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Florida Power
CORPORATION

James P. Fama
CORPORATE COUNSEL

June 5, 1990

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Mr. Steve C. Tribble
Director of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Fl 32399-0872

Re: Docket No 900004-EU

Dear Mr. Tribble:

Enclosed please find for filing in the subject docket the original and fifteen (15) copies of Florida Power Corporation's Petition For Approval Of Rate Schedules COG-1 and COG-2.

Please acknowledge receipt and filing of the above by completing the form provided on the duplicate copy of this letter enclosed.

Very truly yours,

James P. Fama

James P. Fama

ACK ✓
AFA
APP
CAF
CMU ~~JPF~~/emh
CTR Enclosures
EAG ~~cc:~~ Parties of Record
LEG 1
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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
04911 JUN-6 1990
FPSC-RECORDS/REPORTING

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In re: Hearings On Load Forecasts, Generation Expansion Plans, And And Cogeneration Prices For Peninsular Florida's Electric Utilities	)))))	Docket No. 900004-EU Filed: June 6, 1990

FLORIDA POWER CORPORATION
PETITION FOR APPROVAL
OF RATE SCHEDULES
COG-1 AND COG-2

Pursuant to the oral order of the Commission at the May 25, 1990 agenda conference in this docket, Florida Power Corporation (Florida Power) hereby submits its revised Rate Schedule COG-1, Standard Rate For As-Available Energy From Qualifying Cogeneration & Small Power Production Facilities (Qualifying Facilities), and Rate Schedule COG-2 Standard Offer Contract Rate For Purchase Of Firm Capacity And Energy From Qualifying Cogeneration & Small Power Production Facilities (Qualifying Facilities). In support of this Petition, Florida Power submits the following:

1. Florida Power has revised COG-1 to and COG-2 to update its delivery voltage adjustment factors.

2. Florida Power has revised COG-2 to reflect the new rates associated with the 1996 avoided coal unit chosen by the Commission on May 25, 1990.

3. Other than the changes described in paragraphs 1 and 2 above, Florida Power has made one further change to both COG-1 and COG-2. This change, already approved by the Commission when it passed on Florida Power's standard offer contract with Timber

DOCUMENT NUMBER-DATE
04911 JUN -6 1990
FPSC-RECORDS/REPORTING

Energy Resources, Inc. (Timber), reflects the fact that qualifying facilities (QF) locating in northern Florida are subject to bearing the costs, if any, associated with impairment or reduction of, or other adverse effect upon, the electric power transfer capability between Florida Power's northern Florida territory and the Company's load centers in central and southern Florida, as such costs are ultimately determined by the Commission.

4. The Public Utility Regulatory Policies Act (PURPA) requires that the rates for purchase from QFs shall not be discriminatory. 16 U.S.C. § 824a-3(b)(2); see also 18 C.F.R. § 292.304(a)(1)(ii). Florida law provides that electric utilities shall purchase from QFs in accordance with applicable law, which of course, includes this provision of PURPA. Fla. Stat. § 366.051 (1989).

5. In accordance with PURPA and Florida law, from the time that Florida Power identified the fact that QFs locating in northern Florida were adversely impacting Florida Power's transfer capability, Florida Power has dealt with all such QFs in a nondiscriminatory way. That is, QFs have been advised that Florida Power intends to be made whole for such costs. The first QF to be so advised was CFR Bio-Gen Corporation (CFR). CFR refused to execute a contract amendment concerning this matter, and the issue of the impairment of transmission capability is currently being litigated in Commission Docket Nos. 900382-EQ and 900383-EQ.

6. The issue of transmission impairment arose again in Florida Power's dealings with Timber. Treating Timber in a manner similar to the way in which CFR was treated, Florida Power

required, and Timber agree, that Timber enter into an amendment which recognizes that whether, and in what amount, the costs associated with transmission impairment shall be the responsibility of Timber, ultimately will be determined by the Commission in Docket No. 890779-EU or another proceeding. A copy of the amendment is attached to this Petition. Importantly, the language of the amendment is neutral--it does not decide the impairment issue in favor of Florida Power or a QF. It properly leaves the ultimate determination up to the Commission in Docket No. 890779-EU or another proceeding.

7. The Commission expressly approved this amendment in Order No. 21858, Order Approving Standard Offer Contract, Docket No. 891005-EQ (September 8, 1989). In that order the Commission found the language of the amendment to be:

> . . . prudent for both parties based on FPC's identified transmission constraints in Northwest Florida which are set forth in Docket No. 890779-EU.

8. In Order No. 22341 (December 26, 1989) in this docket, in order to avoid delay in the filing and approval of new tariffs, the Commission directed utilities to make only those changes necessary to implement the Commission's decisions in this docket. Florida Power's proposal to add the Timber amendment language to its tariffs is not inconsistent with this directive, for the following reasons:

a. The purpose of the Commission's ruling was to avoid the delay associated with an examination of new standard offer provisions. The language proposed by Florida Power, however is <u>not</u> new, as it was already examined by the Commission and found to be prudent. There can be no delay associated with the fact that Florida Power is simply asking the Commission to approve the same provision it already approved in another docket.

b. With this Petition, Florida Power is not proposing a new standard offer contract. When the Commission approved the amendment to the Timber standard offer contract, Florida Power was thereafter bound, in order to avoid discrimination, to offer a similar amendment to all future QFs. Thus, upon Commission approval of the Timber amendment, the amendment necessarily became a permanent fixture of Florida Power's standard offer contract.

c. To do other than approve Florida Power's proposed rates containing the Timber amendment language would cause the Commission to violate PURPA and Florida law by directing Florida Power to treat QFs in a discriminatory fashion. While serving the purposes of administrative convenience by avoiding delay in the filing and approval of new standard offer contracts is important, surely the December 26th order in this docket cannot be construed as requiring discriminatory treatment of QFs.

9. To disallow the Timber amendment language in Florida Power's tariffs would not only discriminate against Timber and CFR in favor of new QFs, it would be confiscatory. If the Commission were to require Florida Power to adhere to its old standard offer contracts, without provision for the recovery of transmission

impairment costs and before the Commission had ruled on this issue in Docket No. 890779-EU or elsewhere, the Commission would be confiscating Florida Power property without due process. Furthermore, such action on the part of the Commission would constitute an unlawful impairment of Florida Power's right to contract.

10. Finally, there has been much discussion of the fact that utilities will have an opportunity to file new standard offers after the Commission has issued its new cogeneration rules. Florida Power cannot wait any longer for these rules. They have been under consideration for over nine months, and may not become final for many more months. In the meantime, prior to the resolution of the transmission impairment issue, Florida Power cannot be compelled to offer confiscatory, impaired standard offer contracts which contain no provision for recovery of transmission costs.

WHEREFORE, for all of the reasons stated above, Florida Power respectfully requests approval of its COG-1 and COG-2 rate schedules.

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

By: James P. Fama

James P. Fama
Corporate Counsel
P.O. Box 14042
St. Petersburg, FL 33733
(813) 866-5786

ATTACHMENT 1
TO INTERCONNECTION AGREEMENT
BETWEEN FLORIDA POWER CORPORATION (THE COMPANY)
AND TIMBER ENERGY RESOURCES, INC. (QF)

The interconnection costs subject to this Agreement include those costs delineated in the body of the Interconnection Agreement and the costs associated with any impairment or reduction of, or other adverse effect on, the electric power transfer capability between The Company's northern Florida territory and The Company's load centers in central and southern Florida, resulting from or attributable to the interconnection of QF's Facility with The Company's electrical system (hereinafter referred to as "Transmission Capacity Costs"), to the extent that such costs are recognized by the Florida Public Service Commission (the Commission) or any other regulatory agency with jurisdiction over such costs, and made the responsibility of QF via an order applicable to QF.

The Company and QF recognize that the Commission will consider issues concerning the determination of, and the responsibility for, Transmission Capacity Costs, if any, as well as related issues, in Docket No. 890779-EU, In re: Investigation Into Adequacy of Transmission Capacity in North Florida. Accordingly, The Company and QF agree that whether, and in what amount, Transmission Capacity Costs shall be the responsibility of QF, shall be determined in accordance with the determination as to applicability and method and procedures prescribed by final order of the Commission in Docket No. 890779-EU, or by final order of any other regulatory agency with jurisdiction over such costs.

Provided however, that nothing in this Agreement shall prevent QF from taking any position in Docket No. 890779-EU, or in any other Commission docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should not be the responsibility of QF. Moreover, nothing in this Agreement shall prevent The Company from taking any position in Docket No. 890779-EU, or in any other Commission docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should be the responsibility of QF.

Provided further, that if QF concludes that the amount of its Transmission Capacity Costs responsibility ultimately determined will render the construction of the Facility uneconomic or not in QF's best economic interests, QF shall have the right to terminate this Agreement and the contemporaneous Standard Offer Contract between The Company and QF with respect to QF's Facility as follows. The QF may elect, at its single option, to terminate by notifying The Company in writing either (1) within 90 days of the above-referenced final Commission order, no longer subject to appeal, or (2) within 60 days of the final order, no longer subject to appeal, of any other regulatory agency with jurisdiction over such costs. Upon such election, neither The Company nor QF shall have any further right or obligation under this Agreement and the Standard Offer Contract.

PROPOSED FINAL RATE SCHEDULE COG-1

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Availability:

Entire service area. Florida Power Corporation will purchase energy offered by any Qualifying Facility within the territory served by the Company under the provisions of this schedule or at contract negotiated rates. Florida Power Corporation will negotiate and may contract with a Qualifying Facility outside the Company's service territory where such negotiated contracts are in the best interest of the Company's ratepayers.

Applicable:

To any cogeneration or small power production Qualifying Facility producing energy for sale to the Company on an as-available basis. As-Available Energy is described by the Florida Public Service Commission (FPSC) Rule 25-17.0825, F.A.C., and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.080.

Character of Service:

Purchase shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage.

Limitation of Service:

All service pursuant to this schedule is subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

Rates for Purchases by the Company:

A. Capacity Rates:
Capacity payments to Qualifying Facilities will not be paid under this rate schedule. Capacity payments to Qualifying Facilities may be obtained under Rate Schedule COG-2, Firm Capacity and Energy.

B. Energy Rates:
As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. When economy transactions take place, the incremental costs are calculated after the purchase or before the sale of the economy energy. All sales shall be adjusted for losses from the point of metering to the point of interconnection.

C. Negotiated Rates:
Upon agreement by both the Company and the Qualifying Facility, an alternate contract rate for the purchase of As-Available Energy may be separately negotiated.

(Continued on Page No. 2)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

Florida Power CORPORATION

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 1)

Estimated As-Available Energy Cost:

For informational purposes only, the estimated incremental avoided energy costs for the next four semiannual periods are as follows. These estimates include a credit for estimated variable operating and maintenance expense of 0.056¢/KWH. The variable O&M credit will be recomputed monthly in accordance with the Company's methodology.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April 1990, - September, 1990	4.449	2.594	3.457
October, 1990 - March, 1991	3.366	2.479	2.869
April, 1991 - September, 1991	4.552	2.678	3.549
October, 1991 - March, 1992	3.757	2.694	3.160

A 100 MW block has been used to calculate the estimated avoided energy cost.

For informational purposes, the Company's projected annual generation mix and fuel prices are as follows:

FLORIDA POWER CORPORATION
PERCENT GENERATION BY FUEL TYPE

YEAR	NUCLEAR (1)	COAL (2)	GAS (3)	#6 OIL (4)	#2 OIL (5)
1990	13.7%	58.6%	1.5%	23.8%	2.4%
1991	16.9%	55.8%	1.1%	23.3%	2.8%
1992	13.6%	55.6%	1.2%	26.3%	3.3%
1993	17.1%	57.8%	0.9%	21.8%	2.4%
1994	13.7%	57.3%	1.5%	24.4%	3.1%
1995	16.0%	52.9%	1.8%	24.2%	5.1%
1996	12.6%	53.0%	1.9%	25.7%	6.8%
1997	14.9%	50.3%	2.0%	25.3%	7.5%
1998	11.7%	49.2%	2.2%	26.9%	10.0%
1999	14.0%	46.9%	2.1%	26.1%	10.9%

FLORIDA POWER CORPORATION
AVERAGE PRICE OF FUEL DELIVERED - ¢/MBTU

YEAR	NUCLEAR (1)	COAL (2)	GAS (3)	#6 OIL (4)	#2 OIL (5)
1990	55	208	226	273	444
1991	54	217	259	278	452
1992	49	230	284	295	467
1993	47	239	310	310	504
1994	51	251	321	349	547
1995	52	257	332	373	573
1996	57	272	350	393	607
1997	57	287	369	416	643
1998	63	303	389	441	678
1999	64	319	411	469	721

(Continued on Page No. 3)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

Florida Power CORPORATION

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 2)

Delivery Voltage Adjustment:

The Company's actual hourly avoided energy costs shall be adjusted according to the delivery voltage by the following multipliers:

Qualifying Facility Delivery Voltage	Adjustment Factor
69 KV or greater	1.039
4 KV, 12 KV, 25 KV	1.050
600 Volts or lower	1.061

Metering Requirements:

The Qualifying Facility shall be required to purchase from the Company the metering equipment necessary to measure its energy deliveries to the Company.

