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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Petition of Florida Power Corporation for approval of standard offer contract.

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Docket No. 991526-EI

Submitted for filing:  
October 8, 1999

PETITION

Florida Power Corporation ("Florida Power"), pursuant to Section 366.051, F.S., and Rules 25-22.036(4) and 25-17.0832(4), F.A.C., hereby petitions the Florida Public Service Commission ("the Commission") for approval the Standard Offer Contract and accompanying Rate Schedule COG-2 contained in the attached Exhibit A.<sup>1</sup> In support of this petition, Florida Power submits the following:

1. Florida Power is a public utility subject to the jurisdiction of the Florida Public Service Commission ("Commission") under Chapter 366, F.S.

2. All notices, pleadings and correspondence required to be served on the petitioner should be directed to:

James A. McGee, Esquire  
Post Office Box 14042  
St. Petersburg, FL 33733-4042  
Facsimile: (727) 820-5519

For express deliveries by private courier, the address is:

One Progress Plaza  
Suite 1500  
St. Petersburg, FL 33701

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<sup>1</sup> The new Standard Offer Contract and accompanying Rate Schedule COG-2 have not been provided in "legislative format" because they do not revise an existing standard offer contract or rate schedule. In addition, the new Standard Offer Contract and Rate Schedule COG-2 are so different from the terminated prior version that a line-by-line comparison would be of no value. As noted below, however, the prior version has been attached for reference.

DOCUMENT NUMBER-DATE

12247 OCT-8 99

3. The Standard Offer and accompanying Rate Schedule COG-2 are consistent with all of the Commission's rules governing standard offer contracts and tariffs, 25-17.0832(4)-(6), F.A.C., except to the extent that Florida Power seeks waiver of the requirement in Rule 25-17.0832(4)(e)(7), F.A.C., that standard offer contracts have a ten-year term. Concurrent with the filing of this petition, Florida Power has filed a Petition For Waiver of Rule 25-17.0832(4)(e)(7).

4. Exhibit B contains the economic and financial assumptions for the cost parameters and the K Factor of the avoided unit associated with Florida Power's proposed Standard Offer Contract.

WHEREFORE, for the above-stated reasons, Florida Power respectfully requests that the Commission grant this Petition and approval of the Standard Offer Contract and accompanying Rate Schedule COG-2 contained in Exhibit A hereto.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL  
FLORIDA POWER CORPORATION

By



James A. McGee  
Post Office Box 14042  
St. Petersburg, FL 33733-4042  
Telephone: (727) 820-5184  
Facsimile: (727) 820-5519

**EXHIBIT A**

**FLORIDA POWER CORPORATION'S  
PROPOSED STANDARD OFFER CONTRACT  
AND ACCOMPANYING RATE SCHEDULE COG-2**



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

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

between

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and

FLORIDA POWER CORPORATION



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

**THIS CONTRACT** is made and entered this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (hereinafter "the QF"), and Florida Power Corporation (hereinafter "FPC"), a private utility corporation organized and existing under the laws of the State of Florida. The QF and FPC shall be identified herein as the "Parties". This Contract contains five Appendices which are incorporated into and made part of this agreement: Appendix A: Rate Schedule COG-2; Appendix B: Pay for Performance Provisions, Monthly Capacity Payment Calculation; Appendix C: Termination Fee; Appendix D: Detailed Project Information; and Appendix E, Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.091, F.A.C.

**WITNESSETH:**

**WHEREAS**, the QF desires to sell, and FPC desires to purchase electricity to be generated by the QF consistent with FPSC Rules 25-17.080 through 25-17.091 F.A.C.; and

**WHEREAS**, the QF has signed an interconnection agreement with FPC ("Interconnection Agreement"), or has signed an interconnection/transmission service ("wheeling") agreement with the utility in whose service territory the Facility is to be located, pursuant to which the QF assumes contractual responsibility to make any and all wheeling-related arrangements (including control area services) between the QF and the wheeling utility for delivery of the Facility's firm capacity and energy to FPC; and

**WHEREAS**, the FPSC has approved this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 KW or less, or a Solid Waste Facility; and

**WHEREAS**, the QF guarantees that the Facility is capable of delivering firm capacity and energy to FPC for the term of this Contract in a manner consistent with the provision of this Contract;

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





**1. Facility; Qualifying Status**

The QF contemplates installing and operating a \_\_\_\_\_ KVA \_\_\_\_\_ generator located at \_\_\_\_\_ (hereinafter called the "Facility"). The generator is designed to produce a maximum of \_\_\_\_\_ kilowatts (kW) of electric power at a 90% lagging to 90% leading power factor. The facility's location and generation capabilities are as described in the table below.

<b>TECHNOLOGY AND GENERATOR CAPABILITIES</b>	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Cogeneration, Small Power Production, MSW)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (kW)	
Net Output (kW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load kW	

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



The Facility has been certified or has self-certified as a "qualifying facility" pursuant to the regulations of the Federal Energy Regulatory Commission ("FERC"). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract. Any information provided to FERC regarding QF's qualifying status shall at the same time be provided to FPC. QF shall at all times keep FPC informed of any material changes in its business which affect its qualifying status. FPC shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QF that FPC deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QF shall provide to FPC a certificate signed by an officer of the QF certifying that the QF continuously maintained qualifying status during the prior calendar year.

## **2. Term of Contract**

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., January 1, 2006, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before January 1, 2001 (or such later date as may be permitted by FPC pursuant to Section 5), FPC's obligations under this Contract shall be rendered of no force and effect.

## **3. Minimum Specifications**

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

1. The avoided unit ("Avoided Unit") on which this Contract is based is a 20 MW portion of a 90 MW combustion turbine.
2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 20 MW (the "Subscription Limit").
3. This offer shall expire on the earlier of (i) the date of the subscription limit is fully subscribed or (ii) July 1, 2000.
4. The date by which firm capacity and energy deliveries from the QF to FPC shall commence is January 1, 2001 unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this Contract.
5. The period of time over which firm capacity and energy shall be delivered from the QF to FPC is the five-(5) year period beginning on January 1, 2001.



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

Availability:	<u>On Peak*</u> 98%	<u>Off Peak</u> 98%
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\* QF Performance and On Peak hours shall be as measured and/or described in FPC's Rate Schedule COG-2 attached hereto as Appendix B.

**4. Sale of Electricity by the QF**

**4.1 Purchase by FPC**

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

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

**5. Committed Capacity/Capacity Delivery Date**

- 5.1 The QF commits to sell capacity to FPC, the amount of which shall be determined in accordance with this Section 5 and Appendix A (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at \_\_\_\_\_ kW, with an expected Capacity Delivery Date of January 1, 2001.

- 5.2 Testing of the capacity of the Facility (each such test a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than January 1, 2000 and testing must be completed by 11:59 p.m., December 31, 2000. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity

set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

- 5.3** In addition to the first Committed Capacity Test, FPC shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPC within seven (7) calendar days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.
- 5.4** Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPC to be granted in FPC's sole discretion.
- 5.5** The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.
- 5.6** In no event shall FPC make capacity payments to the QF prior to the Capacity Delivery Date.
- 5.7** The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after January 1, 2000 and on or before January 1, 2001 (or such later date permitted by FPC pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before January 1, 2001, FPC shall immediately be entitled to draw down the Completion/Performance security in full.

## **6. Testing Procedures**

- 6.1** The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QF by means of a written notice to FPC delivered at least thirty (30) calendar days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by FPC under any of the provisions of this Contract. FPC shall have the right to be present onsite to monitor firsthand any Committed Capacity Test required or permitted under this Contract

- 6.2 The Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net kW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. The Committed Capacity Test Period shall commence at the time designated by the QF pursuant to Section 6.1 or at such time requested by FPC pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPC is notified of, and consents to, such earlier time.
- 6.3 Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Normal deliveries of the contracted quantity and quality of cogenerated steam to the steam host, if any, shall be required during the Committed Capacity Test Period.
- 6.4 The Capacity of the Facility (the "Capacity") shall be the minimum average hourly net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.
- 6.5 The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the QF.
- 6.6 The results of any Committed Capacity Test, including all data related to facility operation and performance during testing, shall be submitted to FPC by the QF within seven (7) calendar days of the conclusion of the Committed Capacity Test. The QF shall certify that all such data is accurate and complete.

**7. Payment for Electricity Produced by the Facility**

**7.1 Energy**

FPC agrees to pay the QF for energy produced by the Facility and delivered to FPC in accordance with the rates and procedures contained in FPC's approved Rate Schedule COG-2, attached hereto as Appendix A, as it may be amended from time to time. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule COG-2 as approved and on file with the FPSC.

## 7.2 Capacity

FPC agrees to pay the QF for the capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule COG-2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option \_\_\_\_\_ of Rate Schedule COG-2. The QF understands and agrees that Capacity payments will only be made under Option B, Option C, or Option D if the QF has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPC. Once so selected, this option cannot be changed for the life of this Contract.

## 7.3 Payments

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

## 8. Electricity Production and Plant Maintenance Schedule

- 8.1 No later than sixty (60) calendar days prior to the Capacity Delivery Date, and prior to October 1 of each calendar year thereafter during the term of this Contract, the QF shall submit to FPC in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPC for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.
- 8.2 By October 31 of each calendar year, FPC shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPC does not accept any of the requested scheduled maintenance periods, FPC shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QF shall only schedule outages during periods approved by FPC, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such change is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to seven (7) days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through September 15 and December 1 through and including February 28 (or 29th as the case may be).

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

**8.4 Dispatch and Control**

8.4.1 Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of \_\_\_\_\_ volts (\_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 90% lagging to 90% leading as measured at the interconnection point to maintain system operating parameters, including power factor, as specified from time to time by FPC.

