy and Capacity.
Specific Authority: 366.04(1), 366.05(1), 366.05(9), 350.127(2), F.S.
Law Implemented: 366.05(9), F.S.
History: New 9/4/83, formerly 25-17.83, Repealed 10/25/90.

25-17.0831 Contracts.
Specific Authority: 366.05(9), 350.127(2), F.S.
Law Implemented: 366.05(9), F.S.
History: New 5/13/81, amended 9/4/83, formerly 25-17.831, Repealed 10/25/90.

25-17.0832 Firm Capacity and Energy Contracts.

(1) Firm capacity and energy are capacity and energy produced and sold by a qualifying facility and purchased by a utility pursuant to a negotiated contract or a standard offer contract subject to certain contractual provisions as to the quantity, time and reliability of delivery.

(a) Within one working day of the execution of a negotiated contract or the receipt of a signed standard offer contract, the utility shall notify the Director of the Division of Electric and Gas and provide the amount of committed capacity and the avoided unit, if any, to which the contract should be applied.

(b) Within 10 working days of the execution of a negotiated contract for the purchase of firm capacity and energy or within 10 working days of receipt of a signed standard offer contract, the purchasing utility shall file with the Commission a copy of the signed contract and a summary of its terms and conditions. At a minimum, such a summary shall report:

1. the name of the utility and the owner and/or operator of the qualifying facility, who are signatories of the contract;
2. the amount of committed capacity specified in the contract, the size of the facility, the type of the facility its location, and its interconnection and transmission requirements;
3. the amount of annual and on-peak and off-peak energy expected to be delivered to the utility;
4. the type of unit being avoided, its size and its in-service year;
5. the in-service date of the qualifying facility; and

6. the date by which the delivery of firm capacity and energy is expected to commence.

(c) Prior to the anticipated in-service date of the avoided unit specified in the contract, a qualifying facility which has negotiated a firm capacity and energy contract or has accepted a utility's standard offer contract may sell as-available energy to any utility pursuant to Rule 25-17.0825.

(2) Negotiated Contracts. Utilities and qualifying facilities are encouraged to negotiate contracts for the purchase of firm capacity and energy. Such contracts will be considered prudent for cost recovery purposes if it is demonstrated that the purchase of firm capacity and energy from the qualifying facility pursuant to the rates, terms, and other conditions of the contract can reasonably be expected to contribute towards the deferral or avoidance of additional capacity construction or other capacity-related costs by the purchasing utility at a cost to the utility's ratepayers which does not exceed full avoided costs, giving consideration to the characteristics of the capacity and energy to be delivered by the qualifying facility under the contract. Negotiated contracts shall not be evaluated against an avoided unit in a standard offer contract, thus preserving the standard offer for small qualifying facilities as described in subsection (3). In reviewing negotiated firm capacity and energy contracts for the purpose of cost recovery, the Commission shall consider factors relating to the contract that would impact the utility's general body of retail and wholesale customers including:

(a) whether additional firm capacity and energy is needed by the purchasing utility and by Florida utilities from a statewide perspective; and

(b) whether the cumulative present worth of firm capacity and energy payments made to the qualifying facility over the term of the contract are projected to be no greater than:

1. the cumulative present worth of the value of a year-by-year deferral of the construction and operation of generation or parts thereof by the purchasing utility over the term of the contract; calculated in accordance with subsection (4) and paragraph (5)(a) of this rule, providing that the contract is designed to contribute towards the deferral or avoidance of such capacity; or

2. the cummulative present worth of other capacity and energy related costs that the contract is designed to avoid such as fuel, operation and maintenance expenses or alternative purchases of capacity, providing that the contract is designed to avoid such costs; and

(c) to the extent that annual firm capacity and energy payments made to the qualifying facility in any year exceed that year's annual value of deferring the construction and operation of generation by the purchasing utility or other capacity and energy related costs, whether the contract contains provisions to ensure repayment of such payments exceeding that year's value of deferring that capacity in the event that the qualifying facility fails to deliver firm capacity and energy pursuant to the terms and conditions of the contract; provided, however, that provisions to ensure repayment may be based on forecasted data; and

(d) considering the technical reliability, viability and financial stability of the qualifying facility, whether the contract contains provisions to protect the purchasing utility's ratepayers in the event the qualifying facility fails to deliver firm capacity and energy in the amount and times specified in the contract.

(3) Standard Offer Contracts.

(a) Upon petition by a utility or pursuant to a Commission action, each public utility shall submit for Commission approval a tariff or tariffs and a standard offer contract or contracts for the purchase of firm capacity and energy from small qualifying facilities less than 75 megawatts or from solid waste facilities as defined in Rule 25-17.091.

(b) The rates, terms, and other conditions contained in each utility's standard offer contract or contracts shall be based on the need for and equal to the avoided cost of deferring or avoiding the construction of additional generation

capacity or parts thereof by the purchasing utility. Rates for payment of capacity sold by a qualifying facility shall be specified in the contract for the duration of the contract. In reviewing a utility's standard offer contract or contracts, the Commission shall consider the criteria specified in paragraphs (2)(a) through (2)(d) of this rule, as well as any other information relating to the determination of the utility's full avoided costs.

(c) In lieu of a separately negotiated contract, a qualifying facility under 75 megawatts or a solid waste facility as defined in Rule 25-17.091(1), F.A.C., may accept any utility's standard offer contract. Qualifying facilities which are 75 megawatts or greater may negotiate contracts for the purchase of capacity and energy pursuant to subsection (2). Should a utility fail to negotiate in good faith, any qualifying facility may apply to the Commission for relief pursuant to Rule 25-17.0834, F.A.C.

(d) Within 60 days of receipt of a signed standard offer contract, the utility shall either accept and sign the contract and return it within five days to the qualifying facility or petition the Commission not to accept the contract and provide justification for the refusal. Such petitions may be based on:

1. a reasonable allegation by the utility that acceptance of the standard offer will exceed the subscription limit of the avoided unit or units; or
2. material evidence that because the qualifying facility is not financially or technically viable, it is unlikely that the committed capacity and energy would be made available to the utility by the date specified in the standard offer.

A standard offer contract which has been accepted by a qualifying facility shall apply towards the subscription limit of the unit designated in the contract effective the date the utility receives the accepted contract. If the contract is not accepted by the utility, its effect shall be removed from the subscription limit effective the date of the Commission order granting the utility's petition.

(e) Minimum Specifications. Each standard offer contract shall, at minimum, specify:

1. the avoided unit or units on which the contract is based;
2. the total amount of committed capacity, in megawatts, needed to fully subscribe the avoided unit specified in the contract;
3. the payment options available to the qualifying facility including all financial and economic assumptions necessary to calculate the firm capacity payments available under each payment option and an illustrative calculation of firm capacity payments for a minimum ten year term contract commencing with the in-service date of the avoided unit for each payment option;
4. the date on which the standard contract offer expires. This date shall be at least four years before the anticipated in-service date of the avoided unit or units unless the avoided unit could be constructed in less than four years, or when the subscription limit has been reached;
5. the date by which firm capacity and energy deliveries from the qualifying facility to the utility shall commence. This date shall be no later than the anticipated in-service date of the avoided unit specified in the contract;
6. the period of time over which firm capacity and energy shall be delivered from the qualifying facility to the utility. Firm capacity and energy shall be delivered, at a minimum, for a period of ten years, commencing with the anticipated in-service date of the avoided unit specified in the contract. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the avoided unit, commencing with the anticipated in-service date of the avoided unit;

7. the minimum performance standards for the delivery of firm capacity and energy by the qualifying facility during the utility's daily seasonal peak and off-peak periods. These performance standards shall approximate the anticipated peak and off-peak availability and capacity factor of the utility's avoided unit over the term of the contract;

8. provisions to ensure repayment of payments to the extent that annual firm capacity and energy payments made to the qualifying facility in any year exceed that year's annual value of deferring the avoided unit specified in the contract in the event that the qualifying facility fails to perform pursuant to the terms and conditions of the contract. Such provisions may be in the form of a surety bond or equivalent assurance of repayment of payments exceeding the year-by-year value of deferring the avoided unit specified in the contract.

(f) The Commission may approve contracts that specify:

1. provisions to protect the purchasing utility's ratepayers in the event the qualifying facility fails to deliver firm capacity and energy in the amount and times specified in the contract which may be in the form of an up-front payment, surety bond, or equivalent assurance of payment. Such payment or surety shall be refunded upon completion of the facility and demonstration that the facility can deliver the amount of capacity and energy specified in the contract; and

2. a listing of the parameters, including any impact on electric power transfer capability, associated with the qualifying facility as compared to the avoided unit necessary for the calculation of the avoided cost.

(g) Firm Capacity Payment Options. Each standard offer contract shall also contain, at a minimum, the following options for the payment of firm capacity delivered by the qualifying facility:

1. Value of deferral capacity payments. Value of deferral capacity payments shall commence on the anticipated in-service date of the avoided unit. Capacity payments under this option shall consist of monthly payments escalating annually of the avoided capital and fixed operation and maintenance expense associated with the avoided unit and shall be equal to the value of a year-by-year deferral of the avoided unit, calculated in accordance with paragraph (5)(a) of this rule.

2. Early capacity payments. Each standard offer contract shall specify the earliest date prior to the anticipated in-service date of the avoided unit when early capacity payments may commence. The early capacity payment date shall be an approximation of the lead time required to site and construct the avoided unit. Early capacity payments shall consist of monthly payments escalating annually of the avoided capital and fixed operation and maintenance expense associated with the avoided unit, calculated in conformance with paragraph (5)(b) of the rule. At the option of the qualifying facility, early capacity payments may commence at any time after the specified early capacity payment date and before the anticipated in-service date of the avoided unit provided that the qualifying facility is delivering firm capacity and energy to the utility. Where early capacity payments are elected, the cumulative present value of the capacity payments made to the qualifying facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qualifying facility had such payments been made pursuant to subparagraph (3)(g)1 of this rule.

3. Levelized capacity payments. Levelized capacity payments shall commence on the anticipated in-service date of the avoided unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the contract, calculated in conformance with paragraph (5)(c) of this rule. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the avoided unit calculated in conformance with paragraph (5)(a) of this rule. Where levelized capacity payments are elected, the cumulative present value of the levelized capacity payments made to the qualifying facility over the term of the contract shall not exceed the cumulative present value of capacity payments which would have been made to the qualifying facility had such payments been made pursuant to subparagraph (3)(g)1 of this rule, value of deferral capacity payments.

4. Early levelized capacity payments. Each standard offer contract shall specify the earliest date prior to the anticipated in-service date of the avoided unit when early levelized capacity payments may commence. The early capacity payment date shall be an approximation of the lead time required to site and construct the avoided unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the contract, calculated in conformance with paragraph (5)(c) of this rule. The fixed operation and maintenance expense shall be calculated in conformance with paragraph (5)(b) of this rule. At the option of the qualifying facility, early levelized capacity payments shall commence at any time after the specified early capacity date and before the anticipated in-service date of the avoided unit provided that the qualifying facility is delivering firm capacity and energy to the utility. Where early levelized capacity payments are elected, the cumulative present value of the capacity payments made to the qualifying facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qualifying facility had such payments been made pursuant to subparagraph (3)(g)1 of this rule.

(4) Avoided Energy Payments.

(a) For the purpose of this rule, avoided energy costs associated with firm energy sold to a utility by a qualifying facility pursuant to a utility's standard offer contract shall commence with the in-service date of the avoided unit specified in the contract. Prior to the in-service date of the avoided unit, the qualifying facility may sell as-available energy to the utility pursuant to Rule 25-17.0825.

(b) To the extent that the avoided unit would have been operated, had that unit been installed, avoided energy costs associated with firm energy shall be the energy cost of this unit. To the extent that the avoided unit would not have been operated, the avoided energy costs shall be the as-available avoided energy cost of the purchasing utility. During the periods that the avoided unit would not have been operated, firm energy purchased from qualifying facilities shall be treated as as-available energy for the purposes of determining the megawatt block size in Rule 25-17.0825(2)(a).

(c) The energy cost of the avoided unit specified in the contract shall be defined as the cost of fuel, in cents per kilowatt-hour, which would have been burned at the avoided unit plus variable operation and maintenance expense plus avoided line losses. The cost of fuel shall be calculated as the average market

price of fuel, in cents per million Btu, associated with the avoided unit multiplied by the average heat rate associated with the avoided unit. The variable operating and maintenance expense shall be estimated based on the unit fuel type and technology of the avoided unit.

(5) Calculation of standard offer contract firm capacity payment options.