Hourly recording meters shall be required for Qualifying Facilities with an installed capacity of 100 kilowatts or more. Where the installed capacity is less than 100 kilowatts, the Qualifying Facility may select any one of the following options: (a) an hourly recording meter, (b) a dual kilowatt-hour register time-of-day meter, or (c) a standard kilowatt-hour meter.

For Qualifying Facilities with hourly recording meters, monthly payments for As-Available Energy shall be calculated based on the product of (1) the Company'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.

For Qualifying Facilities with dual kilowatt-hour register time-of-day meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly avoided energy rates for the on-peak and off-peak periods during the month and (2) the quantity of energy sold by the Qualifying Facility during that period.

For Qualifying Facilities with standard kilowatt-hour meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly avoided energy rate for the off-peak periods during the month and (2) the quantity of energy sold by the Qualifying Facility during the month.

For a time-of-day metered Qualifying Facility, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31 from 12 noon to 9:00 p.m., and November 1 - March 31 from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

Billing Options:

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The decision to change billing methods can be made once every twelve months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period provided the Company is given at least thirty days written notice before the change is to take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the qualifying facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

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

(Continued on Page No. 4)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 3)

Charges to Qualifying Facility:

A. Customer Charges:
Monthly Customer Charges for meter reading, billing, and other applicable administrative costs by Rate Schedule are:

RS-1	$ 5.32	GSLD-2	$230.91
RST-1	9.83	GSLDT-2	230.91
GS-1	5.32	CS-1	152.49
GST-1	9.83	CST-1	152.49
GSD-1	15.46	IS-1	413.91
GSDT-1	19.98	IST-1	413.91
GSLD-1	79.30	MS-1	5.32
GSLDT-1	83.81		

B. Interconnection Charge for Non-Variable Utility Expenses:
The Qualifying Facility shall bear the cost required for interconnection including the metering. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate to be determined by the Company thirty (30) days prior to the date of each payment.

When equal monthly payments are elected, the Qualifying Facility shall provide a surety bond or equivalent assurance of repayment of interconnection costs in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, one of the following may constitute an equivalent assurance of repayment:

(1) Surety bond;
(2) Escrow;
(3) Irrevocable letter of credit;
(4) Unsecured promise by a municipal, county, or state government to repay early capacity payments in the event of default in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric Customers of such government to assure that early capacity payments are repaid;
(5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in connection with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
(6) Other guarantee acceptable to the Company.

The Company will cooperate with each Qualifying Facility applying for monthly payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

(Continued on Page No. 5)

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 4)

Charges to Qualifying Facility: (Continued)

C. Interconnection Charge for Variable Utility Expenses:
The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance 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 may pay a monthly charge equal to 0.50% of the installed cost of the interconnection facilities.

D. Taxes and Assessments:
The Qualifying Facility shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of As-Available Energy produced by the Qualifying Facility.

E. Transmission Capacity Costs:
The costs subject to this rate schedule include the costs associated with any impairment or reduction of, or other adverse effect on, the electric power transfer capability between the Company's northern Florida territory and the Company's load centers in central and southern Florida, resulting from or attributable to the interconnection of the Qualifying Facility with the Company's electrical system (hereinafter referred to as "Transmission Capacity Costs"), to the extent that such costs are recognized by the FPSC or any other regulatory agency with jurisdiction over such costs, and made the responsibility of the Qualifying Facility via an order applicable to the Qualifying Facility.

The Company and the Qualifying Facility recognize that the Commission will consider issues concerning the determination of, and the responsibility for, Transmission Capacity Costs, if any, as well as related issues, in Docket No. 890779-EU, In Re: Investigation into Adequacy of Transmission Capacity in North Florida. Accordingly, the Company and the Qualifying Facility agree that whether, and in what amount, Transmission Capacity Costs shall be the responsibility of the Qualifying Facility, shall be determined in accordance with the determination as to applicability and method and procedures prescribed by final order of the FPSC in Docket No. 890779-EU, or by final order of any other regulatory agency with jurisdiction over such costs.

Provided however, that nothing in this rate schedule shall prevent the Qualifying Facility from taking any position in Docket No. 890779-EU, or in any other FPSC docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should not be the responsibility of the Qualifying Facility. Moreover, nothing in this rate schedule shall prevent the Company from taking any position in Docket No. 890779-EU, or in any other FPSC docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should be the responsibility of the Qualifying Facility.

(Continued on Page No. 6)

Florida Power CORPORATION

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 5)

Terms of Service:

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

2. Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

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

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

   B. For each year, thereafter, a review of the actual sales and purchases between the QF and the utility shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the utility that month.

4. The Company shall specify the point of interconnection and voltage level.

5. The Company will, under the provisions of this rate schedule, require an agreement with the Qualifying Facility upon the Company's filed "Standard Agreement for Parallel Operation Between the Qualifying Facility and the Company." The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's "General Standards for Safety and Interconnection" where applicable.

6. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

(Continued on Page No. 7)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

Florida Power
CORPORATION

PROPOSED CHANGES TO RATE SCHEDULE COG-1

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Availability:

Entire service area. Florida Power Corporation will purchase energy offered by any Qualifying Facility within the territory served by the Company under the provisions of this schedule or at contract negotiated rates. Florida Power Corporation will negotiate and may contract with a Qualifying Facility outside the Company's service territory where such negotiated contracts are in the best interest of the Company's ratepayers.

Applicable:

To any cogeneration or small power production Qualifying Facility producing energy for sale to the Company on an as-available basis. As-Available Energy is described by the Florida Public Service Commission (FPSC) Rule 25-17.0825, F.A.C., and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.080.

Character of Service:

Purchase shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage.

Limitation of Service:

All service pursuant to this schedule is subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

Rates for Purchases by the Company:

A. <u>Capacity Rates:</u>
Capacity payments to Qualifying Facilities will not be paid under this rate schedule. Capacity payments to Qualifying Facilities may be obtained under Rate Schedule COG-2, Firm Capacity and Energy.

B. <u>Energy Rates:</u>
As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. When economy transactions take place, the incremental costs are calculated after the purchase or before the sale of the economy energy. All sales shall be adjusted for losses from the point of metering to the point of interconnection.

C. <u>Negotiated Rates:</u>
Upon agreement by both the Company and the Qualifying Facility, an alternate contract rate for the purchase of As-Available Energy may be separately negotiated.

(Continued on Page No. 2)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: ~~OCTOBER 16, 1989~~

Florida Power CORPORATION

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 1)

Estimated As-Available Energy Cost:

For informational purposes only, the estimated incremental avoided energy costs for the next four semiannual periods are as follows. These estimates include a credit for estimated variable operating and maintenance expense of 0.056¢/KWH. The variable O&M credit will be recomputed monthly in accordance with the Company's methodology.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
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For informational purposes, the Company's projected annual generation mix and fuel prices are as follows:

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PERCENT GENERATION BY FUEL TYPE

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1994	13.7%	57.3%	1.5%	24.4%	3.1%
1995	16.0%	52.9%	1.8%	24.2%	5.1%
1996	12.6%	53.0%	1.9%	25.7%	6.8%
1997	14.9%	50.3%	2.0%	25.3%	7.5%
1998	11.7%	49.2%	2.2%	26.9%	10.0%
1999	14.0%	46.9%	2.1%	26.1%	10.9%

FLORIDA POWER CORPORATION
AVERAGE PRICE OF FUEL DELIVERED - ¢/MBTU

YEAR	NUCLEAR (1)	COAL (2)	GAS (3)	#6 OIL (4)	#2 OIL (5)
1990	55	208	226	273	444
1991	54	217	259	278	452
1992	49	230	284	295	467
1993	47	239	310	310	504
1994	51	251	321	349	547
1995	52	257	332	373	573
1996	57	272	350	393	607
1997	57	287	369	416	643
1998	63	303	389	441	678
1999	64	319	411	469	721

(Continued on Page No. 3)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: ~~APRIL 1, 1990~~

Florida Power CORPORATION

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 2)

Delivery Voltage Adjustment:

The Company's actual hourly avoided energy costs shall be adjusted according to the delivery voltage by the following multipliers:

Qualifying Facility Delivery Voltage	Adjustment Factor
69 KV or greater	~~1.042~~ 1.039
4 KV, 12 KV, 25 KV	~~1.058~~ 1.050
600 Volts or lower	~~1.085~~ 1.061

Metering Requirements:

The Qualifying Facility shall be required to purchase from the Company the metering equipment necessary to measure its energy deliveries to the Company.

Hourly recording meters shall be required for Qualifying Facilities with an installed capacity of 100 kilowatts or more. Where the installed capacity is less than 100 kilowatts, the Qualifying Facility may select any one of the following options: (a) an hourly recording meter, (b) a dual kilowatt-hour register time-of-day meter, or (c) a standard kilowatt-hour meter.

For Qualifying Facilities with hourly recording meters, monthly payments for As-Available Energy shall be calculated based on the product of (1) the Company'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.

For Qualifying Facilities with dual kilowatt-hour register time-of-day meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly avoided energy rates for the on-peak and off-peak periods during the month and (2) the quantity of energy sold by the Qualifying Facility during that period.

For Qualifying Facilities with standard kilowatt-hour meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly avoided energy rate for the off-peak periods during the month and (2) the quantity of energy sold by the Qualifying Facility during the month.

For a time-of-day metered Qualifying Facility, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31 from 12 noon to 9:00 p.m., and November 1 - March 31 from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

Billing Options:

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The decision to change billing methods can be made once every twelve months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period provided the Company is given at least thirty days written notice before the change is to take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the qualifying facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

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

(Continued on Page No. 4)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: ~~October 16, 1989~~

Florida Power CORPORATION

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 3)

Charges to Qualifying Facility:

A. Customer Charges:
Monthly Customer Charges for meter reading, billing, and other applicable administrative costs by Rate Schedule are:

RS-1	$ 5.32	GSLD-2	$230.91
RST-1	9.83	GSLDT-2	230.91
GS-1	5.32	CS-1	152.49
GST-1	9.83	CST-1	152.49
GSD-1	15.46	IS-1	413.91
GSDT-1	19.98	IST-1	413.91
GSLD-1	79.30	MS-1	5.32
GSLDT-1	83.81		

B. Interconnection Charge for Non-Variable Utility Expenses:
The Qualifying Facility shall bear the cost required for interconnection including the metering. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate to be determined by the Company thirty (30) days prior to the date of each payment.

When equal monthly payments are elected, the Qualifying Facility shall provide a surety bond or equivalent assurance of repayment of interconnection costs in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, one of the following may constitute an equivalent assurance of repayment:

(1) Surety bond;
(2) Escrow;
(3) Irrevocable letter of credit;
(4) Unsecured promise by a municipal, county, or state government to repay early capacity payments in the event of default in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric Customers of such government to assure that early capacity payments are repaid;
(5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in connection with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
(6) Other guarantee acceptable to the Company.

The Company will cooperate with each Qualifying Facility applying for monthly payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

(Continued on Page No. 5)

Florida Power CORPORATION

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 4)

Charges to Qualifying Facility: (Continued)

C. Interconnection Charge for Variable Utility Expenses:
The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance 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 may pay a monthly charge equal to 0.50% of the installed cost of the interconnection facilities.

D. Taxes and Assessments:
The Qualifying Facility shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of As-Available Energy produced by the Qualifying Facility.

→ See Attached Insert "A"

Terms of Service:

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

2. Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

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

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

   B. For each year, thereafter, a review of the actual sales and purchases between the QF and the utility shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the utility that month.

4. The Company shall specify the point of interconnection and voltage level.

5. The Company will, under the provisions of this rate schedule, require an agreement with the Qualifying Facility upon the Company's filed "Standard Agreement for Parallel Operation Between the Qualifying Facility and the Company." The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's "General Standards for Safety and Interconnection" where applicable.

6. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

(Continued on Page No. 6)

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 5)

Special Provisions:

1. Special contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2. A Qualifying Facility located within the Company's service territory may sell As-Available Energy to a utility other than the Company. Where such agreements exist and existing transmission capacity is available, the Company will provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Qualifying Facility located outside the Company's service territory for delivery of the Qualifying Facility's power to the purchasing utility or to an intermediate utility. Transmission service will be provided, subject to availability, under rates, terms, and conditions filed with and accepted for filing by the Federal Energy Regulatory Commission.

   The Qualifying Facility shall be responsible for all costs associated with such wheeling including:

   A. Wheeling charges,
   B. Line losses incurred by the Company,
   C. Inadvertent energy flows resulting from such wheeling.