8.4.2 The QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPC's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. All QF facilities shall meet IEEE and industry standards. The QF shall have independent, third party qualified personnel test, calibrate and certify in writing all protective equipment at least once every twelve (12) months in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and results provided to FPC in writing prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.

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

8.4.4 During the term of this Contract, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPC. The QF shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. Additionally, during the term of this Contract, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and prudent utility practices.

- 8.4.5 FPC shall not be obligated to purchase, and may require curtailed or reduced deliveries of energy to the extent allowed under FPSC Rule 25-17.086 and under any curtailment plan which FPC may have on file with the FPSC from time to time.
- 8.4.6 FPC may, at any time during the term hereof, by oral, written, or electronic notification to the QF, request the QF to deliver capacity and associated energy up to the full Committed Capacity to meet FPC's system requirements. The QF shall comply with such request within ten (10) minutes of receiving such notification from FPC. Any clock hour for which FPC requests the delivery of such capacity and energy ("Scheduled Energy") shall be referred to herein as a "Dispatch Hour."
- 8.4.7 During the term of this Contract, the QF shall maintain sufficient fuel on the site of the Facility to deliver the capacity and energy associated with the Committed Capacity for an uninterrupted seventy-two (72) hour period. At FPC's request, the QF shall demonstrate this capability to FPC's reasonable satisfaction. During the term of this Contract, the QF's output shall remain within a band of plus or minus ten percent (10%) of the daily output level or levels specified by the plant operator, in ninety percent (90%) of all operating hours under normal operating conditions. This calculation will be adjusted to exclude forced outage periods and periods during which the QF's output is affected by a Force Majeure event.

## **9. Completion/Performance Security**

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





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

The specific security instrument provided for purposes of this Contract is:

- Unconditional, irrevocable, direct-pay letter(s) of credit.
- Bond.
- Cash deposit(s) with FPC.

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

**9.3** Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 35-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), Fla. Stat., respectively, may use an unsecured promise to pay by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder. Within one year of execution of this agreement and annually thereafter, QF shall supply to FPC an audited, comprehensive financial statement of such local government which shall demonstrate that the local government continues its promise to pay and continues to possess the financial wherewithal to honor such promise.

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

**9.5** If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before January 1, 2001, FPC shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPC will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPC may accept such sums as liquidated

damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date is achieved on or before January 1, 2001, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to \$15.00 per kW (for the number of kW set forth in Section 5.1).

- 9.6** In the event that FPC requires the QF to perform one or more Committed Capacity Test(s) at any time pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPC shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security.

## **10. Termination Fee**

- 10.1** In the event that the QF receives capacity payments pursuant to Option B, Option C, or Option D, then upon the termination of this Contract, the QF shall owe and be liable to FPC for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The Termination Fee is in the nature of liquidated damages due as a consequence of terminating this Contract. The QF's obligation to pay the Termination Fee shall survive the termination of this Contract. FPC shall provide the QF, on a monthly basis, a calculation of the Termination Fee.

- 10.1.1** The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by the QF by: (i) an unconditional, irrevocable, direct pay letter(s) of credit issued by a financial institution(s) with an investment grade credit rating in form and substance acceptable to FPC (including provisions (a) permitting partial and full draws and (b) permitting FPC to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least ten (10) business days prior to its expiration date; (ii) a bond issued by a financially sound company in form and substance acceptable to FPC; or (iii) a cash deposit with FPC (any of (i), (ii), or (iii), the "Termination Security"). In the case of QF operating as a solid waste facility pursuant to section 9.4 of this agreement, the Termination Fee shall be secured by an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to pay on a timely basis the Termination Fee. Within one year of execution of this agreement and annually thereafter, QF shall supply to FPC an audited, comprehensive

financial statement of such local government which shall demonstrate that the local government continues its promise to pay the Termination Fee and continues to possess the financial wherewithal to honor such promise. The specific security instrument selected by the QF for purposes of this Contract is:

- Unconditional, irrevocable, direct pay letter(s) of credit.
- Bond.
- Cash deposit(s) with FPC.

**10.1.2** FPC shall have the right and the QF shall be required to monitor the financial condition of (i) the issuer(s) in the case of any letter of credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to a level below investment grade, FPC may require the QF to replace the letter(s) of credit or the bond, as applicable. In the event that FPC notifies the QF that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a financial institution(s) or insurer(s) with an investment grade credit rating, and meet the requirements of Section 10.1.1 within thirty (30) calendar days following such notification. Failure by the QF to comply with the requirements of this Section 10.1.2 shall be grounds for FPC to draw in full on any existing letter of credit or bond and to exercise any other remedies it may have hereunder.

**10.1.3** After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon FPC's issuance of the Termination Fee calculation as described in Section 10.1, the QF must provide FPC, within ten calendar (10) days, written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPC, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPC shall have the right to request and the QF shall be obligated to deliver within five (5) calendar days of such request, such Security Documentation. Failure by the QF to comply with the requirements of this Section 10.1.3 shall be grounds for FPC to draw in full on any existing letter of credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.

10.1.4 Upon any termination of this Contract following the Capacity Delivery Date, FPC shall be entitled to receive (and in the case of the letter(s) of credit or bond, draw upon such letter(s) of credit or bond) and retain one hundred percent (100%) of the Termination Security.

## 11. Performance Factor

FPC desires to provide an incentive to the QF to operate the Facility during on-peak and off-peak periods in a manner that approximates the projected performance of FPC's Avoided Unit. A formula to achieve this objective is attached as Appendix B.

## 12. Default

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

- (a) The QF fails to maintain the "qualifying" status of the Facility specified in Section 1 of this Contract;
- (b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPC;
- (c) After the Capacity Delivery Date, the Facility fails for twelve (12) consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least ninety percent (90%);
- (d) The QF fails to satisfy its obligations under Section 8.4.6 hereof more than two (2) times in any calendar year;
- (e) The QF fails to satisfy its obligations under Section 8.4.7 hereof;
- (f) The QF fails to comply with any of the provisions of Section 9 hereof;
- (g) The QF fails to comply with any of the provisions of Section 10 hereof;
- (h) The QF, or the entity which owns or controls the QF, ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF or the entity which owns or controls the QF; or if a receiver shall be appointed for the QF or any of its assets or properties, or for the entity which owns or controls the QF; or if any part of the

QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within thirty (30) calendar days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;

- (i) The QF fails to give proper assurance of adequate performance as specified under this Contract within thirty (30) calendar days after FPC, with reasonable grounds for insecurity, has requested in writing such assurance;
- (j) The QF materially fails to perform as specified under this Contract, including but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-18;
- (k) The QF fails to achieve licensing, certification, and all federal, state and local governmental, environmental, and licensing approvals required to initiate construction of the Facility by no later than January 1, 2000;
- (l) The QF fails to comply with any of the provisions of Section 18.3 hereof;
- (m) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;
- (n) The occurrence of an event of default by the QF under the Interconnection Agreement;
- (o) If, at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure;
- (p) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12.

### **13. FPC's Rights in the Event of Default**

- 13.1** Upon the occurrence of any of the Events of Default in Section 12, FPC may, at its option:

- 13.1.1 Terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QF, and offset against any payment(s) due from FPC to the QF, any monies otherwise due from the QF to FPC;
- 13.1.2 Enforce the provisions of the Termination Security requirement pursuant to Section 10 hereof;
- 13.1.3 Exercise any other remedy(ies) which may be available to FPC at law or in equity.

13.2 Termination shall not affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

#### 14. Indemnification

- 14.1 FPC and the QF shall each be responsible for its own facilities. FPC and the QF shall each be responsible for ensuring adequate safeguards for other FPC customers, FPC's and the QF's personnel and equipment, and for the protection of its own generating system. Each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPC Entities" and "QF Entities") from and against any and all claims, demands, costs or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from:
- (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;
  - (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;
  - (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;
  - (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or

(e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.

**14.2** Payment by an Indemnified Party to a third party shall not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

## **15. Insurance**

**15.1** The QF shall procure or cause to be procured and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPC on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QF Insurance"). A certificate of insurance shall be delivered to FPC at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QF Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QF's equipment or by the QF's failure to maintain the Facility or the QF's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPC's system, the QF Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QF Insurance must be reasonably acceptable to FPC. Any premium assessment or deductible shall be for the account of the QF and not FPC.

**15.2** The QF Insurance shall have a minimum limit of One Million Dollars (\$1,000,000.00) per occurrence, combined single limit, for bodily injury (including death) or property damage.

**15.3** To the extent that the QF Insurance is on a "claims made" basis, the retroactive

date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPC Entities and the QF Entities. Furthermore, to the extent the QF Insurance is on a "claims made" basis, the QF's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QF Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QF during the term of this Contract.

**15.4** The QF Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPC. The QF shall provide FPC with a copy of any material communication or notice related to the QF Insurance within ten (10) business days of the QF's receipt or issuance thereof.

**15.5** The QF shall be designated as the named insured and FPC shall be designated as an additional named insured under the QF Insurance. The QF Insurance shall be endorsed to be primary to any coverage maintained by FPC.

## **16. Force Majeure**

Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement). QF equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility, or a QF failure to obtain on a timely basis and maintain a necessary permit or other regulatory approval, shall not be considered an event of Force Majeure, unless the QF can conclusively demonstrate, to the reasonable satisfaction of FPC, that the event was not reasonably foreseeable, was beyond the QF's reasonable control and was not caused by the negligence or lack of due diligence of the QF or its agents, contractors or suppliers.