(a) Calculation of year-by-year value of deferral. The year-by-year value of deferral of an avoided unit shall be the difference in revenue requirements associated with deferring the avoided unit one year and shall be calculated as follows:

$$VAC_m = \frac{1}{12}\left[KI_n \left[\frac{1 - \frac{(1+ip)}{(1+r)}^{L}}{1 - \frac{(1+ip)}{(1+r)}^{L}} \right] + O_n \right]$$

Where, for a one year deferral:

VAC_m = utility's monthly value of avoided capacity, in dollars per kilowatt per month, for each month of year n;

K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year;

I_n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the avoided unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the avoided unit that would have been paid had the avoided unit been constructed;

O_n = total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the avoided unit;

i_p = annual escalation rate associated with the plant cost of the avoided unit(s);

i_o = annual escalation rate associated with the operation and maintenance expense of the avoided unit(s);

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

L = expected life of the avoided unit; and

n = year for which the avoided unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity.

(b) Calculation of early capacity payments. Monthly early capacity payments shall be calculated as follows:

$$A_m = A_C \frac{(1+ip)}{12}^{(m-1)} + A_O \frac{(1+io)}{12}^{(m-1)} \quad \text{for m=1 to t}$$

Where: A_m = monthly early capacity payments to be made to the qualifying facility for each month of the contract year n, in dollars per kilowatt per month;

i_p = annual escalation rate associated with the plant cost of the avoided unit;

i_o = annual escalation note associated with the operation and maintenance expense of the avoided unit(s);

m = year for which early capacity payments to a qualifying facility are made, starting in year one and ending in the year t;

t = the term, in years, of the contract for the purchase of firm capacity;

$$A_C = F \left[\frac{(1 + ip)}{1 - \frac{(1 + r)_t}{(1 + ip)^t}} \right]$$

Where: F = the cumulative present value in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the avoided unit(s); and

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

$$A_O = G \left[\frac{(1 + io)}{1 - \frac{(1 + r)_t}{(1 + io)^t}} \right]$$

Where: G = The cumulative present value in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the avoided unit.

(c) Levelized and early levelized capacity payments. Monthly levelized and early levelized capacity payments shall be calculated as follows:

$$P_L = F \times \frac{r}{12} \cdot \frac{}{1-(1+r)^{-t}} + O$$

Where: P_L = the monthly levelized capacity payment, starting on or prior to the in-service date of the avoided unit;

F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;

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

t = the term, in years, of the contract for the purchase of firm capacity.

O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with paragraph (5)(a) for levelized capacity payments or with paragraph (5)(b) for early levelized capacity payments.

(6) Sale of Excess Firm Energy and Capacity. To the extent that firm energy and capacity purchased from a qualifying facility pursuant to a standard offer contract or an individually negotiated contract is not needed by the purchasing utility, these rules shall be construed to encourage the

purchasing utility to sell all or part of the energy and capacity to the utility in need of energy and capacity at a mutually agreed upon price which is cost effective to the ratepayers.

(7) Upon request by a qualifying facility or any interested person, each utility shall provide within 30 days its most current projections of its future generation mix including type and timing of anticipated generation additions, and at least a 20-year projection of fuel forecasts, as well as any other information reasonably required by the qualifying facility to project future avoided cost prices. The utility may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

(8)(a) Firm energy and capacity payments made to a qualifying facility pursuant to a separately negotiated contract shall be recoverable by a utility through the Commission's periodic review of fuel and purchased power costs if the contract is found to be prudent in accordance with subsection (2) of this rule.

(b) Upon acceptance of the contract by both parties, firm energy and capacity payments made to a qualifying facility pursuant to a standard offer contract shall be recoverable by a utility through the Commission's periodic review of fuel and purchased power costs.

(c) Firm energy and capacity payments made pursuant to a standard offer contract signed by the qualifying facility, for which the utility has petitioned the Commission to reject, is recoverable through the Commission's periodic review of fuel and purchased power costs if the Commission requires the utility to accept the contract because it satisfies subsection (3) of this rule.

Specific Authority: 350.127, 366.04(1), 366.051, 366.05(8), F.S.
Law Implemented: 366.051, 403.503, F.S.
History: New 10/25/90.

25-17.0833 Planning Hearings.

(1) Upon petition or on its own motion, the Commission shall periodically review optimal generation and transmission plans from a statewide and individual utility perspective. In connection with these proceedings, the Commission shall consider the need for capacity from both a statewide and individual utility perspective, the adequacy of the transmission grid, and other strategic planning concerns affecting the Florida electric grid.

(2) Upon petition, or on its own motion, the Commission, as needed, shall review individual utility generation and expansion plans at any time.

Specific Authority: 366.05(8), 366.051, 350.127(2), F.S.
Law Implemented: 366.051, F.S.
History: New 10/25/90.

25-17.0834 Settlement of Disputes in Contract Negotiations.

(1) Public utilities shall negotiate in good faith for the purchase of capacity and energy from qualifying facilities and interconnection with qualifying facilities. In the event that a utility and a qualifying facility cannot agree on the rates, terms, and other conditions for the purchase of capacity and energy, either party may apply to the Commission for relief. Qualifying facilities may petition the Commission to order a utility to sign a contract for the purchase of capacity and energy which does not exceed a utility's full avoided costs as defined in 366.051, Florida Statutes, should the Commission find that the utility failed to negotiate in good faith.

(2) To the extent possible, the Commission will dispose of an application for relief within 90 days of the filing of a petition by either a utility or a qualifying facility.

(3) If the Commission finds that a utility has failed to negotiate or deal in good faith with qualifying facilities, or has explicitly dealt in bad faith with qualifying facilities, it shall impose an appropriate penalty on the utility as approved by section 350.127, Florida Statutes.
Specific Authority: 366.051, 350.127(2), F.S.
Law Implemented: 366.051, F.S.
History: New 10/25/90.

25-17.0835 Wheeling.
Specific Authority: 366.05(9), 350.127(2), F.S.
Law Implemented: 366.05(9), 366.055(3), F.S.
History: New 9/4/83, repealed 10/4/85, formerly 25-17.835.

25-17.084 The Utility's Obligation to Sell.
Upon compliance with Rule 25-17.087, each utility shall sell energy to qualifying facilities at rates which are just, reasonable, and non-discriminatory.
Specific Authority: 366.05(9), 350.127(2), F.S.
Law Implemented: 366.05(9), F.S.
History: New 5/13/81, amended 9/4/83, formerly 25-17.84.

25-17.085 Reserved.

25-17.086 Periods During Which Purchases are not Required.
Where purchases from a qualifying facility will impair the utility's ability to give adequate service to the rest of its customers or, due to operational circumstances, purchases from qualifying facilities will result in costs greater than those which the utility would incur if it did not make such purchases, or otherwise place an undue burden on the utility, the utility shall be relieved of its obligation under Rule 25-17.082 to purchase electricity from a qualifying facility. The utility shall notify the qualifying facility(ies) prior to the instance giving rise to those conditions, if practicable. If prior notice is not practicable, the utility shall notify the qualifying facility(ies) as soon as practicable after the fact. In either event the utility shall notify the Commission, and the Commission staff shall, upon request of the affected qualifying facility(ies), investigate the utility's claim. Nothing in this section shall operate to relieve the utility of its general obligation to purchase pursuant to Rule 25-17.082.
Specific Authority: 366.05(9), 350.127(2), F.S.
Law Implemented: 366.05(9), F.S.
History: New 5/13/81, Amended 9/4/83, formerly 25-17.86.

25-17.087 Interconnection and Standards.
(1) Each utility shall interconnect with any qualifying facility which:
(a) is in its service area;
(b) requests interconnection;
(c) agrees to meet system standards specified in this rule; (d) agrees to pay the cost of interconnection; and
(e) signs an interconnection agreement.
(2) Nothing in this rule shall be construed to preclude a utility from evaluating each request for interconnection on its own merits and modifying the general standards specified in this rule to reflect the result of such an evaluation.
(3) Where a utility refuses to interconnect with a qualifying facility or attempts to impose unreasonable standards pursuant to subsection (2) of this rule, the qualifying facility may petition the Commission for relief. The utility shall have the burden of demonstrating to the Commission why

interconnection with the qualifying facility should not be required or that the standards the utility seeks to impose on the qualifying facility pursuant to subsection (2) are reasonable.

(4) Upon a showing of credit worthiness, the qualifying facility shall have the option of making monthly installment payments over a period no longer than 36 months toward the full cost of interconnection. However, where the qualifying facility exercises that option the utility shall charge interest on the amount owing. The utility shall charge such interest at the 30-day commercial paper rate. In any event, no utility may bear the cost of interconnection.

(5) Application for Interconnection. A qualifying facility shall not operate electric generating equipment in parallel with the utility's electric system without the prior written consent of the utility. Formal application for interconnection shall be made by the qualifying facility prior to the installation of any generation related equipment. This application shall be accompanied by the following:

(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 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) Operating/instruction manuals.

Any subsequent change in the system must also be submitted for review and written approval prior to actual modification. The above mentioned review, recommendations and approval by the utility do not relieve the qualifying facility from complete responsibility for the adequate engineering design, construction and operation of the qualifying facility equipment and for any liability for injuries to property or persons associated with any failure to perform in a proper and safe manner for any reason.

(6) Personnel Safety. Adequate protection and safe operational procedures must be developed and followed by the joint system. These operating procedures must be approved by both the utility and the qualifying facility. The qualifying facility shall be required to furnish, install, operate and maintain in good order and repair, and be solely responsible for, without cost to the utility, all facilities required for the safe operation of the generation system in parallel with the utility's system.

The qualifying facility shall permit the utility's employees to enter upon its property at any reasonable time for the purpose of inspection and/or testing the qualifying facility's equipment, facilities, or apparatus. Such inspections shall not relieve the qualifying facility from its obligation to maintain its equipment in safe and satisfactory operating condition.

The utility's approval of isolating devices used by the qualifying facility will be required to ensure that these will comply with the utility's switching and tagging procedure for safe working clearances.

(a) Disconnect Switch. A manual disconnect switch, of the visible load break type, to provide a separation point between the qualifying facility's generation system and the utility's system, shall be required. The utility will specify the location of the disconnect switch. The switch shall be mounted separate from the meter socket and shall be readily accessible to

the utility and be capable of being locked in the open position with a utility padlock. The utility may reserve the right to open the switch (i.e. isolating the qualifying facility's generation system) without prior notice to the qualifying facility. To the extent practicable, however, prior notice shall be given.

Any of the following conditions shall be cause for disconnection:

1. Utility system emergencies and/or maintenance requirements;
2. Hazardous conditions existing on the qualifying facility's generating or protective equipment as determined by the utility;
3. Adverse effects of the qualifying facility's generation to the utility's other electric consumers and/or system as determined by the utility;
4. Failure of the qualifying facility to maintain any required insurance; or
5. Failure of the qualifying facility to comply with any existing or future regulations, rules, orders or decisions of any governmental or regulatory authority having jurisdiction over the qualifying facility's electric generating equipment or the operation of such equipment.

(b) Responsibility and Liability. The utility and the qualifying facility shall each be responsible for its own facilities. The utility and the qualifying facility shall each be responsible for ensuring adequate safeguards for other utility customers, utility and qualifying facility personnel and equipment, and for the protection of its own generating system. The utility and the qualifying facility shall each indemnify and save the other harmless from any and all claims, demands, costs, or expense for loss, damage, or injury to persons or property of the other caused by, arising out of, or resulting from:

1. Any act or omission by a party or that party's contractors, agents, servants and employees in connection with the installation or operation of that party's generation system or the operation thereof in connection with the other party's system;
2. Any defect in, failure of, or fault related to a party's generation system;
3. The negligence of a party or negligence of that party's contractors, agents servants and employees; or
4. Any other event or act that is the result of, or proximately caused by, a party.

For the purposes of this subsection, the term party shall mean either utility or qualifying facility, as the case may be.

(c) Insurance. The qualifying facility shall deliver to the utility, at least fifteen days prior to the start of any interconnection work, a certificate of insurance certifying the qualifying facility's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the qualifying facility as named insured, and the utility as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this agreement arising out of the interconnection to the qualifying facility, or caused by operation of any of the qualifying facility's equipment or by the qualifying facility's failure to maintain the qualifying facility's equipment in satisfactory and safe operating condition.

The policy providing such coverage shall provide public liability insurance, including property damage, in an amount not less than $300,000 for each occurrence; more insurance may be required as deemed necessary by

the utility. In addition, the above required policy shall be endorsed with a provision whereby the insurance company will notify the utility thirty days prior to the effective date of cancellation or material change in the policy.

The qualifying facility shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the utility.