   Energy delivered to the Company shall be adjusted before delivery to another utility as follows:

Qualifying Facility Delivery Voltage	Adjustment Factor
69 KV or greater	~~0.960~~ 0.9625
4 KV, 12 KV, 25 KV	~~0.945*~~ 0.9525 *
600 Volts or lower	~~0.922*~~ 0.9421 *

   *The 69 KV or greater adjustment factor shall apply if the following conditions are met for Qualifying Facility power and energy input to the Company's distribution facilities:

   (1) The input power and energy fully displaces power and energy that the Company would otherwise be required to supply to other customers on the same distribution facility, and

   (2) The delivery voltage to the receiving utility system is 69 KV or greater.

   The Company may deny, curtail, or discontinue providing transmission service under this special provision if the provision of such service would adversely affect the adequacy, reliability, or cost of providing electric service to its general body of retail and wholesale customers.

   For a more complete description of the rates, terms, and conditions under which transmission service may be offered, refer to the Company's currently effective wholesale tariff rate schedule applicable to transmission service, a copy of which is on file with the Florida Public Service Commission and available from the Company upon request.

(Continued on Page No. 7)

Florida Power CORPORATION

RATE SCHEDULE COG-1
STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 6)

Special Provisions:

1. Special contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2. A Qualifying Facility located within the Company's service territory may sell As-Available Energy to a utility other than the Company. Where such agreements exist and existing transmission capacity is available, the Company will provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Qualifying Facility located outside the Company's service territory for delivery of the Qualifying Facility's power to the purchasing utility or to an intermediate utility. Transmission service will be provided, subject to availability, under rates, terms, and conditions filed with and accepted for filing by the Federal Energy Regulatory Commission.

   The Qualifying Facility shall be responsible for all costs associated with such wheeling including:

   A. Wheeling charges,
   B. Line losses incurred by the Company,
   C. Inadvertent energy flows resulting from such wheeling.

   Energy delivered to the Company shall be adjusted before delivery to another utility as follows:

Qualifying Facility Delivery Voltage	Adjustment Factor
69 KV or greater	0.9625
4 KV, 12 KV, 25 KV	0.9525*
600 Volts or lower	0.9421*

   *The 69 KV or greater adjustment factor shall apply if the following conditions are met for Qualifying Facility power and energy input to the Company's distribution facilities:

   (1) The input power and energy fully displaces power and energy that the Company would otherwise be required to supply to other customers on the same distribution facility, and

   (2) The delivery voltage to the receiving utility system is 69 KV or greater.

   The Company may deny, curtail, or discontinue providing transmission service under this special provision if the provision of such service would adversely affect the adequacy, reliability, or cost of providing electric service to its general body of retail and wholesale customers.

   For a more complete description of the rates, terms, and conditions under which transmission service may be offered, refer to the Company's currently effective wholesale tariff rate schedule applicable to transmission service, a copy of which is on file with the Florida Public Service Commission and available from the Company upon request.

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

~~ATTACHMENT 1~~
~~TO INTERCONNECTION AGREEMENT~~
~~BETWEEN FLORIDA POWER CORPORATION (THE COMPANY)~~
~~AND TIMBER ENERGY RESOURCES, INC. (QF)~~

E. Transmission Capacity Costs

The ~~interconnection~~ costs subject to this ~~Agreement~~ rate schedule include ~~those costs delineated in the body of the Interconnection Agreement~~ and the costs associated with any impairment or reduction of, or other adverse effect on, the electric power transfer capability between ~~T~~the Company's northern Florida territory and ~~T~~the Company's load centers in central and southern Florida, resulting from or attributable to the interconnection of ~~QF's~~ the Qualifying Facility with ~~T~~the Company's electrical system (hereinafter referred to as "Transmission Capacity Costs"), to the extent that such costs are recognized by the ~~Florida Public Service Commission (the Commission)~~ FPSC or any other regulatory agency with jurisdiction over such costs, and made the responsibility of ~~QF~~ the Qualifying Facility via an order applicable to ~~QF.~~ the Qualifying Facility.

The Company and ~~QF~~ the Qualifying Facility recognize that the Commission will consider issues concerning the determination of, and the responsibility for, Transmission Capacity Costs, if any, as well as related issues, in Docket No. 890779-EU, In re: Investigation Into Adequacy of Transmission Capacity in North Florida. Accordingly, ~~T~~the Company and ~~QF~~ the Qualifying Facility agree that whether, and in what amount, Transmission Capacity Costs shall be the responsibility of ~~QF~~ the Qualifying Facility, shall be determined in accordance with the determination as to applicability and method and procedures prescribed by final order of the ~~Commission~~ FPSC in Docket No. 890779-EU, or by final order of any other regulatory agency with jurisdiction over such costs.

Insert "A" to COG-1, P. 2 of 2

Provided however, that nothing in this ~~Agreement~~ rate schedule shall prevent ~~QF~~ the Qualifying Facility from taking any position in Docket No. 890779-EU, or in any other ~~Commission~~ FPSC docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should not be the responsibility of ~~QF~~ the Qualifying Facility. Moreover, nothing in this ~~Agreement~~ rate schedule shall prevent the Company from taking any position in Docket No. 890779-EU, or in any other ~~Commission~~ FPSC docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should be the responsibility of ~~QF~~ the Qualifying Facility.

~~Provided further, that if QF concludes that the amount of its Transmission Capacity Costs responsibility ultimately determined will render the construction of the Facility uneconomic or not in QF's best economic interests, QF shall have the right to terminate this Agreement and the contemporaneous Standard Offer Contract between The Company and QF with respect to QF's Facility as follows. The QF may elect, at its single option, to terminate by notifying The Company in writing either (1) within 90 days of the above-referenced final Commission order, no longer subject to appeal, or (2) within 60 days of the final order, no longer subject to appeal, of any other regulatory agency with jurisdiction over such costs. Upon such election, neither The Company nor QF shall have any further right or obligation under this Agreement and the Standard Offer Contract.~~

PROPOSED FINAL RATE SCHEDULE COG-2

Florida Power CORPORATION

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Availability:

Florida Power Corporation will purchase Firm Capacity and Energy offered by any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. Florida Power Corporation will negotiate and may contract with any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company for the purchase of Firm Capacity and Energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers.

Applicable:

To any cogeneration or small power production Qualifying Facility, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract" or a separately negotiated contract. Firm Capacity and Energy are described by the Florida Public Service Commission (FPSC) Rule 25-17.083, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to quantity, time, and reliability of delivery. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25.17.080, F.A.C.

Character of Service:

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

Limitation of Service:

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

A. Execute a Company "Standard Offer Contract" at least two (2) years prior to the in-service date of the Statewide Avoided Unit; and
B. Commit to commence deliveries of Firm Capacity and Energy no later than January 1, 1996, and to continue such deliveries for at least a minimum of ten (10) years; and
C. Provide capacity which would not result in the subscription limit on capacity deficit (500 MW) to be exceeded.

Rates for Purchases by the Company:

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of deferring additional generating capacity in Florida. For the purpose of this schedule, a Statewide Avoided Unit has been designated by the FPSC and is considered to be a 500 MW coal unit with an in-service date of January 1, 1996. Appendix A of this rate schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's "Standard Offer Contract" pursuant to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

(Continued on Page No. 2)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

Florida Power CORPORATION

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 1)

Rates for Purchases by the Company: (Continued)

A. <u>Firm Capacity Rates:</u>
Three options, A through C, as set forth below, are available for payment for Firm Capacity which is produced by the Qualifying Facility and delivered to the Company. Once selected, an option shall remain in effect for the term of the contract with the Company.

Solid waste facilities may qualify for a unique incentive schedule of monthly Capacity Payments developed using methodology described in Appendix D, and found in Appendix E of this rate schedule.

<u>Option A - Fixed Value of Deferral</u>
Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1996; calculated in accordance with FPSC Rule 25-17.083, F.A.C., as described in Appendix A of this rate schedule. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the "Standard Offer Contract."

The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start. The Company will provide the Qualifying Facility with a schedule of capacity payment rates based on the month and year in which the delivery of Firm Capacity and Energy are to commence and the term of the contract. The minimum required contract term must extend at least ten (10) years beyond the in-service date of the Statewide Avoided Unit. An exemplary payment schedule for the expected life of the Statewide Avoided Unit is contained in Appendix C of this rate schedule. The currently approved parameters used to calculate this payment schedule is found in Appendix B of this rate schedule.

<u>Option B - Variable Value of Deferral</u>
Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1996. Once this option is selected, the Statewide Avoided Unit designation and its in-service date shall remain fixed for the term of the "Standard Offer Contract." The value of deferral, however, shall be recalculated annually and the payment schedule shall be adjusted, upon approval by the FPSC, to reflect the most recent factors affecting the cost of constructing the Statewide Avoided Unit. The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start pursuant to this option.

The methodology used to determine the level of payment each year is the same as that used in Option A of this rate schedule and is described in Appendix A of this rate schedule. For informational purposes only, the current projection of payments are those contained in Option A and found in Appendix C of this rate schedule.

<u>Option C - Average Embedded Book Cost of Fossil Steam Production Plant</u>
Monthly capacity payments made under this option shall be based on the Company's current average embedded book cost of fossil steam production plant approved by the FPSC and in effect in the year in which payment is made.

The following monthly payment schedule is provided for informational purposes only. It reflects the Company's current projection of payments. Payment schedules for longer contract terms will be made available to a Qualifying Facility upon request.

Projected Monthly Capacity Payment Rate - $/KW/Month

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
3.82	3.75	3.65	3.40	3.22	3.76	3.61	4.13	3.95	4.44	4.39	4.94	4.76

(Continued on Page No. 3)

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 2)

Rates for Purchases by the Company: (Continued)

B. Energy Rates:

1. Payments Prior to the In-Service Date of the Statewide Avoided Unit
The energy rate in cents per kilowatt-hour (¢/KWH) shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. When economy transactions take place, the incremental costs are calculated after the purchase or before the sale of the economy energy.

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

2. Payments Starting with the In-Service Date of the Statewide Avoided Unit
The energy rate in cents per kilowatt-hour (¢/KWH) shall be the lesser of an hour by hour comparison of: (a) the fuel component of the avoided energy cost of the utility planning the Statewide Avoided Unit calculated in accordance with Rule 25-17.0825, F.A.C.; and (b) the Statewide Avoided Unit Fuel Cost. The Statewide Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/KWH) shall be defined as the product of: (a) the lesser of the average monthly inventory charge out price of coal burned at Florida Power & Light's St. Johns River Power Park site, in cents per million BTU; and (b) an average annual heat rate of 9.79 million BTU per megawatt-hour.

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

Estimated Firm Energy Cost:

For informational purposes only, the estimated incremental avoided energy costs for the next four semiannual periods are as follows: These estimates include a credit for estimated variable operating and maintenance expense of 0.056¢/KWH. The variable O&M credit will be recomputed monthly in accordance with the Company's methodology.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April, 1990 - September, 1990	4.449	2.594	3.457
October, 1990 - March, 1991	3.366	2.479	2.869
April, 1991 - September, 1991	4.552	2.678	3.549
October, 1991 - March, 1992	3.757	2.694	3.160

A 100 MW block has been used to calculate the estimated avoided energy cost.

(Continued on Page No. 4)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

Florida Power CORPORATION

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 3)

Performance Criteria:

Payments for firm capacity are conditioned on the Qualifying Facility's ability to maintain the following performance criteria:

A. Commercial In-Service Date

Capacity payments shall not commence until the Qualifying Facility has attained and demonstrated commercial in-service status. The commercial in-service date of a Qualifying Facility shall be defined as the first day of the month following the successful completion of the Qualifying Facility maintaining an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Qualifying Facility's "Standard Offer Contract" committed capacity for a 24 hour period. A Qualifying Facility shall coordinate the selection of and operation of its facility during this test period with the Company to insure that the performance of its facility during this 24 hour period is reflective of the anticipated day to day operation of the Qualifying Facility.

B. Capacity Factor

Upon achieving commercial in-service status, payments for Firm Capacity shall be made monthly in accordance with the capacity payment rate option selected by the Qualifying Facility and subject to the provision that the Qualifying Facility maintains a 70% capacity factor on a 12 month rolling average basis as defined in Appendix A of this rate schedule. Failure to achieve this capacity factor shall result in the Qualifying Facility's forfeiture of payments for Firm Capacity during the month in which such failure occurs. Where early capacity payments have been elected and starting with the month of the in-service date of the Statewide Avoided Unit, failure of a Qualifying Facility to maintain a 70% capacity factor on a 12 month rolling average basis shall also result in payments by the Qualifying Facility to the Company. The amount of such payments shall be equal to the difference between: (1) what the Qualifying Facility would have been paid had it elected the normal payment option starting with the in-service date of the Statewide Avoided Unit; and (2) what it would have been paid pursuant to the early payment option had it maintained the capacity factor performance criteria.

All capacity payments made by the Company prior to the in-service date of the Statewide Avoided Unit, are considered "early payments." The owner or operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with interest, the cumulative amount of early capacity payments in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is discussed in Appendix A of this rate schedule.

C. Additional Criteria

1. The Qualifying Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
2. The Qualifying Facility shall promptly update its yearly generation schedule when any changes are determined necessary; and
3. The Qualifying Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
4. The Qualifying Facility shall coordinate scheduled outages with the Company; and
5. The Qualifying Facility shall comply with the reasonable requests of the Company regarding daily or hourly communications.