**16.1** Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.





- 16.2** In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) business days of the occurrence of the event of Force Majeure, of the nature cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefor unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure in either case within two (2) business days thereof.
- 16.3** The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.
- 16.4** If the QF suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QF may, upon notice to FPC temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPC's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.
- 16.5** If the Facility is rendered completely inoperative as a result of Force Majeure, the QF shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, FPC shall have no obligation to make capacity payments hereunder.
- 16.6** If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QF shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.
- 16.7** Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the



Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provisions of this Contract, upon such cessation or cure, FPC shall have right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPC under this Section shall be additional to any Committed Capacity Test under Section 5.3.

**16.8** During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4 all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.

**16.9** The QF agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPC's system if the same is (are) rendered inoperable due to actions of the QF, its agents, or Force Majeure events affecting the QF, the Facility or the interconnection with FPC. FPC agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPC or its agents.

## **17. Representations, Warranties, and Covenants of QF**

The QF represents and warrants that as of the Effective Date:

### **17.1 Organization, Standing and Qualification**

The QF is a \_\_\_\_\_ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of \_\_\_\_\_ and has all necessary power and authority to carry on its business as presently conducted to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QF is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPC.

### **17.2 Due Authorization, No Approvals, No Defaults**

Each of the execution, delivery and performance by the QF of this Contract has been duly authorized by all necessary action on the part of the QF, does not require any approval, except as has been heretofore obtained, of the \_\_\_\_\_ (shareholders, partners, or others, as applicable) of the QF or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QF, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the \_\_\_\_\_ (articles of incorporation, bylaws, or other as applicable) of the QF, or any agreement, judgement, injunction, order, decree or other instrument binding upon the QF, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

### **17.3 Compliance with Laws**

The QF has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QF is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QF or FPC.

### **17.4 Governmental Approvals**

Except as expressly contemplated herein, neither the execution and delivery by the QF of this Contract, nor the consummation by the QF of any of the transaction contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QF has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefor).

### **17.5 No Suits, Proceedings**

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QF, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QF's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QF has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

## **17.6 Environmental Matters**

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

## **18. General Provisions**

### **18.1 Project Viability**

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

### **18.2 Permits**

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

### **18.3 Project Management**

If requested by FPC, the QF shall submit to FPC its integrated project schedule for FPC's review within sixty (60) calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty (60) calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by FPC, the QF shall submit progress reports in a form satisfactory to FPC every calendar month until the Capacity Delivery Date and shall notify FPC of any changes in such schedules within ten (10) calendar days after such changes are determined. FPC shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. FPC's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design



thereof or as any warranty as to the safety, durability or reliability of the Facility.

The QF shall provide FPC with the final designer's/manufacturer's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct elementary diagrams for review and inspection at FPC no later than one hundred eighty (180) calendar days prior to the initial synchronization date.

**18.4 Assignment**

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

**18.5 Disclaimer**

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

**18.6 Notification**

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

For the QF:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For FPC:

Florida Power Corporation  
Manager, Purchased Power Resources  
263 13th Avenue South  
St. Petersburg, FL 33701

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during



normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power Corporation  
263 13<sup>th</sup> Avenue South  
St. Petersburg, FL 33701

Attention: Manager, Purchased Power Resources

### **18.7 Applicable Law**

This Contract shall be construed in accordance with and governed by, and the rights of the parties shall be construed in accordance with the laws of the State of Florida.

### **18.8 Taxation**

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

### **18.9 Severability**

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

**18.10 Complete Agreement and Amendments**

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

**18.11 Survival of Contract**

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

**18.12 Record Retention**

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

**18.13 No Waiver**

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

**18.14 Set-Off**

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



IN WITNESS WHEREOF, the QF and FPC executed this Contract on the later of the dates set forth below.

**QF**

**FLORIDA POWER CORPORATION**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date





**APPENDIX A  
TO  
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT  
RATE SCHEDULE COG-2**

**SCHEDULE**

COG-2, Firm Capacity and Energy

**AVAILABLE**

FPC will, under the provisions of this Schedule and FPC's Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility ("Standard Offer Contract") to which this Appendix is attached and incorporated into by reference, purchase firm capacity and energy offered by a Qualifying Facility pursuant to FPSC Rule 25-17.8032 (4). FPC's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and the extent that, the 20 MW subscription limit is not exceeded and, in any event, no later than July 1, 2000. FPC's obligation to purchase firm capacity by means of this rate schedule and the Standard Offer Contract from QFs locating north of the latitude of FPC's Central Florida Substation is conditioned upon FPC being able to acquire import capability to replace that amount of Florida-Southern Interface import capability lost as a result of the location of the Facility.

**APPLICABLE**

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

**CHARACTER OF SERVICE**

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



### LIMITATION

Purchases under this schedule are subject to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

- A. Are Specified in FPSC Rule 25-17.0832 (4);
- B. Execute a Standard Offer Contract;
- C. Provide capacity which would not result in the 20 MW capacity subscription limit for FPC to be exceeded.

### RATES FOR PURCHASES BY FPC

Firm Capacity and Energy are purchased at unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by FPC. For the purpose of this Schedule, an Avoided Unit has been designated by FPC. FPC's next Avoided Unit has been identified as a 20 MW portion of a 90 MW combustion turbine with an in-service date of January 2001, Schedule 1 to this Appendix describes the methodology used to calculate payment schedules, general terms, and conditions applicable to FPC's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

#### A. Firm Capacity Rates

Four options, A through D, as set forth below, are available for payments of firm capacity that is produced by a QF and delivered to FPC. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with FPC. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to FPC and are based on a contract term which extends through December 31, 2005. Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Schedule 1. The currently approved parameters used to calculate the following schedule of payments are found in Schedule 2 to this Appendix.

#### Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of FPC's Avoided Unit with an in-service date of January 1, 2001, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Schedule 1. 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 payment schedule for this option follows Option D.



Option B - First Value of Deferral Payments - Early Capacity

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The term "early" with respect to Option B means that these payments can start as early as one year prior to the anticipated in-service date of FPC's Avoided Unit; provided, however, that under no circumstances may payments begin before this QF is delivering firm capacity and energy to FPC pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QF and calculated as shown on Schedule 1. Capacity Payments under Option B do not result in a prepayment or create a future benefit.

The QF shall select the month and year in which the deliveries of firm capacity and energy to FPC are to commence and capacity payments are to start. FPC will provide the QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract. The exemplary payment schedule following Option D is based on a contract term that begins on January 1, 2000.

Option C - Fixed Value of Deferral Payment - Levelized Capacity

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Schedule 1. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with FPC's Avoided Unit. These calculations are shown in Schedule 1. The payment schedule for this option follows Option D. Capacity Payments under Option C do not result in a prepayment or create a future benefit.

Option D - Fixed Value of Deferral Payment - Early Levelized Capacity

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Schedule 1. The fixed operation and maintenance expense shall be calculated as shown in Schedule 1. At the option of the QF, payments for early levelized capacity shall commence at any time after the specified early capacity date and before the anticipated in-service date of FPC's Avoided Unit, provided that the QF is delivering firm capacity and energy to FPC pursuant to the terms of the Standard Offer Contract. The term "early" with respect to Option D means that capacity payments may begin earlier than the anticipated in-service date of FPC's avoided unit. Capacity payments under Option D do not result in a prepayment or create a future benefit.



EXAMPLE MONTHLY CAPACITY PAYMENT IN \$kW/MONTH  
FPC'S 2001 COMBUSTION TURBINE AVOIDED UNIT (20 MW)  
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS  
(\$/kW/MONTH)

Contract Year	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>	<u>Option D</u>
	Normal Capacity Payment Starting 01/01/2001	Early Capacity Payment Starting 01/01/2000	Levelized Capacity Payment Starting 01/01/2001	Early Levelized Capacity Payment Starting 01/01/2000
2000	-	2.02	-	2.16
2001	2.54	2.08	2.68	2.16
2002	2.62	2.15	2.69	2.16
2003	2.70	2.21	2.69	2.17
2004	2.78	2.28	2.69	2.17
2005	2.87	2.35	2.70	2.17

B. Energy Rates

Payments Prior to January 1, 2001

The energy rate, in cents per kilowatt-hour ( $\$/kWh$ ), shall be based on FPC's actual hourly avoided energy costs which are calculated by FPC in accordance with FPSC Rule 25-17.0825, F.A.C.

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

Payments Starting on January 1, 2001

The calculation of payments to the QF for energy delivered to FPC on and after January 1, 2001 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's Firm Energy Rate ( $\$/kWh$ ); and (b) the amount of energy (kWh) delivered to FPC from the Facility during that hour.

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, FPC's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPC, the Firm Energy Rate in cents per kilowatt hour ( $\$/kWh$ ) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPC in accordance with FPSC Rule 25-17.0825, F.A.C., and FPC's Rate Schedule COG-1, as they may each be amended from time to time and (b) FPC's Avoided Unit Energy Cost. FPC's Avoided Unit Energy Cost, in cents per kilowatt - hour ( $\$/kWh$ ) shall be defined as the product of (a) the Avoided Unit Gas



Cost and (b) an average annual heat rate of 11,800 BTU per kilowatt hour; plus (c) an additional 0.443¢ per kilowatt hour in mid-1999 dollars for variable operation and maintenance expenses which will be escalated based on CPI-U.

For the purposes of this agreement, the Avoided Unit Gas Cost shall mean the lesser of the Gas Daily Zone Price and the Gas Daily City Gate Price. Gas Daily Zone Price means the average monthly fuel price in \$ per MMBtu as determined from gas prices for Florida Gas Transmission ("FGT") supply zone 3 as published in the "Daily Price Survey" listed under the column "Common" under the heading "Louisiana Onshore South", plus FGT's applicable 100% load factor FTS-1 rate. Gas Daily City Gate Price means the average monthly fuel price in \$ per MMBtu as determined from gas prices for Florida gates via FGT as published in the "Daily Price Survey" listed under the heading City gate, Pooling Point prices. In addition, CPI-U means the Annual Consumer Price Index figure shown for all items in the Consumer Price Index for All Urban Consumers-South Urban (Not Seasonally Adjusted), Series I. D. CUUR0300SA0 as published by the United States Department of Labor, Bureau of Labor Statistics. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

**ESTIMATED AS-AVAILABLE ENERGY COST**

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. The following estimates include variable operation and maintenance expenses.