(7) Protection and Operation. It will be the responsibility of the qualifying facility to provide all devices necessary to protect the qualifying facility's equipment from damage by the abnormal conditions and operations which occur on the utility system that result in interruptions and restorations of service by the utility's equipment and personnel. The qualifying facility shall protect its generator and associated equipment from overvoltage, undervoltage, overload, short circuits (including ground fault condition), open circuits, phase unbalance and reversal, over or under frequency condition, and other injurious electrical conditions that may arise on the utility's system and any reclose attempt by the utility.

The utility may reserve the right to perform such tests as it deems necessary to ensure safe and efficient protection and operation of the qualifying facility's equipment.

(a) Loss of Source: The qualifying facility shall provide, or the utility will provide at the qualifying facility's expense, approved protective equipment necessary to immediately, completely, and automatically disconnect the qualifying facility's generation from the utility's system in the event of a fault on the qualifying facility's system, a fault of the utility's system, or loss of source on the utility's system. Disconnection must be completed within the time specified by the utility in its standard operating procedure for its electric system for loss of a source on the utility's system.

This automatic disconnecting device may be of the manual or automatic reclose type and shall not be capable of reclosing until after service is restored by the utility. The type and size of the device shall be approved by the utility depending upon the installation. Adequate test data or technical proof that the device meets the above criteria must be supplied by the qualifying facility to the utility. The utility shall approve a device that will perform the above functions at minimal capital and operating costs to the qualifying facility.

(b) Coordination and Synchronization. The qualifying facility shall be responsible for coordination and synchronization of the qualifying facility's equipment with the utility'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.

(c) Electrical Characteristics. Single phase generator interconnections with the utility are permitted at power levels up to 20 KW. For power levels exceeding 20 KW, a three phase balanced interconnection will normally be required. For the purpose of calculating connected generation, 1 horsepower equals 1 kilowatt. The qualifying facility shall interconnect with the utility at the voltage of the available distribution or the transmission line of the utility for the locality of the interconnection, and shall utilize one of the standard connections (single phase, three phase, wye, delta) as approved by the utility.

The utility may reserve the right to require a separate transformation and/or service for a qualifying facility's generation system, at the qualifying facility's expense. The qualifying facility shall bond all neutrals of the qualifying facility's system to the utility's neutral, and shall install a separate driven ground with a resistance value which shall be determined by the utility and bond this ground to the qualifying facility's system neutral.

(d) Exceptions. A qualifying facility's generator having a capacity rating that can:

1. produce power in excess of 1/2 of the minimum utility customer requirements of the interconnected distribution or transmission circuit; or
2. produce power flows approaching or exceeding the thermal capacity of the connected utility distribution or transmission lines or transformers; or
3. adversely affect the operation of the utility or other utility customer's voltage, frequency or overcurrent control and protection devices; or
4. adversely affect the quality of service to other utility customers; or
5. interconnect at voltage levels greater than distribution voltages,

will require more complex interconnection facilities as deemed necessary by the utility.

(8) Quality of Service. The qualifying facility's generated electricity shall meet the following minimum guidelines:

(a) Frequency. The governor control on the prime mover shall be capable of maintaining the generator output frequency within limits for loads from no-load up to rated output. The limits for frequency shall be 60 hertz (cycles per second), plus or minus an instantaneous variation of less than 1%.

(b) Voltage. The regulator control shall be capable of maintaining the generator output voltage within limits for loads from no-load up to rated output. The limits for voltage shall be the nominal operating voltage level, plus or minus 5%.

(c) Harmonics. The output sine wave distortion shall be deemed acceptable when it does not have a higher content (root mean square) of harmonics than the utility's normal harmonic content at the interconnection point.

(d) Power Factor. The qualifying facility's generation system shall be designed, operated and controlled to provide reactive power requirements from 0.85 lagging to 0.85 leading power factor. Induction generators shall have static capacitors that provide at least 85% of the magnetizing current requirements of the induction generator field. (Capacitors shall not be so large as to permit self-excitation of the qualifying facility's generator field).

(e) DC Generators. Direct current generators may be operated in parallel with the utility's system through a synchronous invertor. The inverter must meet all criteria in these rules.

(9) Metering. The actual metering equipment required, its voltage rating, number of phases, size, current transformers, potential transformers, number of inputs and associated memory is dependent on the type, size and location of the electric service provided. In situations where power may flow both in and out of the qualifying facility's system, power flowing into the qualifying facility's system will be measured separately from power flowing out of the qualifying facility's system.

The utility will provide, at no additional cost to the qualifying facility, the metering equipment necessary to measure capacity and energy deliveries to the qualifying facility. The utility will provide, at the qualifying facility's expense, the necessary additional metering equipment to measure energy deliveries by the qualifying facility to the utility.

(10) Cost Responsibility. The qualifying facility is required to bear all costs associated with the change-out, upgrading or addition of protective devices, transformers, lines, services, meters, switches, and associated equipment and devices beyond that which would be required to

provide normal service to the qualifying facility if the qualifying facility were a non-generating customer. These costs shall be paid by the qualifying facility to the utility for all material and labor that is required. Prior to any work being done by the utility, the utility shall supply the qualifying facility with a written cost estimate of all its required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to the qualifying facility within 60 days after the qualifying facility supplies the utility with its final electrical plans. The utility shall also provide project timing and feasibility information to the qualifying facility.

(11) Each utility shall submit to the Commission, a standard agreement for interconnection by qualifying facilities as part of their standard offer contract or contracts required by Rule 25-17.0832(3).

Specific Authority: 366.051, 350.127(2), F.S.
Law Implemented: 366.051, F.S.
History: New 9/4/83, formerly 25-17.87, Amended 10/25/90.

25-17.088 Transmission Service for Qualifying Facilities.
Specific Authority: 350.127(2), 366.051, F.S.
Law Implemented: 366.051, 366.04(3), 366.055(3), F.S.
History: New 10/4/85, formerly 25-17.88, Amended 2/3/87, Repealed 10/25/90.

25-17.0882 Transmission Service Not Required for Self-Service.
Specific Authority: 350.127(2), 366.05(1), F.S.
Law Implemented: 366.05(9), 366.04(3), 366.055(3), F.S.
History: New 10/4/85, formerly 25-17.882, Repealed 10/25/90.

25-17.0883 Conditions Requiring Transmission Service for Self-service.
Public utilities are required to provide transmission and distribution services to enable a retail customer to transmit electrical power generated at one location to the customer's facilities at another location when the provision of such service and its aesociated charges, terms, and other conditions are not reasonably projected to result in higher cost electric service to the utility's general body of retail and wholesale customers or adversely affect the adequacy or reliability of electric service to all customers. The determination of whether transmission service for self service is likely to result in higher cost electric service may be made using cost effectiveness methodology employed by the Commission in evaluating conservation programs of the utility, adjusted as appropriate to reflect the qualifying facility's contribution to the utility for standby service and wheeling charges, other utility program costs, the fact that qualifying facility self-service performance can be precisely metered and monitored, and taking into consideration the unique load characteristics of the qualifying facility compared to other conservation programs.
Specific Authority: 366.051, 350.127(2), F.S.
Law Implemented: 366.051, F.S.
History: New 10/25/90.

25-17.089 Transmission Service for Qualifying Facilities.
(1) Upon request by a qualifying facility, each electric utility in Florida shall provide, subject to the provisions of subsection (3) of this rule, transmission service to wheel as-available energy or firm energy and capacity produced by a Qualifying Facility from the Qualifying Facility to another electric utility.

(2) The rates, terms, and conditions for transmission services as described in subsection (1) and in Rule 25-17.0883 which are provided by an investor-owned utility shall be those approved by the Federal Energy Regulatory Commission.

(3) An electric utility may deny, curtail, or discontinue transmission service to a Qualifying Facility on a non- discriminatory basis if the provision of such service would adversely affect the safety, adequacy, reliability, or cost of providing electric service to the utility's general body of retail and wholesale customers.
Specific Authority: 366.051, 350.127(2), F.S.
Law Implemented: 366.051, 366.055(3), F.S.
History: New 10/25/90.

25-17.090 Reserved.

25-17.091 Governmental Solid Waste Energy and Capacity.
(1) Definitions and Applicability:
(a) "Solid Waste Facility" means a facility owned or operated by, or on behalf of, local government, the purpose of which is to dispose of solid waste, as that term is defined in section 403.703(13), Fla. Stat. (1988), and to generate electricity.
(b) A facility is owned by or operated on behalf of a local government if the power purchase agreement is between the local government and the electric utility.
(c) A solid waste facility shall include a facility which is not owned or operated by a local government but is operated on its behalf. When the power purchase agreement is between a non-governmental entity and an electric utility, the facility is operated by a private entity on behalf of a local government if:
1. One or more local governments have entered into a long-term agreement with the private entity for the disposal of solid waste for which the local governments are responsible and that agreement has a term at least as long as the term of the contract for the purchase of energy and capacity from the facility; and
2. The Commission determines there is no undue risk imposed on the electric ratepayers of the purchasing utility, based on:
a. The local government's acceptance of responsibility for the private entity's performance of the power purchase contract, or
b. Such other factors as the Commission deems appropriate, including, without limitation, the issuance of bonds by the local government to finance all, or a substantial portion, of the costs of the facility; the reliability of the solid waste technology; and the financial capability of the private owner and operator.
3. The requirements of subparagraph 2 shall be satisfied if a local government described in subparagraph 1 enters into an agreement with the purchasing utility providing that in the event of a default by the private entity under the power purchase contract, the local government shall perform the private entity's obligations, or cause them to be performed, for the remaining term of the contract, and shall not seek to renegotiate the power purchase contract.
(d) This rule shall apply to all contracts for the purchase of energy or capacity from solid waste facilities entered into, or renegotiated as provided in subsection (3), after October 1, 1988.
(2) Except as provided in subsections (3) and (4) of this rule, the provisions of Rules 25-17.080 - 25-17.089, Florida Administrative Code, are applicable to contracts for the purchase of energy and capacity from a solid waste facility.

(3) Any solid waste facility which has an existing firm energy and capacity contract in effect before October 1, 1988, shall have a one-time option to renegotiate that contract to incorporate any or all of the provisions of subsection (2) and (4) into their contract. This renegotiation shall be based on the unit that the contract was designed to avoid but applying the most recent Commission-approved cost estimates of Rule 25-17.0832(5)(a), Florida Administrative Code, for the same unit type and in-service year to determine the utility's value of avoided capacity over the remaining term of the contract.

(4) Because section 377.709(4), Fla. Stat., requires the local government to refund early capacity payments should a solid waste facility be abandoned, closed down or rendered illegal, a utility may not require risk-related guarantees as required in Rule 25-17.0832, paragraph (2)(c), (2)(d), (3)(e)8, and (3)(f)1. However, at its option, a solid waste facility may provide such risk related guarantee.

(5) Nothing in this rule shall preclude a solid waste facility from electing advance capacity payments authorized pursuant to section 377.709(3)(b), F.S., which advanced capacity payments shall be in lieu of firm capacity payments otherwise authorized pursuant to this rule and Rule 25-17.0832, F.A.C. The provisions of subsection (4) are applicable to solid waste facilities electing advanced capacity payments.

Specific Authority: 350.127(2), 377.709(5), F.S.
Law Implemented: 366.051, 366.055(3), 377.709, F.S.
History: New 8/8/85, formerly 25-17.91, Amended 4/26/89, 10/25/90.

SETTLEMENT AGREEMENT
Between
Ridge Generating Station, L.P.
And
Florida Power Corporation

This Agreement is made and entered into on this 15th day of April, 1996 by and between Ridge Generating Station, L.P., a limited partnership having its principal place of business at Auburndale, Florida (Ridge), and Florida Power Corporation, a private utility corporation organized under the laws of the State of Florida and having its principal place of business at St. Petersburg, Florida (FPC). Each of Ridge and FPC may hereinafter be referred to as a "Party" or collectively as the "Parties.

WITNESSETH:

WHEREAS, Ridge and FPC are parties to the March 1991 Negotiated Contract For The Purchase Of Firm Capacity And Energy From A Qualifying Facility between Ridge Generating Station Limited Partnership and Florida Power Corporation (the Contract); and,

WHEREAS, Ridge and FPC are parties to the July 27, 1994 Letter Agreement (the Letter Agreement) which clarified and interpreted certain provisions of the Contract; and,

WHEREAS, the Parties are currently engaged in a dispute which involves, among other things, the interpretation of Article IX, particularly Section 9.1.2, concerning the calculation of electric energy payments due Ridge under the Contract; and,

WHEREAS, the dispute, which was precipitated by FPC's August 9, 1994 implementation of Section 9.1.2, remains unresolved, and unless this Agreement is approved by the FPSC, the dispute is likely to result in litigation; and,

WHEREAS, in consideration of the expense of resolving their dispute through litigation, and in light of the benefits to the Parties and FPC's customers resulting from this Agreement, the Parties have agreed to, among other things, remove all reference in the Contract to the avoided units operating status as contained in Section 9.1.2 of the Contract as determinative of firm versus as-available energy payments, and otherwise amend the Contract and Letter Agreement on the terms and conditions set forth below.