(Continued on Page No. 5)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

Florida Power CORPORATION

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 4)

Delivery Voltage Adjustment:

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

Qualifying Facility Delivery Voltage	Adjustment Factor
69 KV or greater	1.039
4 KV, 12 KV, 25 KV	1.050
600 Volts or lower	1.061

Metering Requirements:

Qualifying Facilities within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy production. Energy purchases from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering firm capacity and energy to the Company.

For the purpose of this schedule, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31, from 12 noon to 9:00 p.m., and November 1 - March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

Billing Options:

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The decision to change billing methods can be made once every twelve months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period provided the Company is given at least thirty days written notice before the change is to take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the qualifying facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

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

Charges to Qualifying Facility:

A. <u>Customer Charges:</u>

Monthly Customer Charges for meter reading, billing, and other applicable administrative costs by Rate Schedule are:

RS-1	$ 5.32	GSLD-2	$230.91
RST-1	9.83	GSLDT-2	230.91
GS-1	5.32	CS-1	152.49
GST-1	9.83	CST-1	152.49
GSD-1	15.46	IS-1	413.91
GSDT-1	19.98	IST-1	413.91
GSLD-1	79.30	MS-1	5.32
GSLDT-1	83.81		

(Continued on Page No. 6)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 5)

Charges to Qualifying Facility: (Continued)

B. Interconnection Charge for Non-Variable Utility Expenses:

The Qualifying Facility shall bear the cost required for interconnection including the metering. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate to be determined by the Company thirty (30) days prior to the date of each payment.

When equal monthly payments are elected, the Qualifying Facility shall provide a surety bond or equivalent assurance of repayment of interconnection costs in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, one of the following may constitute an equivalent assurance of repayment:
(1) Surety bond;
(2) Escrow;
(3) Irrevocable letter of credit;
(4) Unsecured promise by a municipal, county, or state government to repay early capacity payments in the event of default in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric Customers of such government to assure that early capacity payments are repaid;
(5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in connection with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
(6) Other guarantee acceptable to the Company.

The Company will cooperate with each Qualifying Facility applying for monthly payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

C. Interconnection Charge for Variable Utility Expenses:

The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance 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 may pay a monthly charge equal to 0.50% of the installed cost of the interconnection facilities.

D. Taxes and Assessments:

The Qualifying Facility shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of Firm Capacity and Energy produced by the Qualifying Facility.

(Continued on Page No. 7)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: OCTOBER 16, 1989

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 6)

Charges to Qualifying Facility: (Continued)

E. Transmission Capacity Costs:

The costs subject to this rate schedule include the costs associated with any impairment or reduction of, or other adverse effect on, the electric power transfer capability between the Company's northern Florida territory and the Company's load centers in central and southern Florida, resulting from or attributable to the interconnection of the Qualifying Facility with the Company's electrical system (hereinafter referred to as "Transmission Capacity Costs"), to the extent that such costs are recognized by the FPSC or any other regulatory agency with jurisdiction over such costs, and made the responsibility of the Qualifying Facility via an order applicable to the Qualifying Facility.

The Company and the Qualifying Facility recognize that the Commission will consider issues concerning the determination of, and the responsibility for, Transmission Capacity Costs, if any, as well as related issues, in Docket No. 890779-EU, In Re: Investigation into Adequacy of Transmission Capacity in North Florida. Accordingly, the Company and the Qualifying Facility agree that whether, and in what amount, Transmission Capacity Costs shall be the responsibility of the Qualifying Facility, shall be determined in accordance with the determination as to applicability and method and procedures prescribed by final order of the FPSC in Docket No. 890779-EU, or by final order of any other regulatory agency with jurisdiction over such costs.

Provided however, that nothing in this rate schedule shall prevent the Qualifying Facility from taking any position in Docket No. 890779-EU, or in any other FPSC docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should not be the responsibility of the Qualifying Facility. Moreover, nothing in this rate schedule shall prevent the Company from taking any position in Docket No. 890779-EU, or in any other FPSC docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should be the responsibility of the Qualifying Facility.

Provided further, that if the Qualifying Facility concludes that the amount of its Transmission Capacity Costs responsibility ultimately determined will render the construction of the Qualifying Facility uneconomic or not in the Qualifying Facility's best economic interest, the Qualifying Facility shall have the right to terminate the contemporaneous Standard Offer Contract between the Company and the Qualifying Facility with respect to the Qualifying Facility as follows. The Qualifying Facility may elect, at its single option, to terminate by notifying the Company in writing either (1) within 90 days of the above-referenced final FPSC order, no longer subject to appeal, or (2) within 60 days of the final order, no longer subject to appeal, of any other regulatory agency with jurisdiction over such costs. Upon such election, neither the Company nor the Qualifying Facility shall have any further right or obligation under the Standard Offer Contract.

(Continued on Page No. 8)

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 7)

Terms of Service:

1. It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generating capability.

2. Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

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

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

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

4. The Company shall specify the point of interconnection and voltage level.

5. The Company will, under the provisions of this rate schedule, require an agreement with the Qualifying Facility upon the Company's filed "Standard Agreement for Parallel Operation Between the Qualifying Facility and the Company." The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's "General Standards for Safety and Interconnection" where applicable.

6. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

(Continued on Page No. 9)

ISSUED BY: T. W. Rainey, Jr., Director, Rate Department

EFFECTIVE:

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 8)

Special Provisions:

1. Special contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2. A Qualifying Facility located within the Company's service territory may sell Firm Capacity and Energy to a utility other than the Company. Where such agreements exist and existing transmission capacity is available, the Company will provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility.

   When a Qualifying Facility located within the Company's service territory exercises its option to sell As-Available Energy to a utility other than the Company prior to the in-service date of the Statewide Avoided Unit and existing transmission capacity is available, the Company will also provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Qualifying Facility located outside the Company's service territory for delivery of the Qualifying Facility's power to the purchasing utility or to an intermediate utility. Transmission service will be provided, subject to availability, under rates, terms, and conditions filed with and accepted for filing by the Federal Energy Regulatory Commission.

   The Qualifying Facility shall be responsible for all costs associated with such wheeling including:

   A. Wheeling charges,
   B. Line losses incurred by the Company,
   C. Inadvertent energy flows resulting from such wheeling.

   Energy delivered to the Company shall be adjusted before delivery to another utility as follows:

Qualifying Facility Delivery Voltage	Adjustment Factor
69 KV or greater	0.9625
4 KV, 12 KV, 25 KV	0.9525*
600 Volts or lower	0.9421*

   *The 69 KV or greater adjustment factor shall apply if the following conditions are met for Qualifying Facility power and energy input to the Company's distribution facilities:

   (1) The input power and energy fully displaces power and energy that the Company would otherwise be required to supply to other customers on the same distribution facility, and

   (2) The delivery voltage to the receiving utility system is 69 KV or greater.

   The Company may deny, curtail, or discontinue providing transmission service under this special provision if the provision of such service would adversely affect the adequacy, reliability, or cost of providing electric service to its general body of retail and wholesale customers.

   For a more complete description of the rates, terms, and conditions under which transmission service may be offered, refer to the Company's currently effective wholesale tariff rate schedule applicable to transmission service, a copy of which is on file with the Florida Public Service Commission and available from the Company upon request.

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

RATE SCHEDULE COG-2
APPENDIX A
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Applicability:

Appendix A of this rate schedule provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring the Statewide Avoided Unit referred to in Schedule COG-2. When used in conjunction with the current FPSC approved cost parameters associated with the Statewide Avoided Unit contained in Appendix B of this rate schedule, a Qualifying Facility may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the Qualifying Facility enter into a "Standard Offer Contract" with the utility.

Also contained in Appendix A of this rate schedule is the methodology used by the Company to calculate the 12 month rolling average capacity factor of a Qualifying Facility and a discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early capacity payments acceptable to the Company in the event of contractual default by a Qualifying Facility.

Calculation of Value of Deferral:

FPSC Rule 25-17.083(7) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with firm capacity sold to a utility by a Qualifying Facility pursuant to the utility's standard offer shall be defined as the value of a year-by-year deferral of the Statewide Avoided Unit and shall be calculated as follows:

$$VAC_m = \frac{C}{12}\left[KI_n \left[\frac{1 - \left[\dfrac{1+i_p}{1+r}\right]}{1 - \left[\dfrac{1+i_p}{1+r}\right]^L} \right] + O_n \left[\frac{1+i_o}{1+r}\right] \right]$$

Where, for a one year deferral:

VAC_m = utility's value of avoided capacity, in dollars per kilowatt per month, during month m;

C = a constant risk multiplier equal to 0.8 for the purpose of the utility's standard offer agreement;

K = present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;

I_n = total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CWIP, of the Statewide Avoided Unit with an in-service date of year n;

O_n = total first year's fixed and variable operating and maintenance expense, less fuel and in dollars per kilowatt per year, of the Statewide Avoided Unit deflated to the beginning of year n by i_o;

i_p = annual escalation rate associated with the plant cost of the Statewide Avoided Unit;

(Continued on Page No. 2)

Florida Power CORPORATION

RATE SCHEDULE COG-2
APPENDIX A
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 1)

Calculation of Value of Deferral: (Continued)

i_o = annual escalation rate associated with the plant O&M cost of the Statewide Avoided Unit;

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

L = expected life of the Statewide Avoided Unit; and

n = year for which the Statewide 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.

Normally, payment for firm capacity shall not commence until the in-service date of the Statewide Avoided Unit. At the option of the Qualifying Facility, however, the utility may begin making early capacity payments consisting of the capital cost component of the value of a year-by-year deferral of the Statewide Avoided Unit starting as early as seven years prior to the anticipated in-service date of the Statewide Avoided Unit. In the event the anticipated in-service date of the Statewide Avoided Unit is less than seven years hence, early capacity payments are available at any time prior to this date. When such early capacity payments are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the commercial in-service date of the Qualifying Facility, and shall be calculated as follows:

$$A_m = \frac{A\,(1 + i_p)^n}{12}; \text{ for } n = o, n$$

Where:

A_m = monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as five years prior to the anticipated in-service date of the Statewide Avoided Unit, in dollars per kilowatt per month;

i_p = annual escalation rate associated with the plant cost of the Statewide Avoided Unit;

n = year for which early capacity payments to a Qualifying Facility are made; and

(Continued on Page No. 3)

Florida Power CORPORATION

RATE SCHEDULE COG-2
APPENDIX A
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 2)

Calculation of Value of Deferral: (Continued)

Where:

$$A = F \left[\frac{1 - \left[\dfrac{1 + i_p}{1 + r}\right]}{1 - \left[\dfrac{1 + i_p}{1 + r}\right]^{t}} \right]$$

Where:

F = the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Statewide Avoided Unit;

r = 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 commencing prior to the in-service date of the Statewide Avoided Unit, and commencing with the year in which the Qualifying Facility elects to receive early capacity payments.

Currently approved parameters applicable to the formulas above are found in Appendix B of this rate schedule.

Calculation of 12 Month Rolling Average Capacity Factor:

Pursuant to FPSC Rule 25-17.083(3)(a)(ii), F.A.C., and Order 13247, Docket No. 830377-EU, a Qualifying Facility must maintain a 70% capacity factor in order to receive capacity payments. For the purpose of this schedule, the capacity factor of the Qualifying Facility shall be defined as: the total kilowatt-hours of energy delivered to the utility during the preceding 12 months, divided by the product of: (1) the maximum kilowatt capacity contractually committed for delivery to the Company by the Qualifying Facility during the preceding 12 months, and (2) the sum of the total hours during the preceding 12 months less those hours during which the Company was unable to accept energy and capacity deliveries from the Qualifying Facility. The Company shall be relieved of its obligation under FPSC Rule 25-17.082, F.A.C., to purchase electricity from a Qualifying Facility when purchases result in higher costs to the Company than without such purchases, and where service to the Company's other Customers may be impaired by such purchases. The Company shall notify the Qualifying Facility(ies) as soon as possible or practical, and the FPSC of the problems leading to the need for such relief.

During the first 12 months in which the 70% capacity factor performance criteria is imposed, the Qualifying Facility's capacity factor shall be calculated by dividing the sum of the kilowatt hours delivered to the Company by the Qualifying Facility for the number of months since the performance criteria became applicable by the product of: (1) the number of hours in the months which have transpired and in which deliveries were accepted by the Company, and (2) the maximum kilowatt capacity contractually committed by the Qualifying Facility. This calculation shall be performed each month until enough months have transpired to calculate a true 12 month rolling average capacity factor.

(Continued on Page No. 4)

RATE SCHEDULE COG-2
APPENDIX A
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 3)

Surety Bond Requirements:

FPSC Rule 25-17.083(3)(c), F.A.C., requires that when early capacity payments are elected, the Qualifying Facility must provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's "Standard Offer Contract" one of the following may constitute an equivalent assurance of repayment:

(1) Surety bond;
(2) Escrow;
(3) Irrevocable letter of credit;
(4) Unsecured promise by municipal, county, or state government to repay early capacity payments in the event of default in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric Customers of such government to assure that early capacity payments are repaid;
(5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in conjunction with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
(6) Other guarantee acceptable to the Company.