<u>Applicable Period</u>	<u>On-Peak ¢/KWH</u>	<u>Off-Peak ¢/KWH</u>	<u>Average ¢/KWH</u>
January 1, 1999 - March 31, 1999	2.0	1.5	1.8
April 1, 1999 - September 30, 1999	2.6	1.5	2.0
October 1, 1999 - March 31, 2000	1.9	1.6	1.7
April 1, 2000 - September 30, 2000	2.7	1.6	2.1

**ESTIMATED UNIT FUEL COST**

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

<u>\$/MMBTU</u>					
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
3.06	3.06	3.06	3.06	3.06	3.06



**DELIVERY VOLTAGE ADJUSTMENT**

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

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	1.00
Primary Voltage Delivery	1.01
Secondary Voltage Delivery	1.02

**PERFORMANCE CRITERIA**

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

A. Capacity Delivery Date

The Capacity Delivery Date shall be no later than the projected in-service date of FPC's Avoided Unit (i.e., January 1, 2001.)

B. Availability and Capacity Factor

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

**METERING REQUIREMENTS**

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

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31, from 11:00 a.m. to 10:00 p.m., and November 1 through March 31, from 6:00 a.m. to 12:00 noon and 5:00 p.m. to 10:00 p.m. prevailing Eastern time. FPC shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.



## **BILLING OPTIONS**

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

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

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

## **CHARGES TO QUALIFYING FACILITY**

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

### **A. Retail Service Charges**

The QF shall be responsible for all FPSC approved charges for any retail service that may be provided by FPC. The QF shall be billed \$82.00 monthly for the costs of meter reading, billing, and other administrative costs.

### **B. Interconnection Charge for Non-Variable Utility Expenses**

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surety bond, letter of credit or comparable assurance of payment acceptable to FPC adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from FPC for actual costs progressively incurred by FPC in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal



monthly installment payments over a period no longer than twelve (12) months toward the full cost of interconnection. In the latter case, FPC shall assess interest at a rate equal to the thirty(30) day highest grade commercial paper rate as published in the Wall Street Journal on the first business day of each month. Such interest shall be compounded monthly.

C. Interconnection Charge for Variable Utility Expenses

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

The QF may pay a monthly charge equal to 0.50% of the installed cost of the interconnection facilities. This monthly rate shall be adjusted periodically.

D. Interconnection Charge for QF Locating North of Central Florida Substation

For a QF with a Facility located north of the latitude of FPC's Central Florida Substation, FPC shall perform a study, at QF's expense, to determine the extent to which the amount of power FPC can import over the Florida-Southern Interface is diminished by the location of the Facility north of the Central Florida Substation. QF shall reimburse FPC for the costs of acquiring import capability to replace that amount of capability lost as a result of the location of the Facility.

**TERMS OF SERVICE**

- A. It shall be the QF's responsibility to inform FPC of any change in its electric generation capability.
- B. Any electric service delivered by FPC to a QF located in FPC's service area shall be subject to the following terms and conditions:
  - (1) A QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
  - (2) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from FPC exceed, by the greatest amount, FPC's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.





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

(3) FPC shall specify the point of interconnection and voltage level.

(4) The QF must enter into an interconnection to FPC's system. Specific features of the QF and its interconnection to FPC's facilities will be considered by FPC in preparing the interconnection agreement.

C. Service under this rate schedule is subject to the rules and regulations of the FPSC.



**SCHEDULE 1  
TO RATE SCHEDULE COG-2**

**CALCULATION OF VALUE OF DEFERRAL PAYMENTS**

**APPLICABILITY**

Schedule 1 provides a detailed description of the methodology used by FPC to calculate the monthly values of deferring or avoiding FPC's Avoided Unit identified in Schedule COG-2. When used in conjunction with the current FPSC-approved cost parameters associated with FPC's Avoided Unit contained in Schedule 2, a QF may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the QF enter into a Standard Offer Contract with FPC.

Also contained in Schedule 1 is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to FPC in the event of contractual default by a QF.

**CALCULATION OF VALUE OF DEFERRAL OPTION A**

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QF pursuant to FPC's Standard Offer Contract shall be defined as the year-by-year value of deferral of FPC's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring FPC's Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = 1/12 [KI_n (1 - R) / (1 - R^L) + O_n]$$

Where, for a one year deferral:

- $VAC_m$  = utility's monthly value of avoided capacity, in dollars per kilowatt per month, for each month of year n;
- $K$  = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;
- $R$  =  $(1 + i_p) / (1 + r)$ ;
- $I_n$  = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of FPC's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction for FPC's Avoided Unit which would have been paid had the Unit been constructed;

- $O_n$  = total fixed operation and maintenance expense for the year  $n$ , in mid-year dollars per kilowatt per year, of FPC's Avoided Unit;
- $i_p$  = annual escalation rate associated with the plant cost of FPC's Avoided Unit(s);
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of FPC's Avoided Unit(s);
- $r$  = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- $L$  = expected life of FPC's Avoided Unit(s); and
- $n$  = year for which FPC's Avoided Unit(s) (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of FPC's Standard Offer Contract.

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

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

$$A_M = [A_c (1 + i_p)^{(m-1)} + A_o (1 + i_o)^{(m-1)}] / 12 \quad \text{for } m = 1 \text{ to } t$$

Where:

- $A_M$  = monthly payments to be made to the QF for each month of the contract year  $n$ , in dollars per kilowatt per month in which QF delivers capacity pursuant to the early capacity option;
- $i_p$  = annual escalation rate associated with the plant cost of FPC's' Avoided Unit(s);
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of FPC's Avoided Unit(s);



- m = year for which the fixed value of deferral payments under the early capacity option are made to a QF, starting in year one and ending in the year t;
- t = the term, in years, of the Standard Offer Contract;
- $A_c = F [ (1 - R) / (1 - R^t) ]$

Where:

- F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit(s);
- $R = (1 + i_p) / (1 + r)$
- r = annual discount rate, defined as FPC's incremental after-tax cost of capital; and
- $A_o = G [ (1 - R) / (1 - R^t) ]$

Where:

- G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit(a).
- $R = (1 + i_o) / (1 + r)$

The currently approved parameters applicable to the formulas above are found in Schedule 2.

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - LEVELIZED AND EARLY LEVELIZED CAPACITY - OPTION C & OPTION D, RESPECTIVELY**

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

$$P_L = (F / 12) \cdot [r / 1 - (1 + r)^{-t}] + O$$

Where:



- $P_L$  = the monthly levelized capacity payment, starting on or prior to the in-service date of FPC's Avoided Unit(s);
- $F$  = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;
- $r$  = the annual discount rate, defined as FPC's incremental after-tax cost of capital;
- $t$  = the term, in years of the Standard Offer Contract
- $O$  = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.

### **RISK-RELATED GUARANTEES**

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 paragraph (4)(e)10 requires that, when fixed value or deferral payments - early capacity, levelized capacity, or early levelized capacity are elected, the QF must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of FPC's Standard Offer contract, one of the following may constitute an equivalent assurance of payment:

- (1) Bond;
- (2) Cash deposit(s) with FPC;
- (3) Unconditional, irrevocable, direct pay letter of credit;
- (4) Unsecured promise by a municipal, county or state government to repay payment for early or levelized capacity 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 payments for early or levelized capacity are repaid;
- (5) Unsecured promise by a privately-owned QF to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the QF, parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
- (6) Other guarantees acceptable to FPC.



FPC will cooperate with each QF applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the QF. FPC will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QF and FPC's ratepayers.



**SCHEDULE 2  
TO RATE SCHEDULE COG-2  
CAPACITY OPTION PARAMETERS**

**FIXED VALUE OF DEFERRAL PAYMENTS -  
NORMAL CAPACITY OPTION PARAMETERS**

Where, for one year deferral:

		<u>Value</u>
$VAC_m$	= FPC's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$2.54
$K$	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.428
$I_n$	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of FPC's Avoided Unit with an in-service date of year n;	\$315.54
$O_n$	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of FPC's Avoided Unit:	\$1.40
$i_p$	= annual escalation rate associated with the operation and maintenance expense of FPC's Avoided Unit;	2.5%
$i_o$	= annual escalation rate associated with the operation and maintenance expense of FPC's Avoided Unit;	3.1%
$r$	= annual discount rate, defined as FPC's incremental after-tax cost of capital;	8.53%
$L$	= expected life of FPC's Avoided Unit;	30
$n$	= year for which FPC's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2001

**FIXED VALUE OF DEFERRAL PAYMENTS -  
EARLY CAPACITY OPTION PARAMETERS**

$A_m$	= monthly avoided capital cost component of capacity payments to be made to the QF starting as early as one year prior to the anticipated in-service date of FPC's Avoided Unit, in dollars per kilowatt per month;	\$1.90
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$i_p$	=	annual escalation rate associated with the plant cost of FPC's Avoided Unit;	2.2%
$n$	=	year for which early capacity payments to a QF are to begin;	2000
$F$	=	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 FPC's Avoided Unit and continued for a period of 5 years;	\$114.61
$r$	=	annual discount rate, defined as FPC's incremental after-tax cost of capital;	8.53%
$t$	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing prior to the in-service date of FPC's Avoided Unit;	6
$G$	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit and continued for a period of 5 years.	\$5.74





**APPENDIX B  
TO  
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT  
  
PAY FOR PERFORMANCE PROVISIONS  
MONTHLY CAPACITY PAYMENT CALCULATION**

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

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

$$\text{MCP} = 0$$

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

$$\text{MCP} = \text{BCP} [5x (\text{ACBF} - .78)] \times \text{CC}$$

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

$$\text{MCP} = \text{BCP} \times \text{CC}$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/kW/Month as specified in FPC's Rate Schedule COG-2.