TERMS OF AGREEMENT

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree that the Contract and Letter Agreement are hereby amended, supplemented or otherwise modified as set forth hereinafter and that such amendments, supplements and modifications shall have retroactive effect as of August 9, 1994:

WITH RESPECT TO THE CONTRACT

1 Firm Energy Costs: Section 1.23 of the Contract is hereby deleted in its entirety and replaced with the following:

1.23 Firm Energy Cost means the energy rate calculated on an hour by hour basis as the sum of: (i) the product of (A) the Coal Price, (B) the Fuel Multiplier and (C) the Avoided Unit Heat Rate plus (ii) the Avoided Unit Variable O&M.

2 On-Peak Hours and Off-Peak Hours: Section 1.35 of the Contract is hereby deleted in its entirety and replaced with the following:

1.35 On-Peak Hours means the eleven hours of the day from 11:00 a.m. to 10:00 p.m. for all days unless temporarily modified by FPC in accordance with the following:

During the periods November through March, FPC shall have the limited option to substitute, on a day-by-day basis, the hours of 6:00 am to 12:00 noon and 5:00 pm to 10:00 pm as the On-Peak Hours in lieu of the hours of ~~the hours of~~ 11:00 am to 10:00 pm. FPC's exercise of this option shall be limited such that the substitution of On-Peak Hours may occur on no more than 30 days, in aggregate, during each November through March period. For each day on which FPC desires to exercise this option, FPC must provide adequate prior notice to Ridge of its intent to substitute On-Peak Hours by delivering such notice not later than 12:00 noon of the day immediately preceding each day on which FPC desires to substitute On-Peak Hours.

All other hours shall be defined as Off-Peak Hours.

3 Coal Price: Coal Price shall mean for any month the higher of:

(i) The three month rolling average monthly inventory charge out price of coal burned at the Avoided Unit Reference Plant expressed in $/MMBTU, as reported by FPC in FPSC Schedule A-4, or any successor FPSC schedule where the "average monthly inventory chargeout price" for any month shall be defined as the sum of the "as burned fuel cost ($)" for the Avoided Unit Reference Plant (as reported in column (L) of FPSC Schedule A-4 for such month), divided by the sum of the "fuel burned (MMBTU)" for the Avoided Unit Reference Plant (as reported in line (K) of FPSC Schedule A-4 for such month); and,

(ii) $1.695/MMBTU beginning January 1, 1995, escalating at a fixed rate of one-half percent (½%) per year beginning on January 1, 1996. A calculation of the yearly escalation and the resulting prices are contained in Attachment I hereto.

4 Energy Payments: Section 9.1.2 of the Contract is hereby deleted in its entirety and replaced with the following:

9.1.2 Except as otherwise provided in Section 9.1.1 hereof, for all electric energy delivered in each billing month beginning with the Effective Date (as defined in the April, 1996 Settlement Agreement between the Parties), the QF will receive electric energy payments calculated on an hourly basis as follows:

(i) On-Peak Hours: During any On-Peak Hour, the Firm Energy Cost

(ii) Off-Peak Hours: During any Off-Peak Hour, when the As-Available Energy Cost is:

(A) less than or equal to the Firm Energy Cost, the greater of:

(1) the product of the Discount Factor, as such term is defined in Attachment II, hereto, for each calendar year, multiplied by the Firm Energy Cost; and,

(2) the As-Available Energy Cost.

(B) greater than the Firm Energy Cost, the Firm Energy Cost.

WITH RESPECT TO THE LETTER AGREEMENT

5 Numbered paragraph 8 of the Letter Agreement is hereby deleted in its entirety and replaced by the following:

8. Regarding Section 9.1.3 and Appendix C, Schedule 6, page 1 of 1 and other relevant provisions of the Contract, FPC agrees that a negative Performance Adjustment shall not be imposed upon Ridge during any Off-Peak Hours, provided however, that Performance Adjustments of a positive nature shall continue to apply during all On-Peak Hours and Off-Peak Hours.

6 Numbered paragraph 12. of the Letter Agreement is hereby deleted in its entirety and replaced by the following:

12. Regarding Section 6.1 and other relevant provisions of the Contract the Parties hereto agree as follows:

12.1 Throughout the term of the Contract, Ridge will curtail energy deliveries to FPC by 30% of the Committed Capacity between the hours of 12:00 midnight and 6:00 a.m. (the "Initial Curtailment"), without compensation from FPC. The Initial Curtailment for

each hour shall be the product of: [30% x the Committed Capacity in KW], where, for purposes of this paragraph 12., the symbol "x" denotes the mathematical function of multiplication.

12.2 Furthermore, throughout the term of the Contract, Ridge will curtail energy deliveries to FPC by a minimum of 50% (but will endeavor to curtail by up to 100% to the extent practicable) during the hours of 10:00 p.m. and 6:00 a.m. in exchange for compensation from FPC (the "Incremental Curtailment"). The Incremental Curtailment for each hour, which shall be a minimum of 50%, shall be calculated as follows: [the Committed Capacity in KW - KW's delivered to FPC by Ridge in each hour]. FPC will compensate Ridge for the difference between the Incremental Curtailment and the Initial Curtailment (the "Excess Curtailment") when the Incremental Curtailment equals or exceeds 50% of the Committed Capacity, except as otherwise provided in paragraph 12.5, below.

12.3 Compensation due Ridge from FPC, pursuant to paragraph 12.2 on an hour by hour per KWH basis, shall be calculated in each hour as follows: [Excess Curtailment in KWH x (the difference between (a) the product of the applicable Discount Factor multiplied by the Firm Energy Cost and (b) the As-Available Energy Cost) x Delivery Voltage Adjustment]. If this calculation results in zero or a negative number, no compensation for curtailment will be due to or from either party for that hour. Excess Curtailment in KWH shall be calculated in each hour as follows: [Incremental Curtailment - Initial Curtailment] For illustrative purposes, a calculation of the compensation to Ridge, including derivation of the Initial, Incremental and Excess Curtailment is depicted in **Attachment III** hereto.

12.4 Except to the extent that Ridge has otherwise committed energy deliveries during Off-Peak Hours to a third party or parties pursuant to paragraph 12.7, FPC shall have the right to request Ridge to cease curtailment of deliveries during Off-Peak Hours upon 16 hours prior notice, provided however, that Ridge will be paid the Firm Energy Cost for all energy delivered to FPC during such hours.

12.5 The parties agree that for each curtailment event Ridge will require a period of time in which to decrease (ramp down) and then to increase (ramp up) its electric energy deliveries (the Ramp Period) in order to comply with the terms of this Agreement. The Ramp Period shall be the first hour and the last hour of the applicable Off-Peak Hours curtailment period, such that the Ramp Period does not occur during or overlap any On-

Peak Hours but rather is contained within the applicable curtailment period. The minimum 50% curtailment requirement of paragraph 12.2 shall not be applicable to Ridge during any Ramp Period. Ridge shall be paid for all electric energy delivered to FPC during each Ramp Period in accordance with the provisions of Section 9.1.2(ii) of the Contract as set forth in this Agreement.

12.6 On any day in which Ridge fails to deliver to FPC a total of 100 MWH's or more, in aggregate, during that day's On-Peak Hours, it shall be assumed for purposes of this Paragraph 12 that Ridge did not provide curtailment during any of the immediately preceding Off-Peak Hours and shall not be entitled to compensation from FPC for curtailment during such immediately preceding Off-Peak hours.

12.7. At all times throughout the term of the Contract, Ridge shall have the right to sell to a third party or parties, energy and capacity not delivered to FPC as a result of curtailments of deliveries pursuant to the provisions of this Paragraph 12.

WITH RESPECT TO THE CONTRACT AND LETTER AGREEMENT

7 The Parties agree that this Agreement shall be retroactive in its effect, for purposes of the energy payments, during the period August 9, 1994 (the Effective Date) through the date this Agreement is duly executed by both parties (the Settlement Date), in accordance with the terms hereof, and in the amount and manner as specified in Paragraph 8 below.

8 FPC agrees to tender to Ridge on or before April 30, 1996 a lump sum payment (the Initial Payment) equal to the sum of (a) One million one hundred ninety seven thousand dollars ($1,197,000.00), which represents energy payments that would have been payable by FPC to Ridge pursuant to the terms of the Contract (had this Agreement been in effect since August 9, 1994) for the period from August 9, 1994 through January 31, 1996; and, (b) those additional amounts accruing to Ridge in accordance with this Agreement, including interest, during the period February 1, 1996 through the Settlement Date. Should FPC fail to tender the Initial Payment on or before said date, FPC shall pay interest thereon calculated at a rate (the "Interest Rate") equal to the 30-day highest grade commercial paper rate as published in The Wall Street Journal on the first business day of each month, which interest shall be compounded monthly and shall begin to accrue on the Settlement Date.

9 The Parties intend that those provisions of the Contract and the Letter Agreement not affected by this Agreement shall remain in full force and effect. In addition, in the event of any conflict between the provisions of the Contract or Letter Agreement and the provisions of this Agreement, the Parties intend that this Agreement shall prevail.

10 The Parties agree that this Agreement shall be effective for the period beginning August 9, 1994 and ending simultaneous with the lawful termination or expiration of the Contract, unless earlier terminated upon the written mutual agreement of the Parties hereto.

11 On or before May 6, 1996, the Parties shall submit to the FPSC a joint settlement petition requesting that the FPSC address and approve this Agreement for the limited purposes of confirming that the Contract as previously clarified by the Letter Agreement and as modified by this Agreement, continues to qualify for cost recovery (the "Joint Petition"). The Joint Petition shall attach this Agreement and request that the FPSC act upon the Joint Petition and Agreement on an expedited basis pursuant to the FPSC's proposed agency action procedures. The Parties shall communicate and closely coordinate with each other prior to taking or initiating any action, the subject matter of which is in any way related to the Joint Petition. In any action involving this Agreement (including but not limited to actions brought before the FPSC), the Parties shall defend all of the terms and conditions hereof. FPC shall use its best efforts to timely deliver to the FPSC all studies and analyses needed to support the Joint Petition, as may be requested by FPSC Staff.

(a) If the FPSC issues an order that grants the Joint Petition and confirms that the Contract, as modified, continues to qualify for cost recovery, and such order becomes Final and Non-Appealable (the "Acceptable Order"), the Parties shall continue to implement the terms of this Agreement and the termination rights set forth in paragraph 11(c) hereof will no longer be applicable. For purposes of this Agreement, the term "Final and Non-Appealable" with respect to an FPSC order, shall mean that all opportunities for requesting a hearing, requesting reconsideration, requesting clarification and filing for judicial review (including all appeals therefrom) have expired or are barred by law.

(b) If the FPSC issues an order that does not confirm that the Contract, as modified, continues to qualify for cost recovery (the "Unacceptable Order"), each Party shall, subject to paragraph 11(c) hereof, cooperate with the other and take such actions as may be necessary to cause the FPSC to issue a Final and Non-Appealable Acceptable Order that grants the Joint Petition, including but not limited to, seeking clarification of or protesting the Unacceptable Order.

(c) This Agreement may be terminated at the option of either Party upon five days written notice to the other Party, on any date (the "Termination Date") within thirty days after:

(i) An Unacceptable Order becomes Final and Non-Appealable; or,

(ii) May 6 ,1997, provided that an Acceptable Order has not been issued on or before that date; provided further, however, if on or before May 6, 1997 the FPSC has issued a final agency action order approving the Joint Petition without change for cost recovery purposes and the opportunity for requesting appellate review has

not expired or been barred by law, the Parties shall defend such order on appeal and shall not have the option to terminate this Agreement unless and until the condition set forth in clause 11(c)(i) has occurred.

(d) Upon termination of this Agreement pursuant to paragraph 11(c) hereof: (i) Ridge shall return the Initial Payment to FPC, together with interest at the Interest Rate for the period from the date Ridge received the Initial Payment until the date FPC receives payment thereof in full from Ridge; (ii) Ridge shall pay to FPC the difference, if any, between (A) the aggregate payments made by FPC under the Contract and Letter Agreement as modified by this Agreement, exclusive of the Initial Payment, and (B) the aggregate payments that would have been made by the FPC under the Contract and Letter Agreement if this Agreement had not existed, in each case since the Settlement Date; (iii) the settlement contemplated hereby shall be deemed null and void; (iv) each Party shall have the rights and obligations under the Contract and Letter Agreement as if this Agreement had never been executed; and (v) all disputes, claims, and controversies relating to the Contract and Letter Agreement that existed prior to the Settlement Date shall be reinstated and deemed unresolved as if this Agreement had never been executed. The provisions of this paragraph 11(d) shall survive any termination of this Agreement.