The Company will cooperate with each Qualifying Facility applying for early capacity payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

RATE SCHEDULE COG-2
APPENDIX B
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

In-Service Date: January 1, 1996

NORMAL PAYMENT OPTION PARAMETERS

Where, for a one year deferral:

		Value
VAC_m	= utility's value of avoided capacity, in dollars per kilowatt per month, during month m;	$14.87/KW-MO
C	= a constant risk multiplier for the purpose of the utility's standard contract offer;	0.8
K	= present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;	1.572
I_n	= total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CWIP, of the Statewide Avoided Unit with an in-service date of year n;	$1,689/KW
O_n	= total first year's operating and maintenance expense, fixed in dollars per kilowatt per year and variable in dollars per megawatt-hour, of the Statewide Avoided Unit deflated to the beginning of the year n by i_o;	$31.41/KW-YR & $6.78/MWH
i_p	= annual escalation rate associated with the plant cost of the Statewide Avoided Unit;	5.6%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Statewide Avoided Unit;	5.4%
r	= annual discount rate, defined as the utility's incremental after tax cost of capital;	10.18%
L	= expected life of the Statewide Avoided Unit;	30 Yrs
n	= year for which the Statewide 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;	1996

EARLY PAYMENT OPTION PARAMETERS

		Value
A_m	= monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as five years prior to the anticipated in-service date of the Statewide Avoided Unit and continued (a) for a minimum period of 10 years and (b) for the expected life of the Statewide Avoided Unit, in dollars per kilowatt per month;	$4.62/KW-Mo & $5.86/KW-Mo
i_p	= annual escalation rate associated with the plant cost of the Statewide Avoided Unit;	5.4%
n	= year for which early capacity payments to a Qualifying Facility are made;	1991
F	= the cumulative present value (January, 1990) 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 Statewide Avoided Unit and continued (a) for a minimum period of 10 years and (b) for the expected life of the Statewide Avoided Unit;	$517.61 & $1,077.59
r	= annual discount rate, defined as the utility's incremental after tax cost of capital;	10.18%
t	= the minimum term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the Statewide Avoided Unit.	15 Yrs

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

Florida Power CORPORATION

RATE SCHEDULE COG-2
APPENDIX C
MONTHLY CAPACITY PAYMENTS RATE $/KW/MONTH
FOR PURCHASE OF FIRM CAPACITY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Unit Type: 500 MW Coal Unit (In-Service 1996)

AVOIDED CAPACITY PAYMENTS - $/KW/MONTH

Contract Year		Normal Payment Option Starting	Early Payment Option Starting				
From	To	1/1/96	1/1/95	1/1/94	1/1/93	1/1/92	1/1/91
01/90	12/90	-	-	-	-	-	-
01/91	12/91	-	-	-	-	-	5.86
01/92	12/92	-	-	-	-	6.54	6.18
01/93	12/93	-	-	-	7.30	6.90	6.53
01/94	12/94	-	-	8.16	7.71	7.29	6.90
01/95	12/95	-	9.13	8.61	8.14	7.70	7.28
01/96	12/96	14.87	14.29	13.75	13.25	12.78	12.35
01/97	12/97	15.69	15.08	14.51	13.98	13.49	13.03
01/98	12/98	16.56	15.92	15.32	14.76	14.23	13.75
01/99	12/99	17.48	16.80	16.16	15.57	15.02	14.51
01/00	12/00	18.45	17.73	17.06	16.43	15.85	15.31
01/01	12/01	19.47	18.71	18.00	17.34	16.73	16.15
01/02	12/02	20.55	19.74	19.00	18.30	17.65	17.05
01/03	12/03	21.69	20.84	20.05	19.31	18.63	17.99
01/04	12/04	22.89	21.99	21.16	20.38	19.66	18.98
01/05	12/05	24.16	23.21	22.33	21.51	20.74	20.03
01/06	12/06	25.49	24.49	23.56	22.70	21.89	21.14
01/07	12/07	26.90	25.85	24.87	23.95	23.10	22.31
01/08	12/08	28.39	27.28	26.24	25.28	24.38	23.54
01/09	12/09	29.97	28.79	27.69	26.68	25.73	24.84
01/10	12/10	31.63	30.38	29.23	28.15	27.15	26.21
01/11	12/11	33.38	32.06	30.84	29.71	28.65	27.66
01/12	12/12	35.23	33.84	32.55	31.35	30.23	29.19
01/13	12/13	37.18	35.71	34.35	33.08	31.90	30.80
01/14	12/14	39.24	37.69	36.25	34.91	33.67	32.50
01/15	12/15	41.41	39.78	38.26	36.85	35.53	34.30
01/16	12/16	43.70	41.98	40.38	38.88	37.49	36.20
01/17	12/17	46.13	44.30	42.61	41.04	39.57	38.20
01/18	12/18	48.68	46.76	44.97	43.30	41.75	40.31
01/19	12/19	51.38	49.35	47.46	45.70	44.06	42.53
01/20	12/20	54.22	52.08	50.08	48.23	46.50	44.88
01/21	12/21	57.23	54.96	52.86	50.90	49.07	47.36
01/22	12/22	60.40	58.00	55.78	53.71	51.78	49.98
01/23	12/23	63.74	61.22	58.87	56.68	54.65	52.75
01/24	12/24	67.27	64.61	62.13	59.82	57.67	55.66
01/25	12/25	71.00	68.18	65.56	63.13	60.86	58.74

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

Florida Power CORPORATION

RATE SCHEDULE COG-2
APPENDIX D
STANDARD OFFER CONTRACT RATE
FOR PURCHASE OF FIRM CAPACITY AND
ENERGY FROM SOLID WASTE FACILITIES

Applicability:

Appendix D of this rate schedule contains special provisions for the purchase of Firm Capacity and Energy from "Solid Waste Facilities" as defined by FPSC Rule 25-17.091, F.A.C.

Additional Capacity Incentives:

Firm Capacity payments pursuant to a Standard Offer Contract are calculated using values found in Appendix B of this rate schedule, however, a solid waste facility owned or operated by, or on behalf of, a local government which meets the criteria described in FPSC Rule 25-17.091, F.A.C. may sign the Company's Standard Offer Contract with these additional incentives:

(a) Use of a constant risk multiplier of 1.0.

(b) At the election of the solid waste facility, allow for early payment of the operation and maintenance components of the capacity payments, up to a Commission designated number of years before the in-service date of the Statewide Avoided Unit, calculated in accordance with Rule 25-17.083(3), F.A.C. and

(c) At the election of the solid waste facility allow for either:

(1) levelized capital payments calculated in accordance with the following methodology, or

(2) early levelized capital payments, up to a Commission-designated number of years before the in-service date of the Statewide Avoided Unit, calculated in accordance with the following methodology.

Located in Appendix E of this rate schedule is an example calculation of monthly capacity payments for the life of the Statewide Avoided Unit using a constant risk factor of 1.0, levelized and early levelized capital, and early O&M.

Levelized Payment Calculation:

Levelized capital payments shall be calculated as follows:

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

where,

P_L = the monthly levelized capital portion of the capacity payment starting up to a Commission designated number of years before the in-service date of the Statewide Avoided Unit;

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 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 governmental solid waste capacity.

(Continued on Page 2)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: OCTOBER 16, 1989

Florida Power CORPORATION

RATE SCHEDULE COG-2
APPENDIX D
STANDARD OFFER CONTRACT RATE
FOR PURCHASE OF FIRM CAPACITY AND
ENERGY FROM SOLID WASTE FACILITIES

Early O&M Calculation:

Early O&M payments are calculated consistent with the formula for early capacity payments contained in Appendix A of this rate schedule.

Surety Bond Requirements:

Section 377.709(4), Florida Statutes, requires the local government to refund early capacity payments should a solid waste facility be abandoned, closed down or rendered illegal. Although the Company may not require a surety or equivalent assurance of repayment, a solid waste facility may provide such surety bond or equivalent assurance.

In the event the Standard Offer Contract is between the Company and the private entity, the requirements of FPSC Rule 25-17.091, F.A.C. shall be satisfied if a local government 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.

Advance Capacity Payments:

A solid waste facility may elect either advanced capacity payments or normal capacity payments pursuant to FPSC Rules 25-17.083(3) and 25-17.091(7), F.A.C.

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: OCTOBER 16, 1989

Florida Power CORPORATION

RATE SCHEDULE COG-2
APPENDIX E
EXAMPLE CALCULATION OF MONTHLY CAPACITY PAYMENTS RATE $/KW/MONTH FOR PURCHASE OF FIRM CAPACITY FROM SOLID WASTE FACILITIES ELECTING THE STANDARD OFFER CONTRACT

Unit Type: 500 MW Coal Unit (In-Service 1996)

*** No Risk Factor; Levelized Capital; Early O&M ***

AVOIDED CAPACITY PAYMENTS - $/KW/MONTH

Contract Year		Normal Payment Option Starting	Early Payment Option Starting				
From	To	1/1/96	1/1/95	1/1/94	1/1/93	1/1/92	1/1/91
01/90	12/90	-	-	-	-	-	-
01/91	12/91	-	-	-	-	-	16.37
01/92	12/92	-	-	-	-	18.14	16.55
01/93	12/93	-	-	-	20.10	18.34	16.74
01/94	12/94	-	-	22.28	20.32	18.55	16.94
01/95	12/95	-	24.72	22.53	20.56	18.77	17.16
01/96	12/96	27.44	25.00	22.80	20.81	19.01	17.38
01/97	12/97	27.76	25.30	23.08	21.07	19.26	17.61
01/98	12/98	28.09	25.61	23.37	21.35	19.52	17.86
01/99	12/99	28.44	25.94	23.68	21.64	19.80	18.12
01/00	12/00	28.80	26.28	24.01	21.95	20.09	18.40
01/01	12/01	29.19	26.65	24.35	22.28	20.39	18.69
01/02	12/02	29.60	27.03	24.72	22.62	20.72	18.99
01/03	12/03	30.03	27.44	25.10	22.98	21.06	19.31
01/04	12/04	30.48	27.87	25.50	23.36	21.42	19.65
01/05	12/05	30.96	28.32	25.93	23.76	21.80	20.01
01/06	12/06	31.47	28.79	26.37	24.18	22.19	20.39
01/07	12/07	32.00	29.29	26.85	24.63	22.62	20.79
01/08	12/08	32.56	29.82	27.34	25.10	23.06	21.20
01/09	12/09	33.15	30.38	27.87	25.59	23.53	21.65
01/10	12/10	33.77	30.97	28.42	26.11	24.02	22.11
01/11	12/11	34.43	31.58	29.00	26.66	24.54	22.60
01/12	12/12	35.12	32.23	29.62	27.24	25.08	23.12
01/13	12/13	35.85	32.92	30.27	27.85	25.66	23.66
01/14	12/14	36.62	33.64	30.95	28.50	26.27	24.24
01/15	12/15	37.43	34.41	31.67	29.18	26.91	24.84
01/16	12/16	38.28	35.21	32.42	29.89	27.58	25.48
01/17	12/17	39.18	36.06	33.22	30.64	28.30	26.15
01/18	12/18	40.13	36.95	34.07	31.44	29.05	26.86
01/19	12/19	41.13	37.89	34.95	32.28	29.84	27.61
01/20	12/20	42.18	38.88	35.89	33.16	30.67	28.40
01/21	12/21	43.29	39.93	36.87	34.09	31.55	29.23
01/22	12/22	44.46	41.03	37.91	35.07	32.47	30.10
01/23	12/23	45.69	42.19	39.01	36.10	33.45	31.02
01/24	12/24	46.99	43.42	40.16	37.19	34.48	32.00
01/25	12/25	48.36	44.71	41.38	38.34	35.56	33.02

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE:

PROPOSED CHANGES TO RATE SCHEDULE COG-2

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Availability:

Florida Power Corporation will purchase Firm Capacity and Energy offered by any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. Florida Power Corporation will negotiate and may contract with any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company for the purchase of Firm Capacity and Energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers.

Applicable:

To any cogeneration or small power production Qualifying Facility, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract" or a separately negotiated contract. Firm Capacity and Energy are described by the Florida Public Service Commission (FPSC) Rule 25-17.083, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to quantity, time, and reliability of delivery. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25.17.080, F.A.C.

Character of Service:

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

Limitation of Service:

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

A. Execute a Company "Standard Offer Contract" at least two (2) years prior to the in-service date of the Statewide Avoided Unit; and
B. Commit to commence deliveries of Firm Capacity and Energy no later than January 1, ~~1993,~~ 1996 and to continue such deliveries for at least a minimum of ten (10) years; and
C. Provide capacity which would not result in the ~~Company's~~ subscription limit 500 ~~(409~~ MW) ~~as indentified in the FPSC Order No. 22341~~ on capacity deficit to be exceeded.