CC = Committed Capacity in kW.

ACBF = Annual Capacity Billing Factor. This factor is calculated using the 12 month, rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the electric energy actually received by FPC for the 12 consecutive months preceding the date of calculation, divided by the product of the Committed Capacity and the number of hours in the 12 consecutive months preceding the date of calculation. During the first 12 consecutive Monthly Billing Periods commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of 12-month rolling average Annual Capacity Billing Factor.



the Annual Capacity Billing Factor shall be performed as follows (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by electric energy actually received by FPC for the number of full consecutive months preceding the date of calculation, divided by the product of the Committed Capacity and the number of hours in the number of full consecutive months preceding the date of calculation. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.

MCF = Monthly Capacity Factor. The total Scheduled Energy received during the Monthly Billing Period for which the calculation is made, divided by the total Scheduled Energy requested during the Monthly Billing Period. For purposes of calculating the Monthly Capacity Factor, hourly energy received shall not exceed the lesser of (i) the energy which could be produced by the Committed Capacity or (ii) the actual Scheduled Energy requested by FPC during such hour. During any Monthly Billing Period where the number of Dispatch Hours equals zero (0), MCF shall equal 1.0.

Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m., on the Capacity Delivery Date and ending with the last calendar day of such month.

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.



**APPENDIX C  
TO  
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT  
TERMINATION FEE**

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be) computed according to the following formula:

$$\sum_{i=1}^n (MCP_i - MCPC_i) \cdot t^{(n-i)}$$

with: MCPC = 0 for all periods prior to the in-service date of FPC's Avoided Unit:

where

- i = number of Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery date occurs = 1; the month following this month in which Capacity Delivery Date occurs = 2 etc.)
- n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- t = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPC's incremental after-tax avoided cost of capital (defined as r in COG-2). For any Monthly Billing Period in which MCPC is greater than MCP, i shall equal t.
- MCP<sub>i</sub> = Monthly Capacity Payment paid to QF corresponding to the Monthly Billing Period i, calculated in accordance with Appendix B.
- MCPC<sub>i</sub> = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i, calculated in accordance with COG-2.



In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 90%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 90% but less than 98%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times (5 \times (\text{ACBF} - .78))$$

For the applicable Monthly Billing period, the Termination Fee shall be reduced by the amount of such Reduction Value.

- c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 98%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing period by the amount of the Initial Reduction Value.

In no event shall FPC be liable to the QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).



**APPENDIX D  
TO  
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT  
DETAILED PROJECT INFORMATION**

Each eligible Contract received by FPC will be evaluated to determine if the underlying QF project is financially and technically viable. The QF shall, to the extent available, provide FPC with a detailed project proposal which addresses the information requested below:

**I. FACILITY DESCRIPTION**

- Project Name
- Project Location
  - \* Street Address
  - \* Size Plot Plan
  - \* Legal Description of Site
  
- Generating Technology
- Facility Classification (Cogenerator or Small Power Producer)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)
  - \* Street Address
  - \* Legal Description of Steam Host
  - \* Host's annual steam requirements (lbs./yr.)
  
- Contact Person
  - \* Individual's Name and Title
  - \* Company Name
  - \* Address
  - \* Telephone Number
  - \* Fax Number

**II. PROJECT PARTICIPANTS**

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:

- \* Project Development
  - \* Siting and Licensing the Facility
  - \* Designing the Facility
  - \* Constructing the Facility
  - \* Securing the Fuel Supply
  - \* Operating the Facility
- Provide details on all electrical facilities which are currently under construction or operational which were developed by the QF.
  - Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders and the percentage of equity invested at financial closing.

### III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (*e.g.* Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the AFR, in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

<u>Category</u>	<u>Description of Fuel Supply Arrangement</u>
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for fuel supply exists between developer(s) and fuel supplier(s)
SPP =	small power production facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each

operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes deliver and, if so, to what location.

- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned = fuel transport via a fully developed system owned by one or more of the project participants

contract = fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)

LOI = a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)

spot = fuel transportation will be purchased on the spot market

none = no firm fuel transportation arrangement currently in place

other = fuel transportation arrangement which does not fit any of the above categories (please describe)

- Provide the maximum, minimum and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.
- Provide information regarding QF's plans to maintain sufficient on site fuel to deliver capacity and energy for an uninterrupted seventy-two (72) hour period.

#### **IV. PLANT DISPATCHABILITY/CONTROLLABILITY**

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated:
  - \* Ramp Rate (MW/minute)
  - \* Peak Capability (% above Committed Capacity)
  - \* Minimum power level (% of Committed Capacity)



- \* Facility Turnaround Time, Hot to Hot (hours)
- \* Start-up Time from Cold Shutdown (hours)
- \* Unit Cycling (# cycles/yr.)
- \* MW and MVAR Control (ACC, Manual, Other (please explain))

## V. SITING AND LICENSING

- Provide a licensing/permitting milestone schedule, which lists all permits, licenses and variances, required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emission, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet and describe in detail the pollution control equipment to be used to meet these limits.

## VI. FACILITY DEVELOPMENT AND PERFORMANCE

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, FPC contractor and Facility operator, steam host integration and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.
- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75% and 50%. In addition, attach a preliminary heat balance for the Facility.





- If the Facility will be a cogenerator under FPSC Rule 25-17.080, provide a detailed description of the power plant/steam host interrelationship. Indicate the host's annual steam requirements and the length of time the Facility can operate without the host. Calculate the Facility's expected PURPA operating standard and efficiency standard and list the assumptions used to make the calculations.

## VII. FINANCIAL

- Provide FPC with assurances that the proposed QF project is financially viable in accordance with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.
  - Annual Project Revenues
    - \* Capacity Payments (\$ and \$/kW/Mo.)
    - \* Variable O&M (\$ and \$/MWh)
    - \* Energy (\$ and \$/MWh)
    - \* Steam Revenues (\$ and %/lb.)
    - \* Tipping Fees (\$ and \$/ton)
    - \* Interest Income
    - \* Other Revenues
    - \* Variable O&M Escalation (%/yr.)
    - \* Energy Escalation (%/yr.)
    - \* Steam Escalation (%/yr.)
    - \* Tipping Fee Escalation (%/yr.)
  - Annual Project Expense
    - \* Fixed O&M (\$ and \$/kW/Mo.)
    - \* Variable O&M (\$ and \$/MWh)
    - \* Energy (\$ and \$/MWh)
    - \* Property Taxes (\$)
    - \* Insurance (\$)
    - \* Emission Compliance (\$ and \$/MWh)
    - \* Depreciation (\$ and %/yr.)
    - \* Other Expenses (\$)
    - \* Fixed O&M Escalation (%/yr.)
    - \* Variable O&M Escalation (%/yr.)
    - \* Energy Escalation (%/yr.)

- Other Project Information
  - \* Installed Cost of the Facility (\$ and \$/kW)
  - \* Committed Capacity (kW)
  - \* Average Heat Rate - HHV (MBTU/kWh)
  - \* Federal Income Tax Rate (%)
  - \* Facility Capacity Factor (%)
  - \* Energy Sold to FPC (MWh)
  
- Permanent Financing
  - \* Permanent Financing Term (yr.)
  - \* Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt and equity)
  - \* Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt and equity)
  - \* Annual Interest Expense
  - \* Annual Debt Service (\$)
  - \* Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)
  
- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.
  
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.



**APPENDIX E  
FPSC RULES 25-17.080 THROUGH 25-17.091  
ARE PROVIDED IN SECTION VIII  
ON THIS TARIFF BOOK**

## PART III

UTILITIES' OBLIGATIONS WITH REGARD TO  
COGENERATORS AND SMALL POWER PRODUCERS

<b>25-17.080</b>	<b>Definitions and Qualifying Criteria</b>
<b>25-17.081</b>	<b>Reserved</b>
<b>25-17.082</b>	<b>The Utility's Obligation to Purchase</b>
<b>25-17.0825</b>	<b>As-Available Energy</b>
<b>25-17.083</b>	<b>Firm Energy and Capacity (Repealed)</b>
<b>25-17.0831</b>	<b>Contracts (Repealed)</b>
<b>25-17.0832</b>	<b>Firm Capacity and Energy Contracts</b>
<b>25-17.0833</b>	<b>Planning Hearings (Repealed)</b>
<b>25-17.0834</b>	<b>Settlement of Disputes in Contract Negotiations</b>
<b>25-17.0835</b>	<b>Wheeling (Repealed)</b>
<b>25-17.0836</b>	<b>Modification to Existing Contracts; Explanation of When Approval is Required</b>
<b>25-17.0837</b>	<b>Negotiations with Other Utility and Non-utility Generating Facilities</b>
<b>25-17.084</b>	<b>The Utility's Obligation to Sell</b>
<b>25-17.085</b>	<b>Reserved</b>
<b>25-17.086</b>	<b>Periods During Which Purchases Are Not Required</b>
<b>25-17.087</b>	<b>Interconnection and Standards</b>
<b>25-17.088</b>	<b>Transmission Service for Qualifying Facilities (Repealed)</b>
<b>25-17.0882</b>	<b>Transmission Service Not Required for Self-Service (Repealed)</b>
<b>25-17.0883</b>	<b>Conditions Requiring Transmission Service for Self-service</b>
<b>25-17.0889</b>	<b>Transmission Service for Qualifying Facilities</b>
<b>25-17.089</b>	<b>Contractual Rights (Repealed)</b>
<b>25-17.090</b>	<b>Reserved</b>
<b>25-17.091</b>	<b>Governmental Solid Waste Energy and Capacity</b>

**25-17.080 Definitions and Qualifying Criteria.**

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

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

- (a) the small power producer does not exceed 80 MW; and
- (b) the primary (at least 50%) energy source of the small power producer is biomass, waste, or another renewable resource; and
- (c) the small power production facility is not owned by a person primarily engaged in the generation or sale of electricity. This criterion is met if less than 50% of the equity interest in the facility is owned by a utility, utility holding company, or a subsidiary of them.