12 Each Party hereby represents and warrants to the other Party that this Agreement, the Contract and the Letter Agreement have been duly executed and delivered and are in full force and effect and constitutes the legal, valid and binding obligation of such Party, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or by equitable principles (whether considered in an action at law or equity).

13 The Parties acknowledge that this Agreement is being entered into for the purposes of settlement only and to avoid the expense and length of legal proceedings, taking into account the uncertainty and risk inherent in any litigation. Neither this Agreement nor any action taken to reach, effectuate or further this Agreement may be construed as, or may be used as an admission by or against any party of any fault, wrongdoing or liability whatsoever, nor as an admission concerning any specific issue raised in the potential litigation. Furthermore, each Party agrees not to sue the other on any claim or claims that could be asserted by one against the other in the future in any lawsuit or proceeding in any court or administrative tribunal of competent jurisdiction, whether state or federal, arising under statutory or common law, which claims would be based on any of the issues addressed in this Agreement, except for those claims of the type described in paragraph 15 hereof and those claims based upon willful misconduct of a Party, arising prior to the Settlement Date.

14 Ridge will have the right, upon reasonable notice, to audit FPC's books, accounts, charts and records to the extent necessary to verify the accuracy of the statements and payments rendered under the Contract as modified by the Letter Agreement and this Agreement. Any

such audit will be conducted during normal business hours at the offices where such books, accounts and records are maintained. Audits will be conducted by Ridge's designated personnel or by an accounting firm recognized as experienced in electric utility accounting practices and shall be at Ridge's expense. FPC will be entitled, upon request, to review the audit report and any supporting materials.

15 In the event that either Party at any time discovers an error or errors in any statement or payment made by FPC, the Party discovering such error shall notify the other in writing and provide supporting documentation. Such error(s) shall be adjusted within 20 business days following notice to the other Party. In the event of a dispute as to whether any statement or payment is in error, the Parties shall in good faith attempt to negotiate a mutually acceptable resolution to such dispute.

16 This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Florida without giving effect to any choice of law rules that may require the application of laws of another jurisdiction.

17 This Agreement including the Attachments hereto, together with the Contract and Letter Agreement, contains the entire agreement and understanding between the Parties hereto, their agents, and their employees as to the subject matter of this Agreement and supersedes in its entirety any and all previous communications between the Parties as to the subject matter hereof.

18 Unless otherwise defined herein, and to the extent the context allows, terms not modified or defined by this Agreement shall have the meaning assigned to such term in the Contract or Letter Agreement, as they may be amended from time-to-time.

19 This Agreement may be modified or terminated only by an instrument in writing executed by the Parties.

20 This Agreement, including any amendment or modifications thereto, may be executed in multiple counterparts, each of which shall be deemed to be an original.

21 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

22 Article, section or paragraph headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text. All Attachments hereto are and shall be considered an integral part of this Agreement as if the words, language, numbers, calculations and other information contained in the Attachments were contained in the text of this Agreement.

23 All references to time of day or hours in the day shall be deemed to refer to Eastern time.

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

Witness as to Ridge:

Michael F. Tiny

RIDGE GENERATING STATION, LIMITED PARTNERSHIP
By: Wheelabrator Polk Inc., its General Partner
By: John M Kehoe
Name: John M. Kehoe, Jr.
Title: President
Date: April 16, 1996

Witness as to FPC

Robert D. Ogle

FLORIDA POWER CORPORATION

By: M B Foley Jr.
Name: M. B. FOLEY JR
Title: V.P.
Date: 4/19/96

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
Date 4/17/96
By mmt

ATTACHMENTS

Attachment I to Settlement Agreement between Ridge and FPC
Calculation of Coal Floor

1995	1.695
1996	1.703
1997	1.712
1998	1.721
1999	1.729
2000	1.738
2001	1.746
2002	1.755
2003	1.764
2004	1.773
2005	1.782
2006	1.791
2007	1.800
2008	1.809
2009	1.818
2010	1.827
2011	1.836
2012	1.845
2013	1.854
2014	1.863
2015	1.873
2016	1.882
2017	1.892
2018	1.901
2019	1.911
2020	1.920
2021	1.930
2022	1.939
2023	1.949

Attachment II to Settlement Agreement between Ridge and FPC
Off–Peak Hour Energy Payment Discount Factor

1994	1.00
1995	1.00
1996	1.00
1997	1.00
1998	1.00
1999	1.00
2000	1.00
2001	0.92
2002	0.89
2003	0.87
2004	0.87
2005	0.85
2006	0.85
2007	0.85
2008	0.85
2009	0.85
2010	0.85
2011	0.85
2012	0.85
2013	0.85
2014	0.82
2015	0.80
2016	0.80
2017	0.80
2018	0.80
2019	0.80
2020	0.80
2021	0.80
2022	0.80
2023	0.80

Attachment III to Settlement Agreement between Ridge and FPC
Illustrative Calculation of Curtailment Compensation

Example 1: For each hour between 12:00 Midnight and 6:00 A.M.

Hour:	100
Time:	12:00 Midnight – 1:00 AM
Energy delivered from Ridge to FPC:	5,000 KW
Firm Energy Rate as calculated in section 1.23 of the Contract as amended by this agreement:	$22.39
Discount Factor	1.00
As–Available Energy Cost as calculated in section 1.3 of the Contract:	$15.00

Initial Curtailment = [30% x 39,600 KW] = 11,880 KW

Incremental Curtailment =
[39,600 KW – KW Delivered to FPC by Ridge] = [39,600–5,000] = 34,600 KW

Excess Curtailment for hour 100 =
[39,600 KW – KW Delivered to FPC by Ridge – Initial Curtailment]
[39,600 – 5,000 – 11,880]= 22,720 KW

Compensation Due Ridge for hour 100 =
[{Excess Curtailment in KW x ((Discount Factor x Firm Energy Cost) – As–Available Energy Cost)} x Delivery Voltage Adjustment]
[{22,720 KW x ((1.00 x $.02239) – $.015)} x 1.0297] = $172.89

Attachment III to Settlement Agreement between Ridge and FPC
Illustrative Calculation of Curtailment Compensation

Example 2: For each hour between 10:00 P.M. and 12:00 Midnight:

Hour:	2400
Time:	11:00 PM – 12:00 Midnight
Energy delivered from Ridge to FPC:	5,000 KW
Firm Energy Rate as calculated in section 1.23 of the Contract as amended by this agreement:	$22.39
Discount Factor	1.00
As-Available Energy Cost as calculated in section 1.3 of the Contract:	$15.00

Initial Curtailment = [0% x 39,600 KW] = 0

Incremental Curtailment =
[39,600 KW less KW Delivered to FPC by Ridge] = [39,600 – 5,000] = 34,600

Excess Curtailment for hour 2400 =
[39,600 KW – KW Delivered to FPC by Ridge – Initial Curtailment]
[39,600 – 5,000 – 0] = 34,600

Compensation Due Ridge for hour 2400 =
[{Excess Curtailment in KW x ((Discount Factor x Firm Energy Cost) – As-Available Energy Cost)} x Delivery Voltage Adjustment]
[{34,600 x ((1.00 x $.02239) – $.015)} x 1.0297] = $263.29

FIRST AMENDMENT TO NEGOTIATED CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

THIS FIRST AMENDMENT TO NEGOTIATED CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY (this "**Amendment**") is entered into as of November 10, 2017 ("**Effective Date**"), by and between **RIDGE GENERATING STATION, L.P.**, a Florida corporation ("**QF**" or "**Seller**"), and **DUKE ENERGY FLORIDA, LLC** ("**Company**" or "**Buyer**"), and amends that certain Negotiated Contract For The Purchase Of Firms Capacity And Energy From A Qualifying Facility dated March 8, 1991 (as amended to date, the "**Agreement**", including as amended by that certain Settlement Agreement and Amendment dated April 19, 1996 ("**Settlement**")). Initially capitalized terms used and not otherwise defined herein are defined in the Agreement. Seller and Buyer may each individually be referred to as a "Party" or collectively as the "Parties." In the event of a conflict between the Settlement and this Amendment, this Amendment controls.

Notwithstanding anything to the contrary set forth herein, neither this Amendment nor any modification contemplated hereunder will be effective unless and until both parties have executed and delivered this Amendment, and this Amendment is further subject to the Conditions Precedent set forth below.

WHEREAS, Buyer plans to permanently retire the Crystal River 1 and Crystal River 2 coal plants in Florida; and

WHEREAS, together, Crystal River 1 and Crystal River 2 are the Avoided Unit Fuel Reference Plant used to calculate the "average monthly inventory charge out price" of Section 3(i) in the definition of Coal Price of the Settlement, and without this Amendment, after said permanent retirement, the Coal Price would no longer be calculable in the manner set forth in the Agreement;

NOW THEREFORE, in consideration of the promises, mutual covenants and conditions set forth herein in this Amendment, and for good and valuable consideration, the sufficiency of which is acknowledged, and intending to be bound hereby, the parties agree as follows:

1. **Conditions Precedent.** The Parties agree that the terms and conditions set forth in Section 2 below shall not be effective until Buyer has provided Seller written notice that both of the following have occurred: (a) Buyer has determined in its sole and absolute discretion that Crystal River 1 and Crystal River 2 have been permanently retired and (b) Buyer has received all regulatory approvals/acceptance or waivers that Buyer in its sole discretion determines are appropriate (collectively, the "**Conditions Precedent**"). Upon

the occurrence of the Conditions Precedent, the terms and conditions set forth in Section 2 will be automatically effective upon written notice to Seller.

2. **Amendment to Section 3 of the Settlement.** Section 3 of the Settlement is replaced in its entirety, subject to the satisfaction of the Conditions Precedent, with "the **Fuel Cost**", which is made up of a coal cost and a coal transportation cost, as follows:

As of the Fuel Cost Start Date, the **"Fuel Cost"** shall mean the sum of the SNL Coal Price and the Transportation Cost in $/MMBtu, rounded to three digits after the decimal point. For the purposes of this Section 3, the capitalized terms shall be defined and other terms and provisions shall apply as follows:

a. The **"Avoided Unit Fuel Reference Plant Shutdown Date"** is the date, as determined and noticed by Buyer in its sole and absolute discretion, that Crystal River 1 and Crystal River 2, the Avoided Unit Fuel Reference Plants, have both been permanently retired.

b. The **"Fuel Cost Start Date"** is the first month after the Avoided Unit Fuel Reference Plant Shutdown Date.

c. **"SNL Coal Price"** is the unweighted monthly average of the weekly SNL Physical Market Survey Prompt Year coal price for NYMEX Big Sandy River Barge 12,000 Btu/lb heat content, 1.67% lb/MMBtu SO2 content, in $/ton published by SNL and converted to $/MMBtu, rounded to three digits after the decimal point. Example: If the four weekly published Physical Market Survey Prompt Year coal prices for March are $50/ton, $50/ton, $48/ton and $52/ton. The monthly average is: ($50+$50+$48+$52)/4=$50/ton. The conversion from $/ton to $/MMBtu is: $50/ton*1,000,000 Btu/MMBtu/(12,000 Btu/lb*2,000 lb/ton)= $2.083/MMBtu.

d. **"Transportation Cost"** is $52/ton multiplied by the RCAF Index for the month of calculation, converted to $/MMBtu, rounded to three digits after the decimal point, using a coal heat content of 12,000 Btu/lb. Example: If the RCAF Index for July 2021 is 0.975, the full calculation would be $52/ton*0.975*1,000,000 Btu/MMBtu/(12,000 Btu/lb*2,000 lb/ton)= $2.113/MMBtu.

e. The **"RCAF Index"** shall be determined as follows:

i. **RCAF (Unadjusted)** is the Rail Cost Adjustment Factor prior to adjustment for productivity, but after forecast error adjustment. The RCAF (Unadjusted) is published during the last month of each quarter by the Association of American Railroads (AAR), after approval by the U.S. Surface Transportation Board, for use during the following quarter. For example, the RCAF (Unadjusted) for the second quarter of the year is published during March for use during April, May and June.