Rates for Purchases by the Company:

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of deferring additional generating capacity in Florida. For the purpose of this schedule, a Statewide Avoided Unit has been designated by the FPSC and is considered to be a 500 MW Coal Unit ~~series of combined cycle generating plants consisting of three 385 MW combined cycle generating units~~ with an in-service date~~s~~ of January 1, 1996 ~~January 1, 1993, January 1, 1994, and January 1, 1995.~~ Appendix A of this rate schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's "Standard Offer Contract" pursuant to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

(Continued on Page No. 2)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: ~~OCTOBER 16, 1989~~

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

(Continued from Page No. 1)

Rates for Purchases by the Company: (Continued)

A. Firm Capacity Rates:

Three options, A through C, as set forth below, are available for payment for Firm Capacity which is produced by the Qualifying Facility and delivered to the Company. Once selected, an option shall remain in effect for the term of the contract with the Company.

Solid waste facilities may qualify for a unique incentive schedule of monthly Capacity Payments developed using methodology described in Appendix D, and found in Appendix E of this rate schedule.

Option A - Fixed Value of Deferral

Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1996 ~~1995,~~ calculated in accordance with FPSC Rule 25-17.083, F.A.C., as described in Appendix A of this rate schedule. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the "Standard Offer Contract."

The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start. The Company will provide the Qualifying Facility with a schedule of capacity payment rates based on the month and year in which the delivery of Firm Capacity and Energy are to commence and the term of the contract. The minimum required contract term must extend at least ten (10) years beyond the in-service date of the Statewide Avoided Unit. An exemplary payment schedule for the expected life of the Statewide Avoided Unit is contained in Appendix C of this rate schedule. The currently approved parameters used to calculate this payment schedule is found in Appendix B of this rate schedule.

Option B - Variable Value of Deferral

Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1996 ~~1993~~. Once this option is selected, the Statewide Avoided Unit designation and its in-service date shall remain fixed for the term of the "Standard Offer Contract." The value of deferral, however, shall be recalculated annually and the payment schedule shall be adjusted, upon approval by the FPSC, to reflect the most recent factors affecting the cost of constructing the Statewide Avoided Unit. The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start pursuant to this option.

The methodology used to determine the level of payment each year is the same as that used in Option A of this rate schedule and is described in Appendix A of this rate schedule. For informational purposes only, the current projection of payments are those contained in Option A and found in Appendix C of this rate schedule.

Option C - Average Embedded Book Cost of Fossil Steam Production Plant

Monthly capacity payments made under this option shall be based on the Company's current average embedded book cost of fossil steam production plant approved by the FPSC and in effect in the year in which payment is made.

The following monthly payment schedule is provided for informational purposes only. It reflects the Company's current projection of payments. Payment schedules for longer contract terms will be made available to a Qualifying Facility upon request.

Projected Monthly Capacity Payment Rate - $/KW/Month

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
3.82	3.75	3.65	3.40	3.22	3.76	3.61	4.13	3.95	4.44	4.39	4.94	4.76

(Continued on Page No. 3)

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 2)

Rates for Purchases by the Company: (Continued)

B. Energy Rates:

1. Payments Prior to the In-Service Date of the Statewide Avoided Unit
The energy rate in cents per kilowatt-hour (¢/KWH) shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. When economy transactions take place, the incremental costs are calculated after the purchase or before the sale of the economy energy.

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

2. Payments Starting with the In-Service Date of the Statewide Avoided Unit
The energy rate in cents per kilowatt-hour (¢/KWH) shall be the lesser of an hour by hour comparison of: (a) the fuel component of the avoided energy cost of the utility planning the Statewide Avoided Unit calculated in accordance with Rule 25-17.0825, F.A.C.; and (b) the Statewide Avoided Unit Fuel Cost. The Statewide Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/KWH) shall be defined as the product of: (a) the lesser of the average monthly inventory charge out price of coal ~~natural gas or No. 2 fuel oil~~ burned at Florida Power & Light's St. Johns River Power Park ~~Putnam~~ site, in cents per million BTU; and (b) an average annual heat rate of ~~7.62~~ 9.79 million BTU per megawatt-hour.

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

Estimated Firm Energy Cost:

For informational purposes only, the estimated incremental avoided energy costs for the next four semiannual periods are as follows: These estimates include a credit for estimated variable operating and maintenance expense of 0.056¢/KWH. The variable O&M credit will be recomputed monthly in accordance with the Company's methodology.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April, 1990 - September, 1990	4.449	2.594	3.457
October, 1990 - March, 1991	3.366	2.479	2.869
April, 1991 - September, 1991	4.552	2.678	3.549
October, 1991 - March, 1992	3.757	2.694	3.160

A 100 MW block has been used to calculate the estimated avoided energy cost.

(Continued on Page No. 4)

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 3)

Performance Criteria:

Payments for firm capacity are conditioned on the Qualifying Facility's ability to maintain the following performance criteria:

A. Commercial In-Service Date

Capacity payments shall not commence until the Qualifying Facility has attained and demonstrated commercial in-service status. The commercial in-service date of a Qualifying Facility shall be defined as the first day of the month following the successful completion of the Qualifying Facility maintaining an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Qualifying Facility's "Standard Offer Contract" committed capacity for a 24 hour period. A Qualifying Facility shall coordinate the selection of and operation of its facility during this test period with the Company to insure that the performance of its facility during this 24 hour period is reflective of the anticipated day to day operation of the Qualifying Facility.

B. Capacity Factor

Upon achieving commercial in-service status, payments for Firm Capacity shall be made monthly in accordance with the capacity payment rate option selected by the Qualifying Facility and subject to the provision that the Qualifying Facility maintains a 70% capacity factor on a 12 month rolling average basis as defined in Appendix A of this rate schedule. Failure to achieve this capacity factor shall result in the Qualifying Facility's forfeiture of payments for Firm Capacity during the month in which such failure occurs. Where early capacity payments have been elected and starting with the month of the in-service date of the Statewide Avoided Unit, failure of a Qualifying Facility to maintain a 70% capacity factor on a 12 month rolling average basis shall also result in payments by the Qualifying Facility to the Company. The amount of such payments shall be equal to the difference between: (1) what the Qualifying Facility would have been paid had it elected the normal payment option starting with the in-service date of the Statewide Avoided Unit; and (2) what it would have been paid pursuant to the early payment option had it maintained the capacity factor performance criteria.

All capacity payments made by the Company prior to the in-service date of the Statewide Avoided Unit, are considered "early payments." The owner or operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with interest, the cumulative amount of early capacity payments in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is discussed in Appendix A of this rate schedule.

C. Additional Criteria

1. The Qualifying Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
2. The Qualifying Facility shall promptly update its yearly generation schedule when any changes are determined necessary; and
3. The Qualifying Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
4. The Qualifying Facility shall coordinate scheduled outages with the Company; and
5. The Qualifying Facility shall comply with the reasonable requests of the Company regarding daily or hourly communications.

(Continued on Page No. 5)

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 4)

Delivery Voltage Adjustment:

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

Qualifying Facility Delivery Voltage	Adjustment Factor
69 KV or greater	~~1.042~~ 1.039
4 KV, 12 KV, 25 KV	~~1.058~~ 1.050
600 Volts or lower	~~1.085~~ 1.061

Metering Requirements:

Qualifying Facilities within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy production. Energy purchases from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering firm capacity and energy to the Company.

For the purpose of this schedule, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31, from 12 noon to 9:00 p.m., and November 1 - March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

Billing Options:

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The decision to change billing methods can be made once every twelve months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period provided the Company is given at least thirty days written notice before the change is to take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the qualifying facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

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

Charges to Qualifying Facility:

A. **Customer Charges:**

Monthly Customer Charges for meter reading, billing, and other applicable administrative costs by Rate Schedule are:

RS-1	$ 5.32	GSLD-2	$230.91
RST-1	9.83	GSLDT-2	230.91
GS-1	5.32	CS-1	152.49
GST-1	9.83	CST-1	152.49
GSD-1	15.46	IS-1	413.91
GSDT-1	19.98	IST-1	413.91
GSLD-1	79.30	MS-1	5.32
GSLDT-1	83.81		

(Continued on Page No. 6)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: ~~OCTOBER 16, 1989~~

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 5)

Charges to Qualifying Facility: (Continued)

B. Interconnection Charge for Non-Variable Utility Expenses:

The Qualifying Facility shall bear the cost required for interconnection including the metering. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate to be determined by the Company thirty (30) days prior to the date of each payment.

When equal monthly payments are elected, the Qualifying Facility shall provide a surety bond or equivalent assurance of repayment of interconnection costs in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, one of the following may constitute an equivalent assurance of repayment:

(1) Surety bond;
(2) Escrow;
(3) Irrevocable letter of credit;
(4) Unsecured promise by a municipal, county, or state government to repay early capacity payments in the event of default in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric Customers of such government to assure that early capacity payments are repaid;
(5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in connection with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
(6) Other guarantee acceptable to the Company.

The Company will cooperate with each Qualifying Facility applying for monthly payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

C. Interconnection Charge for Variable Utility Expenses:

The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance 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 may pay a monthly charge equal to 0.50% of the installed cost of the interconnection facilities.

D. Taxes and Assessments:

The Qualifying Facility shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of Firm Capacity and Energy produced by the Qualifying Facility.

(Continued on Page No. 7)

Florida Power CORPORATION

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

See INSERT "A" as attached

(Continued from Page No. 6)

Terms of Service:

1. It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generating capability.

2. Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

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

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

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

4. The Company shall specify the point of interconnection and voltage level.

5. The Company will, under the provisions of this Schedule, require an agreement with the Qualifying Facility upon the Company's filed Standard Offer Contract and Standard Agreement for Parallel Operation between the Qualifying Facility and the Company. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's General Standard for Safety and Interconnection where applicable.

6. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

Special Provisions:

1. Special contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2. A Qualifying Facility located within the Company's service territory may sell Firm Capacity and Energy to a utility other than the Company. Where such agreements exist and existing transmission capacity is available, the Company will provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility.

   When a Qualifying Facility located within the Company's service territory exercises its option to sell As-Available Energy to a utility other than the Company prior to the in-service date of the Statewide Avoided Unit and existing transmission capacity is available, the Company will also provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Qualifying Facility located outside the Company's service territory for delivery of the Qualifying Facility's power to the purchasing utility or to an intermediate utility. Transmission service will be provided, subject to availability, under rates, terms, and conditions filed with and accepted for filing by the Federal Energy Regulatory Commission.

(Continued on Page No. 8)

RATE SCHEDULE COG-2
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 7)

Special Provisions: (Continued)

The Qualifying Facility shall be responsible for all costs associated with such wheeling including:

A. Wheeling charges,
B. Line losses incurred by the Company,
C. Inadvertent energy flows resulting from such wheeling.

Energy delivered to the Company shall be adjusted before delivery to another utility as follows:

Qualifying Facility Delivery Voltage	Adjustment Factor
69 KV or greater	~~0.960~~ .9625
4 KV, 12 KV, 25 KV	~~0.945*~~ .9525*
600 Volts or lower	~~0.922*~~ .9421*

*The 69 KV or greater adjustment factor shall apply if the following conditions are met for Qualifying Facility power and energy input to the Company's distribution facilities:

(1) The input power and energy fully displaces power and energy that the Company would otherwise be required to supply to other customers on the same distribution facility, and

(2) The delivery voltage to the receiving utility system is 69 KV or greater.

The Company may deny, curtail, or discontinue providing transmission service under this special provision if the provision of such service would adversely affect the adequacy, reliability, or cost of providing electric service to its general body of retail and wholesale customers.

For a more complete description of the rates, terms, and conditions under which transmission service may be offered, refer to the Company's currently effective wholesale tariff rate schedule applicable to transmission service, a copy of which is on file with the Florida Public Service Commission and available from the Company upon request.

Florida Power
CORPORATION

RESERVED FOR FUTURE USE

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: OCTOBER 16, 1989

RATE SCHEDULE COG-2
APPENDIX A
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Applicability:

Appendix A of this rate schedule provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring the Statewide Avoided Unit referred to in Schedule COG-2. When used in conjunction with the current FPSC approved cost parameters associated with the Statewide Avoided Unit contained in Appendix B of this rate schedule, a Qualifying Facility may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the Qualifying Facility enter into a "Standard Offer Contract" with the utility.

Also contained in Appendix A of this rate schedule is the methodology used by the Company to calculate the 12 month rolling average capacity factor of a Qualifying Facility and a discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early capacity payments acceptable to the Company in the event of contractual default by a Qualifying Facility.