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

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

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

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

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

**Specific Authority: 366.05(1), 350.127(2), F.S.**

**Law Implemented: 366.05(1), F.S.**

**History: New 5/13/81, amended 9/4/83, formerly 25-17.80.**

**25-17.081 Reserved.**

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

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

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

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

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

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

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

facility and the utility.

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

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

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

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

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

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

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

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

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

**Specific Authority:** 366.051, 350.127(2), F.S.

**Law Implemented:** 350.115, 366.03, 366.04(2)(a), 366.04(2)(c), 366.04(5), 366.041(1), 366.051, 366.06(1), F.S.

**History:** New 5/13/81, Amended 9/4/83, formerly 25-17.82, amended 10/25/90.

**25-17.0825 As-Available Energy.**

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

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

(a) Tariff Rates: Each utility shall publish a tariff for the purchase of as-available energy from qualifying facilities. Each utility's published tariff shall state that the rate of payment for as-available energy is the utility's avoided energy cost as defined in subsection (2) of this rule, less the additional costs directly attributable to the purchase of such energy from a qualifying facility. The additional costs directly associated with the purchase of as-available energy from qualifying facilities shall be specifically identified in the utility's tariff.

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

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

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

(3)(a) For qualifying facilities with hourly recording meters, monthly

payments for as-available energy shall be made and shall be calculated based on the product of: (1) the utility's actual avoided energy rate for each hour during the month; and (2) the quantity of energy sold by the qualifying facility during that hour.

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

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

(4) Each utility shall file with the Commission by the twentieth business day of the following month, a monthly report of their actual hourly avoided energy costs, the average of their actual hourly avoided energy costs for the on-peak and off-peak periods during the month, and the average of their actual hourly avoided energy costs for the month with the Commission. A copy shall be furnished to any individual who requests such information.

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

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

**Specific Authority:** 366.051, 350.127(2), F.S.

**Law Implemented:** 366.04(2)(c), (2)(f), &(5), 366.041(1), 366.051, 366.06(1), F.S.

**History:** New 9/4/83, formerly 25-17.82, amended 10/25/90.

#### **25-17.083 Firm Energy and Capacity.**

**Specific Authority:** 366.04(1), 366.05(1), 366.05(9), 350.127(2), F.S.

**Law Implemented:** 366.05(9), F.S.

**History:** New 9/4/83, formerly 25-17.83, Repealed 10/25/90.

#### **25-17.0831 Contracts.**

**Specific Authority:** 366.05(9), 350.127(2), F.S.

**Law Implemented:** 366.05(9), F.S.

**History:** New 5/13/81, amended 9/4/83, formerly 25-17.831, Repealed 10/25/90.

#### **25-17.0832 Firm Capacity and Energy Contracts.**

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



quantity, time, and reliability of delivery.

(a) Within one working day of the execution of a negotiated contract or the receipt of a signed standard offer contract, the utility shall notify the Director of the Division of Electric and Gas and provide the amount of committed capacity and the type of generating unit, if any, which the contracted capacity is intended to avoid or defer.

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

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

(2) Negotiated Contracts. Utilities and qualifying facilities are encouraged to negotiate contracts for the purchase of firm capacity and energy to avoid or defer the construction of all planned utility generating units which are not subject to the requirements of Rule 25-22.082. If a utility is required to issue a Request for Proposals (RFP) pursuant to Rule 25-22.082, negotiations with qualifying facilities shall be governed by the utility's RFP process. Negotiated contracts will be considered prudent for cost recovery purposes if it is demonstrated by the utility that the purchase of firm capacity and energy from the qualifying facility pursuant to the rates, terms, and other conditions of the contract can reasonably be expected to contribute towards the deferral or avoidance of additional capacity construction or other capacity-related costs by the purchasing utility at a cost to the utility's ratepayers which does not exceed full avoided costs, giving consideration to the characteristics of the capacity and energy to be delivered by the qualifying facility under the contract. Negotiated contracts shall not be counted towards the subscription limit of the avoided unit in a standard offer contract, thus preserving the standard offer for small qualifying facilities as described in subsection (4).

(3) Cost Recovery for Negotiated Contracts. In reviewing negotiated firm capacity and energy contracts for the purpose of cost recovery, the Commission shall consider factors relating to the contract that would impact the utility's general body of retail and wholesale customers including:

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

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

1. The cumulative present worth of the value of a year-by-year deferral of the construction and operation of generation or parts thereof by the purchasing utility over the term of the contract, calculated in accordance with subsection (5) and paragraph (6)(a) of this rule, provided that the contract is designed to contribute towards the deferral or avoidance of such capacity; or
2. The cumulative present worth of other capacity and energy related

costs that the contract is designed to avoid such as fuel, operation, and maintenance expenses or alternative purchases of capacity, provided that the contract is designed to avoid such costs;

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

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

(4) Standard Offer Contracts.

(a) Upon petition by a utility or pursuant to a Commission action, each public utility shall submit for Commission approval a tariff or tariffs and a standard offer contract or contracts for the purchase of firm capacity and energy from small qualifying facilities. In lieu of a separately negotiated contract, standard offer contracts are available to the following types of qualifying facilities:

1. A small power producer or other qualifying facility using renewable or non-fossil fuel where the primary energy source in British Thermal Units (BTUs) is at least 75 percent biomass, waste, solar or other renewable resource;
2. A qualifying facility, as defined by Rule 25-17.080(3), with a design capacity of 100 kW or less; or
3. A municipal solid waste facility as defined by Rule 25-17.091.

(b) The rates, terms, and other conditions contained in each utility's standard offer contract or contracts shall be based on the need for and equal to the avoided cost of deferring or avoiding the construction of additional generation capacity or parts thereof by the purchasing utility. Rates for payment of capacity sold by a qualifying facility shall be specified in the contract for the duration of the contract. In reviewing a utility's standard offer contract or contracts, the Commission shall consider the criteria specified in paragraphs (3)(a) through (3)(d) of this rule, as well as any other information relating to the determination of the utility's full avoided costs.

(c) The utility shall evaluate, select, and enter into standard offer contracts with eligible qualifying facilities based on the benefits to the ratepayers. Within 60 days of receipt of a signed standard offer contract, the utility shall either:

1. Accept and sign the contract and return it within five days to the qualifying facility; or
2. Petition the Commission not to accept the contract and provide justification for the refusal. Such petitions may be based on:
  - a. A reasonable allegation by the utility that acceptance of the standard offer will exceed the subscription limit of the avoided unit or units; or
  - b. Material evidence showing that because the qualifying facility is not financially or technically viable, it is unlikely that the committed capacity and energy would be made available to the utility by the date specified in the standard offer.

(d) A standard offer contract which has been accepted by a qualifying facility shall apply towards the subscription limit of the unit designated in the contract

effective the date the utility receives the accepted contract. If the contract is not accepted by the utility, its effect shall be removed from the subscription limit effective the date of the Commission order granting the utility's petition.

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

1. The avoided unit or units on which the contract is based;
  2. The total amount of committed capacity, in megawatts, needed to fully subscribe the avoided unit specified in the contract;
  3. The payment options available to the qualifying facility including all financial and economic assumptions necessary to calculate the firm capacity payments available under each payment option and an illustrative calculation of firm capacity payments for a minimum ten year term contract commencing with the in-service date of the avoided unit for each payment option;
  4. The date on which the standard contract offer expires;
  5. A reasonable open solicitation period during which time the utility will accept proposals for standard offer contracts. Prior to the issuance of timely notice of a Request for Proposals (RFP) pursuant to Rule 25-22.082(3), the utility shall end the open solicitation period;
  6. The date by which firm capacity and energy deliveries from the qualifying facility to the utility shall commence. This date shall be no later than the anticipated in-service date of the avoided unit specified in the contract;
  7. The period of time over which firm capacity and energy shall be delivered from the qualifying facility to the utility. Firm capacity and energy shall be delivered, at a minimum, for a period of ten years, commencing with the anticipated in-service date of the avoided unit specified in the contract. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the avoided unit, commencing with the anticipated in-service date of the avoided unit;
  8. The minimum performance standards for the delivery of firm capacity and energy by the qualifying facility during the utility's daily seasonal peak and off-peak periods. These performance standards shall approximate the anticipated peak and off-peak availability and capacity factor of the utility's avoided unit over the term of the contract;
  9. The description of the proposed facility including the location, steam host, generation technology, and fuel sources;
  10. Provisions to ensure repayment of payments to the extent that annual firm capacity and energy payments made to the qualifying facility in any year exceed that year's annual value of deferring the avoided unit specified in the contract in the event that the qualifying facility fails to perform pursuant to the terms and conditions of the contract. Such provisions may be in the form of a surety bond or equivalent assurance of repayment of payments exceeding the year-by-year value of deferring the avoided unit specified in the contract.
- (f) The utility may include the following provisions:
1. Provisions to protect the purchasing utility's ratepayers in the event the qualifying facility fails to deliver firm capacity and energy in the amount and times specified in the contract which may be in the form of an up-front payment, surety bond, or equivalent assurance of payment. Payment or surety shall be refunded upon

completion of the facility and demonstration that the facility can deliver the amount of capacity and energy specified in the contract; and

2. A listing of the parameters, including any impact on electric power transfer capability, associated with the qualifying facility as compared to the avoided unit necessary for the calculation of the avoided cost.
3. Provisions that allow for revisions to the contract based upon changes to the purchasing utility's avoided costs.