Quarter	Month Published	Months Included
1st	December of Prior Year	January, February, March
2nd	March	April, May, June
3rd	June	July, August, September
4th	September	October, November, December

ii. **"Initial RCAF (Unadjusted)"** is the RCAF (Unadjusted) at the time of the Fuel Cost Start Date. For example: If the Fuel Cost Start Date is May, 2018, the Initial RCAF (Unadjusted) would be the 2nd Quarter RCAF (Unadjusted) value for 2018.

iii. For any months including and between the Fuel Cost Start Date and the first month of the first whole calendar quarter that follows the calendar quarter containing the Fuel Cost Start Date, the Transportation Cost will be $52 per ton. For example, if the Fuel Cost Start Date is in February 2018, the Transportation Cost will be $52/ton for February and March 2018 and the Transportation Cost for April 2018 and the remaining months would be $52/ton multiplied by the RCAF Index.

iv. **RCAF Index** for a given month is the RCAF (Unadjusted) for the quarter containing the given month divided by the Initial RCAF (Unadjusted), rounded to three digits after the decimal point. For example, if the Fuel Cost Start Date is May 2018 and the given month is July 2021, the RCAF Index would be calculated as the RCAF (Unadjusted) for 3rd quarter of 2021 divided by the RCAF (Unadjusted) for 2nd quarter of 2018.

v. The RCAF (Unadjusted) may be rebased by the AAR in its discretion from time to time in order to reset the value of the RCAF (Unadjusted) to 1.0 for the current quarter in accordance to the requirements of the Staggers Rail Act of 1980 (the "**Staggers Act**"). In that event, the RCAF (Unadjusted) for the quarter containing Fuel Cost Start Date as published quarterly by the AAR will become the Initial RCAF (Unadjusted) and will be used to

calculate the RCAF Index from that point forward unless and until the published value for the RCAF (Unadjusted) for the quarter containing the Fuel Cost Start Date is rebased and revised again due to the requirements of the Staggers Act. For example, if the Fuel Cost Start Date is May, 2018, the Initial RCAF (Unadjusted) would be the 2nd Quarter RCAF (Unadjusted) value for 2018. Looking at the most recent RCAF (Unadjusted) for the Fuel Cost Start Date published by the AAR, the Initial RCAF (Unadjusted) for May 2018 is 0.868. In December 2022 the RCAF (Unadjusted) values are rebased and revised per the Staggers Act and the published RCAF (Unadjusted) value for the 2nd Quarter of 2018 is changed to 0.854.As a result, the Initial RCAF (Unadjusted) is changed to 0.854, replacing the previous value of 0.868. The rebased value, 0.854, will be the Initial RCAF (Unadjusted) used to calculate the RCAF Index from that point forward unless and until the published value for the RCAF (Unadjusted) for the 2nd Quarter of 2018 is later rebased and revised per the requirements of the Staggers Act.

f. If any of the data needed to calculate the Fuel Cost is no longer available from the same reports or sources during the term of the Agreement the Parties agree that:

i. if the same data is available from another report or source, to use the data from the new report or source.

ii. if the same data is not available from another report or source, to negotiate promptly and in good faith for a replacement for the data or calculation. The replacement Fuel Cost calculation should include a Central Appalachian coal price component and a Transportation Cost component. Preferably at least five years of historical data for these components must be available so that the original and replacement Fuel Cost values can be adequately compared. The goal is to match the historical results of the original and replacement Fuel Costs as closely as possible over the most recent 5-year period while taking into account any unusual market variations during that time. If there is no way to calculate the Fuel Cost during these negotiations, the Fuel Cost will remain the same as it was for the last month in which data was still available until the replacement is negotiated.

3. **No Further Amendment.** Except as herein amended, all terms and conditions of the Agreement are hereby reaffirmed and shall remain in full force and effect as previously written and shall be construed as one document with this Amendment. This Amendment does not extend the Term of the Agreement.

4. **Representations and Warranties.** Each party represents and warrants to the other that: (i) it has the capacity, authority and power to execute, deliver, and perform under this Amendment; (ii) this Amendment constitutes legal, valid and binding obligations enforceable against it; (iii) each person who executes this Amendment on its behalf has full and complete authority to do so; (iv) it is acting on its own behalf, has made its own independent decision to enter into this Amendment, has performed its own independent due diligence, is not relying upon the recommendations of any other party, and is capable of understanding, understands, and accepts the provisions of this Amendment; (v) it has completely read, fully understands, and voluntarily accepts every provision hereof; and (vi) it agrees that neither party shall have any provision hereof construed against such party by reason of such party drafting any provision of this document.

5. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which will be deemed an original but all of which together shall constitute one and the same agreement.

IN WITNESS THEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives and the Agreement reaffirmed as of the Amendment Date.

DUKE ENERGY FLORIDA, LLC

By: _____
Name: Harry Sideris
Title: State President -FL
Date: 11/10/17

DUKE ENERGY, INC.
LEGAL DEPARTMENT
APPROVED BY: _____
DATE: 11/9/17

RIDGE GENERATING STATION, L.P.

By: _____
Name: Reg Goldie
Title: VP Energy Marketing & Trade
Date: 11/7/17

TERMINATION AGREEMENT

This Termination Agreement (this "**Termination Agreement**"), dated August 1, 2018 (the "**Effective Date**"), is entered into by and between Ridge Generating Station, L.P. ("**Ridge**") and Duke Energy Florida, LLC f/k/a Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("**Duke**") (each a "**Party**" and collectively, the "**Parties**").

RECITALS:

WHEREAS, Ridge and Duke (as Florida Power Corporation d/b/a Progress Energy Florida, Inc.) entered into that Negotiated Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility, dated as of March 8, 1991, as amended by that certain Settlement Agreement and Amendment dated April 19, 1996 and by that certain First Amendment to the Negotiated Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility dated November 10, 2017, by and between the Parties (together, the "**Agreement**"), with respect to that certain Facility as defined in the Agreement;

WHEREAS, the Parties mutually desire to (i) terminate the Agreement, (ii) no longer make power sales and purchases from the Facility and retire the Facility from service, and (iii) secure the necessary regulatory approvals in furtherance thereof, each on the terms and conditions set forth in this Termination Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Defined Terms.** Unless otherwise indicated, capitalized terms used but not defined in this Termination Agreement have the meanings given to those terms in the Agreement.

   "**Backstop Date**" means December 31, 2018 or such later date as the Parties may mutually agree in writing, if necessary to accommodate FPSC review or for any other mutually agreeable reason.

   "**FERC**" means the Federal Energy Regulatory Commission.

   "**FPSC**" means the Florida Public Service Commission, and any successor thereto.

   "**FPSC Approval**" means a final non-appealable order approving the FPSC Petition, in its entirety, as determined by Duke in its reasonable discretion, without any conditions, modifications, or restrictions that is issued by the FPSC approving a petition for termination of the Agreement pursuant to Rule 28-106.201, Fla. Admin. Code.

   "**FPSC Petition**" has the meaning set forth in Section 3.a of this Termination Agreement.

   "**FPSC Proceeding**" means the proceeding before the FPSC concerning the FPSC Petition.

"**QF Status**" means a generating facility that is a qualifying small power production facility under the Public Utility Regulatory Policies Act of 1978 and FERC's implementing regulations thereunder at 18 C.F.R. Part 292.

2. **Agreements in Anticipation of Termination.**

a. Waivers and Suspension Regarding Agreement. As the Parties anticipate the shutting-down of the Facility and will take actions in furtherance thereof after the Effective Date, the following provisions of the Agreement are hereby suspended and waived by the Parties as of the Effective Date (or such date as indicated below) until the earlier of (a) Closing Date or (b) three months following the Backstop Date (the "**Relief Period**"):

i. Section 3.3 (Fuel Supply), the requirement that the Facility's ability to deliver its Committed Capacity shall not be encumbered by interruptions in its fuel supply;

ii. Section 5.1.5 (Outage Scheduling), the requirement to schedule outages and maintenance with the Company;

iii. Section 7.6 (Capacity re-demonstration), the right of the Company to call for a re-demonstration of the Commercial In-Service Status;

iv. Section 8.3 (Capacity Payments), the On-Peak Capacity Factor shall exclude the hours and energy delivered during the Relief Period;

v. Section 15.3.2 (Events of Default), the Event of Default for failure to re-demonstrate the Facility's Commercial In-Service Status.

b. Effect of Constructions and Waivers. If this Termination Agreement terminates without the Closing Date occurring, Sections 2.a, 2.b and 2.c shall be separately effective as if the parties had separately agreed to such waivers independently of this Termination Agreement. In addition, the Relief Period will be excluded from (i) calculations of the On-Peak Capacity Factor (Section 8.3 of the Agreement) and (ii) any determination of whether an Event of Default has occurred under Section 15.3.2 of the Agreement. To the extent that the Facility is able to operate before the Closing Date, the Parties agree to use commercially reasonable efforts to coordinate and schedule shut-down activities to allow the Facility to operate as the parties may determine is mutually beneficial.

c. Survival. This Section 2 shall survive termination of the Termination Agreement.

3. **Regulatory Actions.**

a. Within fifteen (15) Business Days after the Effective Date (or such later date as the Parties may agree in writing), Duke will file a petition pursuant to Rule 28-106.201, Fla. Admin. Code, with the FPSC for FPSC Approval to terminate the Agreement (the "**FPSC Petition**"), and thereafter shall use commercially reasonable efforts to comply with the requirements of the FPSC in conducting any hearings or other

proceedings in connection with the FPSC Petition in order to obtain the FPSC Approval.

b. With respect to the FPSC Petition and the FPSC Proceeding, Duke shall:

i. Begin preparation of the FPSC Petition after the Effective Date;

ii. Allow Ridge to review and comment on the FPSC Petition prior to filing with the FPSC, and consider in good faith the utilization and incorporation of such comments in the FPSC Petition;

iii. Request that FPSC grant expedited treatment of the FPSC Petition;

iv. Request that FPSC grant the FPSC Petition without any modification to this Termination Agreement;

v. Subject to restrictions required by law, promptly furnish Ridge with copies of any notices, correspondence or other written communication from the FPSC;

vi. Subject to applicable confidentiality restrictions or restrictions required by law, promptly notify Ridge upon the receipt of (a) any material comments or questions from any party to the FPSC Proceeding regarding the Termination Agreement, or (b) any request by any party to the FPSC Proceeding for material amendments or supplements to the Termination Agreement;

vii. Promptly make any appropriate or necessary subsequent or supplemental filings required by the FPSC in connection with the FPSC Petition; and

viii. Allow Ridge to review and comment on such filings as described in Section 3.b.vii prior to filing with the FPSC, and consider in good faith the utilization and incorporation of such comments in such filings; provided, however, that if the FPSC requests information from Duke in an expedited timeframe Duke would need to shorten Ridge's timeframe to review and submit comments.

c. In furtherance of obtaining the FPSC Approval, the Parties shall use reasonable efforts to promptly make any appropriate or necessary subsequent or supplemental filings as described in Section 3.b.vii and cooperate with each other in the preparation of such filings in such manner as is reasonably necessary and appropriate.

4. **Termination of the Agreement.**

a. Closing. On the date on which the last of the Closing Conditions is satisfied (such day, the "**Closing Date**"), provided that such date is on or before the Backstop Date and that such date is no earlier than December 31, 2018, the Closing Date shall be the final date of the Term of the Agreement.

b. Closing Conditions. The following conditions must be satisfied for the Closing Date to occur (the "**Closing Conditions**"):

i. Receipt by Duke of the FPSC Approval; and

ii. Payment to Ridge by wire transfer of immediately available funds to the account identified in Schedule 1 of the amount equal to $34,500,000, which Duke shall pay to Ridge within ten (10) business days following the later of the receipt of FPSC Approval or December 31, 2018, and which amount represents the fee payable by Duke to Ridge for its consent to terminate the Agreement.

iii. Return of the Operational Security Guaranty required in Section 13 of the Agreement and the security payment for the Capacity Account in Section 8 of the Agreement, which shall be returned within ten (10) business days following the receipt of payment in Section 4.b.ii above. This Termination Agreement satisfies the Capacity Account in full.

iv. After receiving payment from Duke under Section 4.b.ii above, Ridge files notification with the FERC to terminate the QF Status associated with the Facility effective on the Closing Date utilizing the form of the letter in Exhibit A.

c. Release and Discharge. Effective as of the Closing Date, each of the Parties are hereby released and discharged from any and all obligations to each other arising under or with respect to the Agreement, and their respective rights against each other thereunder are hereby cancelled; provided, that such release, discharge, and cancellation shall not affect any rights, liabilities, or obligations of any Party with respect to (i) payments described in this Termination Agreement, and (ii) payments or other obligations due and payable, arising, or due to be performed by such Party under the Agreement on or prior to the Closing Date, regardless of whether a Party submits a related invoice on or after the Closing Date ("**Prior Obligations**"), and all such Prior Obligations shall be paid or performed by the Party owing them in accordance with the terms and conditions of the Agreement as in effect immediately prior to the Closing Date.