Calculation of Value of Deferral:

FPSC Rule 25-17.083(7) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with firm capacity sold to a utility by a Qualifying Facility pursuant to the utility's standard offer shall be defined as the value of a year-by-year deferral of the Statewide Avoided Unit and shall be calculated as follows:

$$VAC_m = \frac{C}{12}\left[KI_n \left[\frac{1 - \left[\frac{1+i_p}{1+r}\right]}{1 - \left[\frac{1+i_p}{1+r}\right]^L} \right] + O_n \left[\frac{1+i_o}{1+r}\right] \right]$$

Where, for a one year deferral:

VAC_m = utility's value of avoided capacity, in dollars per kilowatt per month, during month m;

C = a constant risk multiplier equal to 0.8 for the purpose of the utility's standard offer agreement;

K = present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;

I_n = total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CWIP, of the Statewide Avoided Unit with an in-service date of year n;

O_n = total first year's fixed and variable operating and maintenance expense, less fuel and in dollars per kilowatt per year, of the Statewide Avoided Unit deflated to the beginning of year n by i_o;

i_p = annual escalation rate associated with the plant cost of the Statewide Avoided Unit;

(Continued on Page No. 2)

RATE SCHEDULE COG-2
APPENDIX A
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

(Continued from Page No. 1)

Calculation of Value of Deferral: (Continued)

i_o = annual escalation rate associated with the plant O&M cost of the Statewide Avoided Unit;

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

L = expected life of the Statewide Avoided Unit; and

n = year for which the Statewide 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.

Normally, payment for firm capacity shall not commence until the in-service date of the Statewide Avoided Unit. At the option of the Qualifying Facility, however, the utility may begin making early capacity payments consisting of the capital cost component of the value of a year-by-year deferral of the Statewide Avoided Unit starting as early as seven years prior to the anticipated in-service date of the Statewide Avoided Unit. In the event the anticipated in-service date of the Statewide Avoided Unit is less than seven years hence, early capacity payments are available at any time prior to this date. When such early capacity payments are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the commercial in-service date of the Qualifying Facility, and shall be calculated as follows:

$$A_m = \frac{A\,(1 + i_p)^n}{12}; \text{ for } n = o, n$$

Where:

A_m = monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as ~~three~~ five years prior to the anticipated in-service date of the Statewide Avoided Unit, in dollars per kilowatt per month.

i_p = annual escalation rate associated with the plant cost of the Statewide Avoided Unit;

n = year for which early capacity payments to a Qualifying Facility are made; and

(Continued on Page No. 3)

Florida Power CORPORATION

RATE SCHEDULE COG-2
APPENDIX A
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 2)

Calculation of Value of Deferral: (Continued)

Where:

$$A = F \left[\frac{1 - \left[\frac{1 + i_p}{1 + r} \right]}{1 - \left[\frac{1 + i_p}{1 + r} \right]^t} \right]$$

Where:

F = the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Statewide Avoided Unit;

r = 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 commencing prior to the in-service date of the Statewide Avoided Unit, and commencing with the year in which the Qualifying Facility elects to receive early capacity payments.

Currently approved parameters applicable to the formulas above are found in Appendix B of this rate schedule.

Calculation of 12 Month Rolling Average Capacity Factor:

Pursuant to FPSC Rule 25-17.083(3)(a)(ii), F.A.C., and Order 13247, Docket No. 830377-EU, a Qualifying Facility must maintain a 70% capacity factor in order to receive capacity payments. For the purpose of this schedule, the capacity factor of the Qualifying Facility shall be defined as: the total kilowatt-hours of energy delivered to the utility during the preceding 12 months, divided by the product of: (1) the maximum kilowatt capacity contractually committed for delivery to the Company by the Qualifying Facility during the preceding 12 months, and (2) the sum of the total hours during the preceding 12 months less those hours during which the Company was unable to accept energy and capacity deliveries from the Qualifying Facility. The Company shall be relieved of its obligation under FPSC Rule 25-17.082, F.A.C., to purchase electricity from a Qualifying Facility when purchases result in higher costs to the Company than without such purchases, and where service to the Company's other Customers may be impaired by such purchases. The Company shall notify the Qualifying Facility(ies) as soon as possible or practical, and the FPSC of the problems leading to the need for such relief.

During the first 12 months in which the 70% capacity factor performance criteria is imposed, the Qualifying Facility's capacity factor shall be calculated by dividing the sum of the kilowatt hours delivered to the Company by the Qualifying Facility for the number of months since the performance criteria became applicable by the product of: (1) the number of hours in the months which have transpired and in which deliveries were accepted by the Company, and (2) the maximum kilowatt capacity contractually committed by the Qualifying Facility. This calculation shall be performed each month until enough months have transpired to calculate a true 12 month rolling average capacity factor.

(Continued on Page No. 4)

"No Changes"

RATE SCHEDULE COG-2
APPENDIX A
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
(Continued from Page No. 3)

Surety Bond Requirements:

FPSC Rule 25-17.083(3)(c), F.A.C., requires that when early capacity payments are elected, the Qualifying Facility must provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's "Standard Offer Contract" one of the following may constitute an equivalent assurance of repayment:

(1) Surety bond;
(2) Escrow;
(3) Irrevocable letter of credit;
(4) Unsecured promise by municipal, county, or state government to repay early capacity payments in the event of default in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric Customers of such government to assure that early capacity payments are repaid;
(5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in conjunction with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
(6) Other guarantee acceptable to the Company.

The Company will cooperate with each Qualifying Facility applying for early capacity payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

RATE SCHEDULE COG-2
APPENDIX B
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)
In-Service Date: January 1, ~~1993~~ 1996

NORMAL PAYMENT OPTION PARAMETERS

Where, for a one year deferral:

			Value
VAC_m	=	utility's value of avoided capacity, in dollars per kilowatt per month, during month m;	$14.87 ~~$5.98/KW-MO~~
C	=	a constant risk multiplier for the purpose of the utility's standard contract offer;	0.8
K	=	present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;	1.572
I_n	=	total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CWIP, of the Statewide Avoided Unit with an in-service date of year n;	$721/KW
O_n	=	total first year's operating and maintenance expense, fixed in dollars per kilowatt per year and variable in dollars per megawatt-hour, of the Statewide Avoided Unit deflated to the beginning of the year n by i_o;	$31.41 ~~$17.56/KW-YR~~ & $6.78 ~~$0.74/MWH~~
i_p	=	annual escalation rate associated with the plant cost of the Statewide Avoided Unit;	5.6% ~~5.4%~~
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Statewide Avoided Unit;	5.4% ~~5.34%~~
r	=	annual discount rate, defined as the utility's incremental after tax cost of capital;	10.18% ~~10.45%~~
L	=	expected life of the Statewide Avoided Unit;	30 Yrs
n	=	year for which the Statewide 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;	1996 ~~1993~~

EARLY PAYMENT OPTION PARAMETERS

			Value
A_m	=	monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as ~~three~~ five years prior to the anticipated in-service date of the Statewide Avoided Unit, (a) for a minimum period of 10 years and (b) for the expected life of the Statewide Avoided Unit in dollars per kilowatt per month;	$4.62 ~~$2.79/KW-Mo~~ $5.86/KW-Mo.
i_p	=	annual escalation rate associated with the plant cost of the Statewide Avoided Unit;	5.4%
n	=	year for which early capacity payments to a Qualifying Facility are made;	1991 ~~1990~~
F	=	the cumulative present value (January, 1990) 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 Statewide Avoided Unit and continued (a) for a minimum period of 10 years and (b) for the expected life of the Statewide Avoid Unit;	$517.61 ~~$394.25~~ & ~~$609.28~~ $1,077.59
r	=	annual discount rate, defined as the utility's incremental after tax cost of capital;	10.18% ~~10.45%~~
t	=	the minimum term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the Statewide Avoided Unit.	15 ~~13~~ Yrs

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: ~~OCTOBER 16, 1989~~

RATE SCHEDULE COG-2
APPENDIX C
MONTHLY CAPACITY PAYMENTS RATE $/KW/MONTH
FOR PURCHASE OF FIRM CAPACITY FROM
QUALIFYING COGENERATION & SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

Unit Type: 500 ~~385~~ MW Coal ~~Combined Cycle~~ Unit (~~in-Service 1993~~) 1996

AVOIDED CAPACITY PAYMENTS - $/KW/MONTH

Contract Year From	Contract Year To	Normal Payment Option Starting 1/1/~~93~~96	Early Payment Option Starting 1/1/~~92~~95	1/1/~~91~~94	1/1/~~90~~93	1/1/92	1/1/91
01/90	12/90	-	-	-	— ~~3.26~~	—	—
01/91	12/91	-	-	— ~~3.65~~	— ~~3.44~~	—	5.86
01/92	12/92	-	— ~~4.09~~	— ~~3.84~~	— ~~3.62~~	6.54	6.18
01/93	12/93	— ~~5.98~~	— ~~5.71~~	— ~~5.46~~	7.30 ~~5.22~~	6.90	6.53
01/94	12/94	— ~~6.31~~	— ~~6.02~~	8.16 ~~5.75~~	7.71 ~~5.50~~	7.29	6.90
01/95	12/95	— ~~6.65~~	9.13 ~~6.34~~	8.61 6.06	8.14 ~~5.80~~	7.70	7.28
01/96	12/96	14.87 ~~7.00~~	14.29 ~~6.68~~	13.75 ~~6.39~~	13.25 ~~6.11~~	12.78	12.35
01/97	12/97	15.69 ~~7.38~~	15.08 ~~7.04~~	14.51 ~~6.73~~	13.98 ~~6.44~~	13.49	13.03
01/98	12/98	16.56 ~~7.78~~	15.92 ~~7.42~~	15.32 ~~7.09~~	14.76 ~~6.79~~	14.23	13.75
01/99	12/99	17.48 ~~8.20~~	16.80 ~~7.82~~	16.16 ~~7.48~~	15.57 ~~7.15~~	15.02	14.51
01/00	12/00	18.45 ~~8.64~~	17.73 ~~8.24~~	17.06 ~~7.88~~	16.43 ~~7.54~~	15.85	15.31
01/01	12/01	19.47 ~~9.11~~	18.71 ~~8.69~~	18.00 ~~8.30~~	17.34 ~~7.94~~	16.73	16.15
01/02	12/02	20.55 ~~9.60~~	19.74 ~~9.16~~	19.00 ~~8.75~~	18.30 ~~8.37~~	17.65	17.05
01/03	12/03	21.69 ~~10.11~~	20.84 ~~9.65~~	20.05 ~~9.22~~	19.31 ~~8.82~~	18.63	17.99
01/04	12/04	22.89 ~~10.66~~	21.99 ~~10.17~~	21.16 ~~9.72~~	20.38 ~~9.30~~	19.66	18.98
01/05	12/05	24.16 ~~11.23~~	23.21 ~~10.72~~	22.33 ~~10.24~~	21.51 ~~9.80~~	20.74	20.03
01/06	12/06	25.49 ~~11.84~~	24.49 ~~11.29~~	23.56 ~~10.79~~	22.70 ~~10.33~~	21.89	21.14
01/07	12/07	26.90 ~~12.47~~	25.85 ~~11.90~~	24.87 ~~11.37~~	23.95 ~~10.88~~	23.10	22.31
01/08	12/08	28.39 ~~13.15~~	27.28 ~~12.54~~	26.24 ~~11.99~~	25.28 ~~11.47~~	24.38	23.54
01/09	12/09	29.97 ~~13.85~~	28.79 ~~13.22~~	27.69 ~~12.63~~	26.68 ~~12.08~~	25.73	24.84
01/10	12/10	31.63 ~~14.60~~	30.38 ~~13.93~~	29.23 ~~13.31~~	28.15 ~~12.73~~	27.15	26.21
01/11	12/11	33.38 ~~15.39~~	32.06 ~~14.68~~	30.84 ~~14.03~~	29.71 ~~13.42~~	28.65	27.66
01/12	12/12	35.23 ~~16.21~~	33.84 ~~15.47~~	32.55 ~~14.78~~	31.35 ~~14.14~~	30.23	29.19
01/13	12/13	37.18 ~~17.09~~	35.71 ~~16.31~~	34.35 ~~15.58~~	33.08 ~~14.90~~	31.90	30.80
01/14	12/14	39.24 ~~18.01~~	37.69 ~~17.18~~	36.25 ~~16.42~~	34.91 ~~15.71~~	33.67	32.50
01/15	12/15	41.41 ~~18.98~~	39.78 ~~18.11~~	38.26 ~~17.30~~	36.85 ~~16.55~~	35.53	34.30
01/16	12/16	43.70 ~~20.00~~	41.98 ~~19.08~~	40.38 ~~18.23~~	38.88 ~~17.44~~	37.49	36.20
01/17	12/17	46.13 ~~21.08~~	44.30 ~~20.11~~	42.61 ~~19.22~~	41.04 ~~18.38~~	39.57	38.20
01/18	12/18	48.68 ~~22.21~~	46.76 ~~21.19~~	44.97 ~~20.25~~	43.30 ~~19.37~~	41.75	40.31
01/19	12/19	51.38 ~~23.41~~	49.35 ~~22.34~~	47.46 ~~21.34~~	45.70 ~~20.42~~	44.06	42.53
01/20	12/20	54.22 ~~24.67~~	52.08 ~~23.54~~	50.08 ~~22.49~~	48.23 ~~21.52~~	46.50	44.88
01/21	12/21	57.23 ~~26.00~~	54.96 ~~24.81~~	52.86 ~~23.70~~	50.90 ~~22.67~~	49.07	47.36
01/22	12/22	60.40 ~~27.40~~	58.00 ~~26.14~~	55.78 ~~24.98~~	53.71 ~~23.89~~	51.78	49.98
01/23	12/23	63.74 —	61.22 —	58.87 —	56.68 —	54.65	52.75
01/24	12/24	67.27 —	64.61 —	62.13 —	59.82 —	57.67	55.66
01/25	12/25	71.00 —	68.18 —	65.56 —	63.13 —	60.86	58.74

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: ~~OCTOBER 16, 1989~~

"No changes"

RATE SCHEDULE COG-2
APPENDIX D
STANDARD OFFER CONTRACT RATE
FOR PURCHASE OF FIRM CAPACITY AND
ENERGY FROM SOLID WASTE FACILITIES

Applicability:

Appendix D of this rate schedule contains special provisions for the purchase of Firm Capacity and Energy from "Solid Waste Facilities" as defined by FPSC Rule 25-17.091, F.A.C.