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

1. Value of deferral capacity payments. Value of deferral capacity payments shall commence on the anticipated in-service date of the avoided unit. Capacity payments under this option shall consist of monthly payments escalating annually of the avoided capital and fixed operation and maintenance expense associated with the avoided unit and shall be equal to the value of a year-by-year deferral of the avoided unit, calculated in accordance with paragraph (6)(a) of this rule.
2. Early capacity payments. Each standard offer contract shall specify the earliest date prior to the anticipated in-service date of the avoided unit when early capacity payments may commence. The early capacity payment date shall be an approximation of the lead time required to site and construct the avoided unit. Early capacity payments shall consist of monthly payments escalating annually of the avoided capital and fixed operation and maintenance expense associated with the avoided unit, calculated in conformance with paragraph (6)(b) of the rule. At the option of the qualifying facility, early capacity payments may commence at any time after the specified early capacity payment date and before the anticipated in-service date of the avoided unit provided that the qualifying facility is delivering firm capacity and energy to the utility. Where early capacity payments are elected, the cumulative present value of the capacity payments made to the qualifying facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qualifying facility had such payments been made pursuant to subparagraph (4)(g)1. of this rule.
3. Levelized capacity payments. Levelized capacity payments shall commence on the anticipated in-service date of the avoided unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the contract, calculated in conformance with paragraph (6)(c) of this rule. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the avoided unit calculated in conformance with paragraph (6)(a) of this rule. Where levelized capacity payments are elected, the cumulative present value of the levelized capacity payments made to the qualifying facility over the term of the contract shall not exceed the cumulative present value of capacity payments which would have been made to the qualifying facility had such payments been made pursuant to subparagraph (4)(g)1. of this rule, value of deferral capacity payments.
4. Early levelized capacity payments. Each standard offer contract

shall specify the earliest date prior to the anticipated in-service date of the avoided unit when early levelized capacity payments may commence. The early capacity payment date shall be an approximation of the lead time required to site and construct the avoided unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the contract, calculated in conformance with paragraph (6)(c) of this rule. The fixed operation and maintenance expense shall be calculated in conformance with paragraph (6)(b) of this rule. At the option of the qualifying facility, early levelized capacity payments shall commence at any time after the specified early capacity date and before the anticipated in-service date of the avoided unit provided that the qualifying facility is delivering firm capacity and energy to the utility. Where early levelized capacity payments are elected, the cumulative present value of the capacity payments made to the qualifying facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qualifying facility had such payments been made pursuant to subparagraph (4)(g)1. of this rule.

(5) Avoided Energy Payments for Standard Offer Contracts.

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

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

(c) The energy cost of the avoided unit specified in the contract shall be defined as the cost of fuel, in cents per kilowatt-hour, which would have been burned at the avoided unit plus variable operation and maintenance expense plus avoided line losses. The cost of fuel shall be calculated as the average market price of fuel, in cents per million Btu, associated with the avoided unit multiplied by the average heat rate associated with the avoided unit. The variable operating and maintenance expense shall be estimated based on the unit fuel type and technology of the avoided unit.

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

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

$$VAC_m = 1/12 [KI_n(1-R)/(1-R^L) + O_n]$$

Where, for a one year deferral:

- $VAC_m$  = utility's monthly value of avoided capacity, in dollars per kilowatt per month, for each month of year n;  
 $K$  = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year;

- $R = (1+ip)/(1+r);$   
 $I_n =$  total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the avoided unit with an in-service date of year  $n$ , including all identifiable and quantifiable costs relating to the construction of the avoided unit that would have been paid had the avoided unit been constructed;  
 $O_n =$  total fixed operation and maintenance expense for the year  $n$ , in mid-year dollars per kilowatt per year, of the avoided unit;  
 $i_p =$  annual escalation rate associated with the plant cost of the avoided unit(s);  
 $i_o =$  annual escalation rate associated with the operation and maintenance expense of the avoided unit(s);  
 $r =$  annual discount rate, defined as the utility's incremental after tax cost of capital;  
 $L =$  expected life of the avoided unit; and  
 $n =$  year for which the avoided unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity.

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

$$A_m = [A_c (1 + ip)^{(m-1)} + A_o (1 + i_o)^{(m-1)}] / 12 \quad \text{for } m=1 \text{ to } t$$

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

$i_p =$  annual escalation rate associated with the plant cost of the avoided unit;  
 $i_o =$  annual escalation rate associated with the operation and maintenance expense of the avoided unit(s);  
 $m =$  year for which early capacity payments to a qualifying facility are made, starting in year one and ending in the year  $t$ ;  
 $t =$  the term, in years, of the contract for the purchase of firm capacity;

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

$$A_c = F[(1-R)/(1-R^t)]$$

$R = (1+ip)/(1+r);$  and  
 $r =$  annual discount rate, defined as the utility's incremental after tax cost of capital; and  
 $A_o = G[(1-R)(1-R^t)]$

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

$$R = (1+i_o)/(1+r).$$

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

$$P_L = F/12\{r/[1-(1+r)^{-t}]\} + 0$$

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

$F =$  the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of

- the capacity payments which would have been made had the capacity payments not been levelized;
- r = the annual discount rate, defined as the utility's incremental after tax cost of capital; and
- t = the term, in years, of the contract for the purchase of firm capacity.
- O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with paragraph (5)(a) for levelized capacity payments or with paragraph (5)(b) for early levelized capacity payments.

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

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

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

(c) Firm energy and capacity payments made pursuant to a standard offer contract signed by the qualifying facility, for which the utility has petitioned the Commission to reject, is recoverable through the Commission's periodic review of fuel and purchased power costs if the Commission requires the utility to accept the contract because it satisfies subsection (4) of this rule.

**Specific Authority:** 350.127, 366.04(1), 366.051, 366.05(1) & (8), F.S.

**Law Implemented:** 366.051, 403.503, F.S.

**History:** New 10/25/90, amended 01/07/97.

#### **25-17.0833 Planning Hearings.**

**Specific Authority:** 366.05(8), 366.051, 350.127(2), F.S.

**Law Implemented:** 366.051, F.S.

**History:** New 10/25/90, Repealed 6/9/97.

#### **25-17.0834 Settlement of Disputes in Contract Negotiations.**

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

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

(3) If the Commission finds that a utility has failed to negotiate or deal in good faith with qualifying facilities, or has explicitly dealt in bad faith with

qualifying facilities, it shall impose an appropriate penalty on the utility as approved by section 350.127, Florida Statutes.

**Specific Authority:** 366.051, 350.127(2), F.S.

**Law Implemented:** 350.127(1), 366.051, F.S.

**History:** New 10/25/90.

**25-17.0835 Wheeling.**

**Specific Authority:** 366.05(9), 350.127(2), F.S.

**Law Implemented:** 366.05(9), 366.055(3), F.S.

**History:** New 9/4/83, repealed 10/4/85, formerly 25-17.835.

**25-17.0836 Modification to Existing Contracts; Explanation of When Approval is Required.**

(1) Each investor-owned utility shall notify the Director of the Division of Electric and Gas of all modifications to existing contracts for the purchase of firm capacity and energy, the costs of which are reviewed through the Commission's periodic review of fuel and purchased power costs, within 30 days of the modification. At a minimum, the following information shall be submitted:

(a) A description of the modification and a statement indicating whether the modification is a material change;

(b) A copy of the documents that evidence the modification;

(c) A detailed statement explaining whether the existing contract would be viable if no modification is made;

(d) A statement indicating whether the in-service date of the project will change because of the modification; and

(e) A description of the price, performance, or other concessions that result from the contract modification between the purchasing utility and the qualifying facility, nonutility generator, or other utility.

(2) In order for a utility to recover its costs, Commission approval is required for a modification that affects the overall efficiency, cost-effectiveness or nature of the project. Such modifications include, but are not limited to, changes to contractual terms such as location, prime mover technology type, fuel type, performance requirements, contracted megawatt output, the timing of capacity payments, or amount of capacity payments.

(3) Commission approval is not required for modifications explicitly contemplated by the terms of the contract or routine administrative changes. Such



modifications include, but are not limited to, an assignment expressly authorized by the terms of the contract, typographical corrections, change of address for payments, or change of name of resident agent.

(4) In cases where approval of a contract modification is required for utility cost recovery, a utility shall file with the Division of Records and Reporting a petition for contract modification approval that provides the information required by paragraphs (1)(a) through (1)(e) above. The petition shall also comply with the requirements of Rule 25-22.036, Florida Administrative Code. When a petition is filed, the petition shall serve as the notice required by subsection (1) above.

(5) The utility shall demonstrate any benefits to the general body of ratepayers that result from contract modifications and renegotiations.

(6) The modifications and concessions of the utility and developer shall be evaluated against both the existing contract and the current value of the purchasing utility's avoided cost.

(7) On its own motion, the Commission may review a contract modification to determine whether the modification requires approval.

**Specific Authority: 350.127(2), 366.05(1), F.S.**

**Law Implemented: 366.05(7) & (8), 366.051, F.S.**

**History: New 01/07/97**

#### **25-17.0837 Negotiations with Other Utility and Nonutility Generating Facilities.**

(1) If an investor owned utility's planned generation unit is not subject to Rule 25-22.082, utilities are encouraged to negotiate contracts for the purchase of firm capacity and energy with other utility and nonutility generators for this capacity.

(2) If a utility has issued a Request for Proposal (RFP) pursuant to Rule 25-22.082, negotiations with other utilities and nonutility generators shall be governed by the utility's request for proposal process. Prior to or in conjunction with issuing a RFP, the utility may specify the date and time when ongoing negotiations shall cease.