5. **Failure to Close.** If (a) the FPSC or other regulatory or governmental body denies the FPSC Petition, or FPSC Approval is not obtained by the Parties before the Backstop Date, or (b) the Closing Date does not occur on or before the Backstop Date, then this Termination Agreement will terminate except for those provisions that survive by their terms.

6. **Facility Shut-down.** Ridge, following the Closing Date, shall permanently shut down and fully dismantle the Facility. Furthermore, following the Closing Date, Ridge and its successors agree to not seek QF Status for this Facility at any regulatory agency.

7. **Representations and Warranties.** Each Party hereby represents and warrants to the other Party, as of the date hereof, that (i) it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and is in good standing

under such laws and (ii) it has the corporate, governmental and other legal capacity, authority and power to execute this Termination Agreement, to deliver this Termination Agreement and to perform its obligations under this Termination Agreement, and has taken all necessary action to authorize the foregoing. Each party further represents and warrants that it has no knowledge of any threatened or potential litigation that may be brought against Ridge and/or Duke arising out of the Termination Agreement.

8. **Indemnification.** Ridge agrees to indemnify and save harmless Duke, its employees, officers, and directors against any and all liability, loss, damage, costs, or expense incurred as a result of any litigation and/or claims brought by any of Ridge's employees, third party contractor and/or supplier (solely in their capacity as such and not as ratepayer or shareholder of Duke or its affiliates or otherwise) against Duke in connection with this Termination Agreement outside of the FPSC Proceeding.

9. **Exclusion of Damages.** Except in the case of Ridge for damages arising out of litigation or claims described in Section 8 hereof, neither party shall be liable to the other party for incidental, consequential or indirect damages, whether arising in contract, tort or otherwise.

10. **Notices.** Other than as contemplated under Section 3.b, all notices and other communications provided for hereunder shall be in writing (including telecopy communication and electronic mail) and mailed, sent by facsimile or other means of electronic transmission approved in advance by the recipient Party or delivered by hand or overnight courier service, at the addresses set forth in Schedule 1.

11. **Further Assurances.** The Parties agree to enter into such further agreements, execute such further letters or other documents or take such other actions (or inactions) as are reasonably required in order to give effect to the terms set out in this Termination Agreement.

12. **Legal Fees and Costs.** Each of the Parties shall bear responsibility for its own costs and expenses, including the fees and expenses of its legal counsel and other consultants and advisors incurred in connection with this Termination Agreement and any regulatory filings described herein, including but not limited to obtaining the FPSC Approval.

13. **Public Announcements.** Ridge and Duke will work together in good faith to draft and issue any media releases regarding the transactions and matters contemplated by this Termination Agreement, subject to the agreement of both parties to the language in such media releases.

14. **Confidentiality.**

a. Until Duke files the FSPC Petition:

i. Each Party agrees that neither it, nor its subsidiaries, affiliates, employees or representatives will disclose or allow disclosure of this Termination Agreement, the information contained herein, any data or materials provided by Duke or Ridge, respectively, in connection herewith, any information labeled as "Confidential Information" or the discussions in

furtherance of the transactions and matters contemplated by this Termination Agreement to any party other than (1) its own employees, attorneys, advisors and consultants; (2) counterparties to material contracts related to the Facility; (3) third parties and their attorneys, advisors and consultants involved in potential financings of either party or its affiliates as needed in conjunction with such a potential financing; (4) third parties with a need to be briefed in advance of and to support the FPSC Petition; and (5) other parties and their employees, attorneys, advisors and consultants, subject to obtaining contractual assurances that the confidentiality of this information shall be maintained.

b. After Duke files the FPSC Petition, the confidentiality obligations set forth in Section 12.a of this Termination Agreement shall terminate.

c. This Section 13 shall survive termination of the Termination Agreement.

15. **Precedence.** In the event of a conflict between the provisions of this Termination Agreement and the terms of the Agreement, the provisions of this Termination Agreement will prevail.

16. **Governing Law.** This Termination Agreement and the rights and duties of the Parties shall be governed by, construed in accordance with and enforced under the laws of the State of Florida without reference to principles of conflicts of law thereunder.

17. **Waiver of Jury Trial.** EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR IN ANY WAY RELATING TO THIS TERMINATION AGREEMENT OR THE PERFORMANCE OR NONPERFORMANCE OR OBLIGATIONS ARISING UNDER OR IN CONNECTION WITH THIS TERMINATION AGREEMENT.

18. **Successors and Assigns.** This Termination Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Notwithstanding anything in this Termination Agreement to the contrary, a Party cannot assign or transfer (whether by way of security or otherwise) this Termination Agreement or any interest or obligation in or under this Termination Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed.

19. **Entire Agreement.** This Termination Agreement contains all of the agreements of the Parties with respect to the subject matter hereof and no prior agreement, understanding, or representation pertaining to any such matter shall be effective for any purpose. No provision of this Termination Agreement may be amended except by an express agreement in writing signed by the Parties or their respective successors in interest.

20. **Counterparts.** This Termination Agreement may be executed in any number of counterparts and delivered by facsimile or electronic mail (in .pdf format) by the Parties hereto on separate counterparts, and each such counterpart so delivered is deemed to be an original, but all such counterparts together constitute but one and the same agreement.

Delivery of an executed counterpart of a signature page to this Termination Agreement by telecopier or .pdf shall be effective as delivery of a manually executed counterpart of this Termination Agreement.

21. **Imaged Agreement.** Any original executed copy of this Termination Agreement may be photocopied and stored on computer tapes and disks (the "**Imaged Agreement**"). The Imaged Agreement, if introduced as evidence on paper in automated facsimile form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation, or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the Imaged Agreement (or photocopies of the transcription of the Imaged Agreement) on the basis that such were not originated or maintained in documentary form under either the hearsay rule, the best evidence rule, or other rule of evidence.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Termination Agreement as of the date first above written.

Ridge Generating Station, L.P.

By:_____
Name: Alan Dunlea
Title: Chief Financial Officer

Duke Energy Florida, LLC

By:_____
Name: Catherine S. Stempien
Title: State President - Florida

[SIGNATURE PAGE TO TERMINATION AGREEMENT]

SCHEDULE 1

Notice Details and Wire Instructions

If to Ridge Generating Station, L.P.:

Ridge Generating Station, L.P.
c/o Wheelabrator Technologies Inc.
100 Arboretum Drive, Suite 310
Portsmouth, NH 03801
Attention: General Counsel

Email: mofriel@wtienergy.com

Wire Details for Ridge Generating Station, L.P.:

Acct # [redacted]
ABA # [redacted]
Owner: Wheelabrator Technologies Holdings Inc.

PNC Bank
C/O Wheelabrator Technologies Holding Inc.
PO Box 842226
Boston, MA 02284-2226

If to Duke Energy Florida, LLC:

Duke Energy Florida, LLC
299 First Avenue North
St. Petersburg, FL 33701
Attention: Cogeneration Manager DEF 155
Fax: 727-820-4598
Email: Tamara.Waldmann@duke-energy.com

APPENDIX A

[Date]

VIA ELECTRONIC FILING

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Termination of Status as Qualifying Facility for Ridge Generating Station, L.P. Docket No. [-]

Dear Ms. Bose:

On [-],Ridge Generating Station, L.P. (the "Applicant") submitted an application for certification of Qualifying Facility Status for a Cogeneration Facility for its biomass generation facility (the "Facility") in Docket No. [-]. A subsequent amendment and successive self-recertifications of Qualifying Facility Status have been filed over the intervening years in Docket No. [-].

The Applicant recently terminated its long-term power purchase agreement for sales of power from the Facility, and therefore no longer makes sales of power from the Facility and the Facility is being decommissioned. Therefore, the Applicant hereby notifies the Commission of the termination of the Qualifying Facility status of the Facility effective as of [Closing Date].

Please contact the undersigned with any questions.

Sincerely,

Ridge Termination - Results of DEF's Economic Evaluation - Upper Band (260 GWh)
$ in millions

		2019	2020	2021	2022	2023	Nominal Total	Present Value
A	Regulatory Asset Amortization	6.9	6.9	6.9	6.9	6.9	34.5	28.2
B	Interest Expense	0.6	0.5	0.4	0.2	0.1	1.8	1.6
C	Return on Equity	1.3	1.0	0.7	0.4	0.1	3.7	3.2
D	Income Tax	0.5	0.4	0.3	0.2	0.1	1.3	1.1
E = A + B + C + D	Total cost of Ridge Buyout	9.3	8.8	8.3	7.7	7.2	41.3	34.0
F	DEF System Impact	(6.7)	(7.1)	(7.2)	(7.9)	(8.3)	(37.2)	(30.2)
G	Avoided Capacity Payment of PPA	(9.6)	(9.6)	(9.6)	(9.6)	(9.6)	(48.1)	(39.3)
H = F + G	Net System Impact from Termination	(16.3)	(16.7)	(16.9)	(17.5)	(17.9)	(85.3)	(69.5)
I = E + H	Net Customer (Savings) / Cost	(7.0)	(7.9)	(8.6)	(9.8)	(10.8)	(44.0)	(35.4)

Ridge Termination - Results of DEF's Economic Evaluation - Middle Band (246 GWh)
$ in millions

		2019	2020	2021	2022	2023		
A	Regulatory Asset Amortization	6.9	6.9	6.9	6.9	6.9		7.15%
B	Interest Expense	0.6	0.5	0.4	0.2	0.1		
C	Return on Equity	1.3	1.0	0.7	0.4	0.1		
							Nominal	Present
D	Income Tax	0.5	0.4	0.3	0.2	0.1	Total	Value
E = A + B + C + D	Total cost of Ridge Buyout	9.3	8.8	8.3	7.7	7.2	34.5	28.2
							1.8	1.6
F	DEF System Impact	(6.3)	(6.6)	(6.8)	(7.4)	(7.8)	3.7	3.2
G	Avoided Capacity Payment of PPA	(9.6)	(9.6)	(9.6)	(9.6)	(9.6)	1.3	1.1
H = F + G	Net System Impact from Termination	(15.9)	(16.2)	(16.4)	(17.0)	(17.4)	41.3	34.0
I = E + H	Net Customer (Savings) / Cost	(6.6)	(7.5)	(8.1)	(9.3)	(10.2)	(34.8)	(28.2)
							(48.1)	(39.3)
							(82.9)	(67.5)
							(41.7)	(33.5)

Ridge Termination - Results of DEF's Economic Evaluation - Lower Band (222 GWh)
$ in millions

		2019	2020	2021	2022	2023		
A	Regulatory Asset Amortization	6.9	6.9	6.9	6.9	6.9		7.15%
B	Interest Expense	0.6	0.5	0.4	0.2	0.1		
C	Return on Equity	1.3	1.0	0.7	0.4	0.1		
							Nominal	Present
D	Income Tax	0.5	0.4	0.3	0.2	0.1	Total	Value
E = A + B + C + D	Total cost of Ridge Buyout	9.3	8.8	8.3	7.7	7.2	34.5	28.2
							1.8	1.6
F	DEF System Impact	(5.6)	(5.8)	(5.9)	(6.6)	(6.9)	3.7	3.2
G	Avoided Capacity Payment of PPA	(9.6)	(9.6)	(9.6)	(9.6)	(9.6)	1.3	1.1
H = F + G	Net System Impact from Termination	(15.2)	(15.4)	(15.6)	(16.2)	(16.5)	41.3	34.0
I = E + H	Net Customer (Savings) / Cost	(5.8)	(6.7)	(7.3)	(8.5)	(9.3)	(30.8)	(24.9)
							(48.1)	(39.3)
							(78.8)	(64.2)
							(37.6)	(30.2)

IN RE: DUKE ENERGY FLORIDA, LLC'S PETITION FOR APPROVAL TO TERMINATE QUALIFYING FACILITY POWER PURCHASE AGREEMENT

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF CHRISTOPHER A. MENENDEZ

Q. Please state your name and business address.

A. My name is Christopher A. Menendez. My business address is Duke Energy Florida, LLC, 299 1st Avenue North, St. Petersburg, Florida 33701.

Q. By whom are you employed and what is your position?

A. I am employed by Duke Energy Florida, LLC ("DEF" or "the Company") as Rates and Regulatory Strategy Manager.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for regulatory planning and cost recovery for DEF. These responsibilities include completion of regulatory financial reports and analysis of state, federal, and local regulations and their impacts on DEF. In this capacity, I am responsible for, among other things, DEF's Final True-Up, Actual/Estimated Projection, and Projection Filings in the Fuel Clause and the Capacity Cost Recovery Clause.