Additional Capacity Incentives:

Firm Capacity payments pursuant to a Standard Offer Contract are calculated using values found in Appendix B of this rate schedule, however, a solid waste facility owned or operated by, or on behalf of, a local government which meets the criteria described in FPSC Rule 25-17.091, F.A.C. may sign the Company's Standard Offer Contract with these additional incentives:

(a) Use of a constant risk multiplier of 1.0.

(b) At the election of the solid waste facility, allow for early payment of the operation and maintenance components of the capacity payments, up to a Commission designated number of years before the in-service date of the Statewide Avoided Unit, calculated in accordance with Rule 25-17.083(3), F.A.C. and

(c) At the election of the solid waste facility allow for either:

(1) levelized capital payments calculated in accordance with the following methodology, or

(2) early levelized capital payments, up to a Commission-designated number of years before the in-service date of the Statewide Avoided Unit, calculated in accordance with the following methodology.

Located in Appendix E of this rate schedule is an example calculation of monthly capacity payments for the life of the Statewide Avoided Unit using a constant risk factor of 1.0, levelized and early levelized capital, and early O&M.

Levelized Payment Calculation:

Levelized capital payments shall be calculated as follows:

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

where,

P_L = the monthly levelized capital portion of the capacity payment starting up to a Commission designated number of years before the in-service date of the Statewide Avoided Unit;

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 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 governmental solid waste capacity.

(Continued on Page 2)

RATE SCHEDULE COG-2
APPENDIX D
STANDARD OFFER CONTRACT RATE
FOR PURCHASE OF FIRM CAPACITY AND
ENERGY FROM SOLID WASTE FACILITIES

Early O&M Calculation:

Early O&M payments are calculated consistent with the formula for early capacity payments contained in Appendix A of this rate schedule.

Surety Bond Requirements:

Section 377.709(4), Florida Statutes, requires the local government to refund early capacity payments should a solid waste facility be abandoned, closed down or rendered illegal. Although the Company may not require a surety or equivalent assurance of repayment, a solid waste facility may provide such surety bond or equivalent assurance.

In the event the Standard Offer Contract is between the Company and the private entity, the requirements of FPSC Rule 25-17.091, F.A.C. shall be satisfied if a local government 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.

Advance Capacity Payments:

A solid waste facility may elect either advanced capacity payments or normal capacity payments pursuant to FPSC Rules 25-17.083(3) and 25-17.091(7), F.A.C.

RATE SCHEDULE COG-2
APPENDIX E
EXAMPLE CALCULATION OF
MONTHLY CAPACITY PAYMENTS RATE $/KW/MONTH
FOR PURCHASE OF FIRM CAPACITY FROM
SOLID WASTE FACILITIES
ELECTING THE STANDARD OFFER CONTRACT

Unit Type: 500 ~~305~~ MW COAL ~~Combined Cycle~~ Unit (In-Service 1996)

*** No Risk Factor; Levelized Capital; Early O&M ***

AVOIDED CAPACITY PAYMENTS - $/KW/MONTH

Contract Year From	Contract Year To	Normal Payment Option Starting 1/1/1996	Early Payment Option Starting 1/1/1995	1/1/1994	1/1/1993	01/01/92	01/01/91
01/90	12/90	-	-	-	— ~~8.14~~	—	—
01/91	12/91	-	-	— ~~9.04~~	— ~~8.21~~	—	16.37
01/92	12/92	-	~~10.05~~	— ~~9.12~~	— ~~8.28~~	18.14	16.55
01/93	12/93	~~11.17~~	~~10.13~~	— ~~9.20~~	20.10 ~~8.35~~	18.34	16.74
01/94	12/94	~~11.26~~	~~10.22~~	22.28 ~~9.28~~	20.32 ~~8.43~~	18.55	16.94
01/95	12/95	~~11.36~~	24.72 ~~10.31~~	22.53 ~~9.37~~	20.56 ~~8.51~~	18.77	17.16
01/96	12/96	27.44 ~~11.47~~	25.00 ~~10.41~~	22.80 ~~9.46~~	20.81 ~~8.60~~	19.01	17.38
01/97	12/97	27.76 ~~11.58~~	25.30 ~~10.51~~	23.08 ~~9.56~~	21.07 ~~8.69~~	19.26	17.61
01/98	12/98	28.09 ~~11.69~~	25.61 ~~10.62~~	23.37 ~~9.66~~	21.35 ~~8.79~~	19.52	17.86
01/99	12/99	28.44 ~~11.81~~	25.94 ~~10.74~~	23.68 ~~9.76~~	21.64 ~~8.89~~	19.80	18.12
01/00	12/00	28.80 ~~11.94~~	26.28 ~~10.86~~	24.01 ~~9.88~~	21.95 ~~9.00~~	20.09	18.40
01/01	12/01	29.19 ~~12.08~~	26.65 ~~10.98~~	24.35 ~~10.00~~	22.28 ~~9.11~~	20.39	18.69
01/02	12/02	29.60 ~~12.22~~	27.03 ~~11.12~~	24.72 ~~10.12~~	22.62 ~~9.23~~	20.72	18.99
01/03	12/03	30.03 ~~12.37~~	27.44 ~~11.26~~	25.10 ~~10.26~~	22.98 ~~9.35~~	21.06	19.31
01/04	12/04	30.48 ~~12.53~~	27.87 ~~11.41~~	25.50 ~~10.40~~	23.36 ~~9.48~~	21.42	19.65
01/05	12/05	30.96 ~~12.69~~	28.32 ~~11.56~~	25.93 ~~10.54~~	23.76 ~~9.62~~	21.80	20.01
01/06	12/06	31.47 ~~12.87~~	28.79 ~~11.73~~	26.37 ~~10.70~~	24.18 ~~9.77~~	22.19	20.39
01/07	12/07	32.00 ~~13.05~~	29.29 ~~11.90~~	26.85 ~~10.86~~	24.63 ~~9.92~~	22.62	20.79
01/08	12/08	32.56 ~~13.25~~	29.82 ~~12.08~~	27.34 ~~11.03~~	25.10 ~~10.08~~	23.06	21.20
01/09	12/09	33.15 ~~13.45~~	30.38 ~~12.27~~	27.87 ~~11.21~~	25.59 ~~10.25~~	23.53	21.65
01/10	12/10	33.77 ~~13.67~~	30.97 ~~12.48~~	28.42 ~~11.40~~	26.11 ~~10.43~~	24.02	22.11
01/11	12/11	34.43 ~~13.89~~	31.58 ~~12.69~~	29.00 ~~11.60~~	26.66 ~~10.62~~	24.54	22.60
01/12	12/12	35.12 ~~14.13~~	32.23 ~~12.92~~	29.62 ~~11.82~~	27.24 ~~10.82~~	25.08	23.12
01/13	12/13	35.85 ~~14.38~~	32.92 ~~13.15~~	30.27 ~~12.04~~	27.85 ~~11.03~~	25.66	23.66
01/14	12/14	36.62 ~~14.65~~	33.64 ~~13.40~~	30.95 ~~12.27~~	28.50 ~~11.25~~	26.27	24.24
01/15	12/15	37.43 ~~14.93~~	34.41 ~~13.66~~	31.67 ~~12.52~~	29.18 ~~11.48~~	26.91	24.84
01/16	12/16	38.28 ~~15.22~~	35.21 ~~13.94~~	32.42 ~~12.78~~	29.89 ~~11.73~~	27.58	25.48
01/17	12/17	39.18 ~~15.53~~	36.06 ~~14.23~~	33.22 ~~13.06~~	30.64 ~~11.99~~	28.30	26.15
01/18	12/18	40.13 ~~15.86~~	36.95 ~~14.54~~	34.07 ~~13.34~~	31.44 ~~12.26~~	29.05	26.86
01/19	12/19	41.13 ~~16.21~~	37.89 ~~14.86~~	34.95 ~~13.65~~	32.28 ~~12.55~~	29.84	27.61
01/20	12/20	42.18 ~~16.57~~	38.88 ~~15.21~~	35.89 ~~13.97~~	33.16 ~~12.85~~	30.67	28.40
01/21	12/21	43.29 ~~16.96~~	39.93 ~~15.56~~	36.87 ~~14.31~~	34.09 ~~13.17~~	31.55	29.23
01/22	12/22	44.46 ~~17.35~~	41.03 ~~15.94~~	37.91 ~~14.66~~	35.07 ~~13.50~~	32.47	30.10
01/23	12/23	45.69	42.19	39.01	36.10	33.45	31.02
01/24	12/24	46.99	43.42	40.16	37.19	34.48	32.00
01/25	12/25	48.36	44.71	41.38	38.34	35.56	33.02

~~ATTACHMENT 1~~
~~TO INTERCONNECTION AGREEMENT~~
~~BETWEEN FLORIDA POWER CORPORATION (THE COMPANY)~~
~~AND TIMBER ENERGY RESOURCES, INC. (QF)~~

E. Transmission Capacity Costs

The ~~interconnection~~ costs subject to this ~~Agreement~~ rate schedule include ~~those costs delineated in the body of the Interconnection Agreement and~~ the costs associated with any impairment or reduction of, or other adverse effect on, the electric power transfer capability between the Company's northern Florida territory and the Company's load centers in central and southern Florida, resulting from or attributable to the interconnection of the ~~QF's~~ Qualifying Facility with the Company's electrical system (hereinafter referred to as "Transmission Capacity Costs"), to the extent that such costs are recognized by the ~~Florida Public Service Commission (the Commission)~~ FPSC or any other regulatory agency with jurisdiction over such costs, and made the responsibility of the Qualifying Facility ~~QF~~ via an order applicable to the Qualifying Facility ~~QF~~.

The Company and ~~QF~~ the Qualifying Facility recognize that the Commission will consider issues concerning the determination of, and the responsibility for, Transmission Capacity Costs, if any, as well as related issues, in Docket No. 890779-EU, In re: Investigation Into Adequacy of Transmission Capacity in North Florida. Accordingly, the Company and ~~QF~~ the Qualifying Facility agree that whether, and in what amount, Transmission Capacity Costs shall be the responsibility of ~~QF~~ the Qualifying Facility, shall be determined in accordance with the determination as to applicability and method and procedures prescribed by final order of the ~~Commission~~ FPSC in Docket No. 890779-EU, or by final order of any other regulatory agency with jurisdiction over such costs.

Insert "A" to COG-2, P. 2 of 2

Provided however, that nothing in this ~~Agreement~~ rate schedule shall prevent ~~QF~~ the Qualifying Facility from taking any position in Docket No. 890779-EU, or in any other ~~Commission~~ FPSC docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should not be the responsibility of ~~QF~~ the Qualifying Facility. Moreover, nothing in this ~~Agreement~~ rate schedule shall prevent the Company from taking any position in Docket No. 890779-EU, or in any other ~~Commission~~ FPSC docket concerning Transmission Capacity Costs, or in any proceeding conducted by any other regulatory agency with jurisdiction over such costs, that such costs should be the responsibility of ~~QF~~ the Qualifying Facility.

Provided further, that if ~~QF~~ the Qualifying Facility concludes that the amount of its Transmission Capacity Costs responsibility ultimately determined will render the construction of the Qualifying Facility uneconomic or not in ~~QF's~~ the Qualifying Facility's best economic interests, ~~QF~~ the Qualifying Facility shall have the right to terminate ~~this Agreement and~~ the contemporaneous Standard Offer Contract between the Company and ~~QF~~ the Qualifying Facility with respect to ~~QF's~~ Qualifying Facility as follows. The ~~QF~~ Qualifying Facility may elect, at its single option, to terminate by notifying the Company in writing either (1) within 90 days of the above-referenced final ~~Commission~~ FPSC order, no longer subject to appeal, or (2) within 60 days of the final order, no longer subject to appeal, of any other regulatory agency with jurisdiction over such costs. Upon such election, neither the Company nor ~~QF~~ the Qualifying Facility shall have any further right or obligation under ~~this Agreement and~~ the Standard Offer Contract.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of Florida Power Corporation's Petition For Approval Of Rate Schedules COG-1 and COG-2 has been furnished by mail this 5th day of June, 1990, to the following:

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