Q. Please describe your educational background and professional experience.

A. I joined the Company on April 7, 2008, as a Senior Financial Specialist in the Florida Planning & Strategy group. In that capacity, I supported the development of long-term financial forecasts and the development of current-year monthly earnings and cash flow projections. In 2011, I accepted a position with the Company as a Senior Business Financial Analyst in the Power Generation Florida Finance organization. In that capacity, I provided accounting and financial analysis support to various generation facilities in DEF's fossil fleet. In 2013, I accepted a position with the Company as a Senior Regulatory Specialist. In that capacity, I supported the preparation of testimony and exhibits for the Fuel Docket as well as other Commission Dockets. In October 2014, I was promoted to my current position. Prior to working at DEF, I was the Manager of Inventory Accounting and Control for North American Operations at Cott Beverages. In this role, I was responsible for inventory-related accounting and inventory control functions for Cott-owned manufacturing plants in the United States and Canada. I received a Bachelor of Science degree in Accounting from the University of South Florida, and I am a Certified Public Accountant in the State of Florida.

Q. What is the purpose of your testimony?

A. My testimony is provided to support DEF's request for approval of a Termination Agreement (the "Termination Agreement") between DEF and Ridge Generating Station, L.P. ("Ridge"), pursuant to which DEF and Ridge propose to terminate a power purchase agreement (the "Ridge QF PPA") that is no longer cost-effective for

DEF customers. My testimony explains DEF's proposed rate treatment for the Termination Payment that would be required pursuant to the Termination Agreement.

Q. Have you prepared, or caused to be prepared under your direction, supervision, or control, exhibits in this proceeding?

A. I am sponsoring the following exhibit:

Exhibit No. __ (CAM-1), Estimated Residential Rates.

I am also co-sponsoring DEF Exhibit No. __ (BMHB-3).

These exhibits are true and accurate.

Q. Please provide an overview of the Ridge QF PPA Termination Agreement.

A. As explained in the testimony of Mr. Benjamin Borsch, DEF has entered into an agreement with Ridge, pursuant to which DEF and Ridge propose to terminate a power purchase agreement (the "Ridge QF PPA") that is no longer cost-effective for DEF customers; therefore by terminating the Ridge QF PPA, DEF projects customer savings of $37.6 - $44.0 million (nominal). Under the Termination Agreement, which is subject to Commission approval, DEF would pay a total of $34.5 million to Ridge in exchange for Ridge's agreement to permanently shut down the Ridge Facility, terminate its Qualifying Facility status with FERC, and terminate any interconnection agreements for the Ridge Facility. DEF will not assume ownership of the Ridge Facility or responsibility for any existing contracts pertaining to the Ridge Facility.

Q. How is DEF proposing to recover the costs of the Termination Agreement?

A. DEF proposes to treat the $34.5 million investment required to effectuate the Termination Agreement as a regulatory asset that would be amortized over the remaining term of the Ridge QF PPA, approximately five years, with a return on the unamortized balance of the regulatory asset at DEF's retail weighted average cost of capital ("WACC"). The Ridge QF PPA capacity payments are recovered through the Capacity Cost Recovery Clause; therefore, DEF will recover both the regulatory asset amortization and the return on the unamortized balance through the Capacity Clause.

Q. Is there a Commission standard or precedent regarding the use of the WACC for clause investments?

A. Yes. The Commission issued Order No. PSC-2012-0425-PAA-EU approving a stipulation and settlement agreement entered into by Florida's various investor-owned utilities, the Office of Public Counsel, and the Florida Industrial Power Users Group to specify the methodology for calculating the WACC applicable to clause-recoverable investments. Through that order, the Commission provided for DEF to earn its current, approved WACC on clause-recoverable investments.

Q. Why should DEF be permitted to recover a return on the termination payment?

A. If the FPSC approves the Termination Agreement, DEF will be obligated to make the full $34.5 million termination payment at the time of closing. Consistent with the Commission's precedent in similar transactions, for example Order Numbers PSC-2018-0240-PAA-EQ, PSC-2015-0401-AS-EI and PSC-2016-0506-FOF-EI, DEF

should be authorized to establish a regulatory asset equal to the termination payment and recover both the regulatory asset amortization and the return on the unamortized balance, as shown in DEF Exhibit No. __ (BMHB-3), attached to Mr. Borsch's testimony. In the aforementioned orders, the Commission approved the creation of a regulatory asset for the payment necessary for DEF to terminate the Florida Power Development (FPD) Agreement and Florida Power and Light ("FPL") to purchase the Cedar Bay and Indiantown facilities, respectively. Similar to those transactions, the Termination Agreement between DEF and Ridge seeks to alleviate a power purchase obligation, which has become unfavorable, in order to create significant customer savings of approximately $37.6 to $44.0 million (nominal) for customers.

Q. Does the Cumulative Present Value Revenue Requirements ("CPVRR") Analysis include the impacts of the proposed regulatory treatment?

A. Yes, Mr. Borsch's CPVRR calculation includes the impacts of the establishment of the regulatory asset. As demonstrated in that analysis, even when considering the impacts of the termination payment, the Termination Agreement results in customer savings.

Q. When does DEF propose that the recovery from customers begin?

A. The calculations used to support the analysis presented in Mr. Borsch's testimony assumes that DEF would begin recovering the regulatory asset for the termination payment effective January 2019. However, DEF will not include the Ridge costs in

customer rates until the first billing cycle in January 2020. DEF will include the 2019 Ridge revenue requirement in the Capacity clause true-up balance.

Q. What impact is approval of this request expected to have on customer rates?

A. As shown in Exhibit No. ___ (CAM-1), attached to my testimony, the favorable customer savings from the Termination Agreement decrease DEF's Residential customer price. This analysis includes the reduction in fuel and capacity charges associated with the termination of the Ridge QF PPA, net of the recovery of the Ridge regulatory asset revenue requirement.

Q. How does DEF propose to recover system cost impacts traditionally recovered through DEF's base rates?

A. DEF system cost impacts traditionally recovered through base rates will continue to be recovered through base rates. Any such cost impacts resulting from the Ridge Termination Agreement will be addressed in DEF's next general base rate proceeding.

Q. Does this conclude your direct testimony?

A. Yes.

Ridge Termination - Estimated Residential Price Impact - Upper Band (260 GWh) [1]
$ in millions

		2020 [2]	2021	2022	2023
A	System Fuel Savings	(15.6)	(8.2)	(8.8)	(9.4)
B	Jurisdictional Separation Factor [3]	99.5%	99.5%	99.5%	99.5%
C = A x B	Net Retail Customer Fuel (Savings) / Cost	(15.5)	(8.2)	(8.8)	(9.3)
D	Retail MWh Sales	39,903,431	40,405,160	40,844,559	41,237,962
E	Estimated Residential Fuel Clause 1,000 kWh Impact [4]	(0.36)	(0.19)	(0.20)	(0.21)
F	System Capacity Savings	(19.2)	(9.6)	(9.6)	(9.6)
G	Ridge Regulatory Asset Revenue Requirement	18.1	8.3	7.7	7.2
H = F + G	Net System Capacity (Savings) / Cost	(1.1)	(1.4)	(1.9)	(2.4)
I	Jurisdictional Separation Factor [5]	92.885%	92.885%	92.885%	92.885%
J = H x I	Net Retail Customer Capacity (Savings) / Cost	(1.0)	(1.3)	(1.8)	(2.3)
D	Retail MWh Sales	39,903,431	40,405,160	40,844,559	41,237,962
K	Estimated Residential Capacity Clause 1,000 kWh Impact [6]	(0.03)	(0.04)	(0.05)	(0.06)
L = E + K	**Estimated Residential Clause 1,000 kWh Impact**	**(0.39)**	**(0.23)**	**(0.25)**	**(0.27)**

Notes:

1 Price Impact estimates are presented prior to Gross Receipt Tax (GRT). A negative price impact reflects a favorable reduction to DEF's customer price.

2 As discussed on page 5 of Witness Menendez's testimony, 2020 will include the savings and revenue requirement components for both 2019, which will be included in the True-Up balance, and 2020. The price estimate above reflects this calculation.

3 The Jurisdictional Separation Factor is based on the system average factor in the Fuel Clause and was calculated consistent with the methdology used in DEF's Fuel Filings.

4 Impact is estimated using a Residential 1st Tier Fuel price methdology by applying a 92.9% 1st Tier Factor. This factor is ratio between DEF's 2018 1st Tier Residential Fuel Price of 3.838 c/kWh and the Secondary Metering rate of 4.132 c/kWh.

5 The Jurisdictional Separation Factor is based on the Production Base separation factor of 92.885% as set forth in Exhibit 1 of DEF's 2017 Settlement Agreement, approved in Order No. PSC-2017-0451-AS-EU.

6 Impact is estimated using a Residential Capacity Clause price methodology by applying a 1.18 factor. This factor is the ratio between DEF's 2018 Residential Capacity Clause Price of 1.433 c/kWh and the average retail rate of 1.212 c/kWh.

Ridge Termination - Estimated Residential Price Impact - Middle Band (246 GWh) [1]
$ in millions

		2020 [2]	2021	2022	2023
A	System Fuel Savings	(14.7)	(7.7)		
B	Jurisdictional Separation Factor [3]	99.5%	99.5%		
C = A x B	Net Retail Customer Fuel (Savings) / Cost	(14.6)	(7.7)	2022	2023
D	Retail MWh Sales	39,903,431	40,405,160	99.5%	99.5%
E	Estimated Residential Fuel Clause 1,000 kWh Impact [4]	(0.34)	(0.18)	(8.3)	(8.8)
F	System Capacity Savings	(19.2)	(9.6)	40,844,559	41,237,962
G	Ridge Regulatory Asset Revenue Requirement	18.1	8.3	(0.19)	(0.20)
H = F + G	Net System Capacity (Savings) / Cost	(1.1)	(1.4)		
I	Jurisdictional Separation Factor [5]	92.885%	92.885%	(9.6)	(9.6)
J = H x I	Net Retail Customer Capacity (Savings) / Cost	(1.0)	(1.3)	7.7	7.2
D	Retail MWh Sales	39,903,431	40,405,160	92.885%	92.885%
K	Estimated Residential Capacity Clause 1,000 kWh Impact [6]	(0.03)	(0.04)	(1.8)	(2.3)
L = E + K	**Estimated Residential Clause 1,000 kWh Impact**	**(0.37)**	**(0.22)**	40,844,559	41,237,962
				(0.05)	(0.06)
				(0.24)	**(0.26)**

Notes:

1 Price Impact estimates are presented prior to Gross Receipt Tax (GRT). A negative price impact reflects a favorable reduction to DEF's customer price.

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6 Impact is estimated using a Residential Capacity Clause price methodology by applying a 1.18 factor. This factor is the ratio between DEF's 2018 Residential Capacity Clause Price of 1.433 c/kWh and the average retail rate of 1.212 c/kWh.

Ridge Termination - Estimated Residential Price Impact - Lower Band (222 GWh) [1]
$ in millions

		2020 [2]	2021	2022	2023
A	System Fuel Savings	(13.0)	(6.8)		
B	Jurisdictional Separation Factor [3]	99.5%	99.5%		
C = A x B	Net Retail Customer Fuel (Savings) / Cost	(12.9)	(6.8)	2022	2023
D	Retail MWh Sales	39,903,431	40,405,160	99.5%	99.5%
E	Estimated Residential Fuel Clause 1,000 kWh Impact [4]	(0.30)	(0.16)	(7.5)	(7.8)
F	System Capacity Savings	(19.2)	(9.6)	40,844,559	41,237,962
G	Ridge Regulatory Asset Revenue Requirement	18.1	8.3	(0.17)	(0.18)
H = F + G	Net System Capacity (Savings) / Cost	(1.1)	(1.4)		
I	Jurisdictional Separation Factor [5]	92.885%	92.885%	(9.6)	(9.6)
J = H x I	Net Retail Customer Capacity (Savings) / Cost	(1.0)	(1.3)	7.7	7.2
D	Retail MWh Sales	39,903,431	40,405,160	92.885%	92.885%
K	Estimated Residential Capacity Clause 1,000 kWh Impact [6]	(0.03)	(0.04)	(1.8)	(2.3)
L = E + K	**Estimated Residential Clause 1,000 kWh Impact**	**(0.33)**	**(0.20)**	40,844,559	41,237,962
				(0.05)	(0.06)
				(0.22)	**(0.24)**

Notes:

1 Price Impact estimates are presented prior to Gross Receipt Tax (GRT). A negative price impact reflects a favorable reduction to DEF's customer price.

2 As discussed on page 5 of Witness Menendez's testimony, 2020 will include the savings and revenue requirement components for both 2019, which will be included in the True-Up balance, and 2020. The price estimate above reflects this calculation.

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