**Specific Authority: 350.127(2), 366.05(1), F.S.**

**Law Implemented: 366.05(8), F.S.**

**History: New 01/07/97.**

#### **25-17.084 The Utility's Obligation to Sell.**

Upon compliance with Rule 25-17.087, each utility shall sell energy to qualifying facilities at rates which are just, reasonable, and non-discriminatory.

**Specific Authority: 350.127(2), F.S.**

**Law Implemented: 366.04(1), 366.051, 366.06(1), F.S.**

**History: New 5/13/81, amended 9/4/83, formerly 25-17.84.**

#### **25-17.085 Reserved.**

#### **25-17.086 Periods During Which Purchases are not Required.**

Where purchases from a qualifying facility will impair the utility's ability to give adequate service to the rest of its customers or, due to operational circumstances, purchases from qualifying facilities will result in costs greater than those which the utility would incur if it did not make such purchases, or otherwise place an undue burden on the utility, the utility shall be relieved of its obligation under Rule 25-17.082 to purchase electricity from a qualifying facility. The utility shall notify the qualifying facility(ies) prior to the instance giving rise to those conditions, if practicable. If prior notice is not practicable, the utility shall notify the qualifying facility(ies) as soon as

practicable after the fact. In either event the utility shall notify the Commission, and the Commission staff shall, upon request of the affected qualifying facility(ies), investigate the utility's claim. Nothing in this section shall operate to relieve the utility of its general obligation to purchase pursuant to Rule 25-17.082.

**Specific Authority: 350.127(2), F.S.**

**Law Implemented: 366.04(5), 366.051, F.S.**

**History: New 5/13/81, Amended 9/4/83, formerly 25-17.86.**

**25-17.087 Interconnection and Standards.**

(1) Each utility shall interconnect with any qualifying facility which:

- (a) is in its service area;
- (b) requests interconnection;
- (c) agrees to meet system standards specified in this rule;
- (d) agrees to pay the cost of interconnection; and
- (e) signs an interconnection agreement.

(2) Nothing in this rule shall be construed to preclude a utility from evaluating each request for interconnection on its own merits and modifying the general standards specified in this rule to reflect the result of such an evaluation.

(3) Where a utility refuses to interconnect with a qualifying facility or attempts to impose unreasonable standards pursuant to subsection (2) of this rule, the qualifying facility may petition the Commission for relief. The utility shall have the burden of demonstrating to the Commission why interconnection with the qualifying facility should not be required or that the standards the utility seeks to impose on the qualifying facility pursuant to subsection (2) are reasonable.

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

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

- (a) Physical layout drawings, including dimensions;
- (b) All associated equipment specifications and characteristics including technical parameters, ratings, basic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, frequency, voltage, current and interconnection distance;
- (c) Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the proposed system and to be able to make a coordinated system;
- (d) Power requirements in watts and vars;
- (e) Expected radio-noise, harmonic generation and telephone interference factor;
- (f) Synchronizing methods; and
- (g) Operating/instruction manuals.

Any subsequent change in the system must also be submitted for review and written approval prior to actual modification. The above mentioned review, recommendations and approval by the utility do not relieve the qualifying facility

from complete responsibility for the adequate engineering design, construction and operation of the qualifying facility equipment and for any liability for injuries to property or persons associated with any failure to perform in a proper and safe manner for any reason.

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

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

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

(a) Disconnect Switch. A manual disconnect switch, of the visible load break type, to provide a separation point between the qualifying facility's generation system and the utility's system, shall be required. The utility will specify the location of the disconnect switch. The switch shall be mounted separate from the meter socket and shall be readily accessible to the utility and be capable of being locked in the open position with a utility padlock. The utility may reserve the right to open the switch (i.e. isolating the qualifying facility's generation system) without prior notice to the qualifying facility. To the extent practicable, however, prior notice shall be given.

Any of the following conditions shall be cause for disconnection:

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

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

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

4. Any other event or act that is the result of, or proximately caused by, a party.

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

(c) Insurance.

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

1. The policy providing such coverage for a standard offer contract shall provide public liability insurance, including property damage, in the amount of \$1,000,000 for each occurrence.

2. The policy providing such coverage for a negotiated contract shall provide public liability insurance, including property damage, in an amount not less than \$1,000,000 for each occurrence. The parties may negotiate the amount of insurance over \$1,000,000.

3. The above required policy shall be endorsed with a provision requiring the insurance company to notify the utility thirty days prior to the effective date of cancellation or material change in the policy.

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

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

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

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

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

utility. The utility shall approve a device that will perform the above functions at minimal capital and operating costs to the qualifying facility.

(b) Coordination and Synchronization. The qualifying facility shall be responsible for coordination and synchronization of the qualifying facility's equipment with the utility's electrical system, and assumes all responsibility for damage that may occur from improper coordination or synchronization of the generator with the utility's system.

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

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

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

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

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

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

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

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

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

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

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

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

(10) Cost Responsibility. The qualifying facility is required to bear all costs associated with the change-out, upgrading or addition of protective devices, transformers, lines, services, meters, switches, and associated equipment and devices beyond that which would be required to provide normal service to the qualifying facility if the qualifying facility were a non-generating customer. These costs shall be paid by the qualifying facility to the utility for all material and labor that is required. Prior to any work being done by the utility, the utility shall supply the qualifying facility with a written cost estimate of all its required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to the qualifying facility within 60 days after the qualifying facility supplies the utility with its final electrical plans. The utility shall also provide project timing and feasibility information to the qualifying facility.

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

**Specific Authority:** 366.051, 350.127(2), F.S.

**Law Implemented:** 366.04(2)(c)&(5), 366.051, F.S.

**History:** New 9/4/83, formerly 25-17.87, Amended 10/25/90, 5/6/93.

**25-17.088 Transmission Service for Qualifying Facilities.**

**Specific Authority:** 350.127(2), 366.051, F.S.

**Law Implemented:** 366.051, 366.04(3), 366.055(3), F.S.

**History:** New 10/4/85, formerly 25-17.88, Amended 2/3/87, Repealed 10/25/90.

**25-17.0882 Transmission Service Not Required for Self-Service.**

**Specific Authority:** 350.127(2), 366.05(1), F.S.

**Law Implemented:** 366.05(9), 366.04(3), 366.055(3), F.S.

**History:** New 10/4/85, formerly 25-17.882, Repealed 10/25/90.

**25-17.0883 Conditions Requiring Transmission Service for Self-service.**

Public utilities are required to provide transmission and distribution services to enable a retail customer to transmit electrical power generated at one location to the customer's facilities at another location when the provision of such service and its associated charges, terms, and other conditions are not reasonably projected to result in higher cost electric service to the utility's general body of retail and wholesale customers or adversely affect the adequacy or reliability of electric service to all customers. The determination of whether transmission service for self service is likely to result in higher cost electric service may be made using cost effectiveness methodology employed by the Commission in evaluating conservation programs of the utility, adjusted as appropriate to reflect the qualifying facility's contribution to the utility for standby service and

wheeling charges, other utility program costs, the fact that qualifying facility self-service performance can be precisely metered and monitored, and taking into consideration the unique load characteristics of the qualifying facility compared to other conservation programs.

**Specific Authority:** 366.051, 350.127(2), F.S.

**Law Implemented:** 366.051, F.S.

**History:** New 10/25/90.

**25-17.0889 Transmission Service for Qualifying Facilities.**

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

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

(3) An electric utility may deny, curtail, or discontinue transmission service to a Qualifying Facility on a non-discriminatory basis if the provision of such service would adversely affect the safety, adequacy, reliability, or cost of

providing electric service to the utility's general body of retail and wholesale customers.

**Specific Authority:** 366.051, 350.127(2), F.S.

**Law Implemented:** 366.04(2)(c), 366.04(5), 366.051, 366.055(3), F.S.

**History:** New 10/25/90.

**25-17.089 Contractual Rights.**

**Specific Authority:** 366.04(1), 366.05(1), F.S.

**Law Implemented:** 366.82(6), F.S.

**History:** New 5/13/81, Repealed 9/4/83, formerly 25-17.89.

**25-17.090 Reserved.**

**25-17.091 Governmental Solid Waste Energy and Capacity.**

(1) Definitions and Applicability:

(a) "Solid Waste Facility" means a facility owned or operated by, or on behalf of, local government, the purpose of which is to dispose of solid waste, as that term is defined in section 403.703(13), Fla. Stat. (1988), and to generate electricity.

(b) A facility is owned by or operated on behalf of a local government if the power purchase agreement is between the local government and the electric utility.

(c) A solid waste facility shall include a facility which is not owned or operated by a local government but is operated on its behalf. When the power purchase agreement is between a non-governmental entity and an electric utility, the facility is operated by a private entity on behalf of a local government if:

1. One or more local governments have entered into a long-term agreement with the private entity for the disposal of solid waste for which the local governments are responsible and that agreement has a term at least as long as the term of the contract for the purchase of energy and capacity from the facility; and
2. The Commission determines there is no undue risk imposed on the electric ratepayers of the purchasing utility, based on:
  - a. The local government's acceptance of responsibility for the private entity's performance of the power purchase contract, or
  - b. Such other factors as the Commission deems appropriate, including, without limitation, the issuance of bonds by the local government to finance all, or a substantial portion, of the costs of the facility; the reliability of the solid waste technology; and the financial capability of the private owner and operator.
3. The requirements of subparagraph 2 shall be satisfied if a local government described in subparagraph 1 enters into an agreement with the purchasing utility providing that in the event of a default by the private entity under the power purchase contract, the local government shall perform the private entity's obligations, or cause them to be performed, for the remaining term of the contract, and shall not seek to renegotiate the power purchase contract.

(d) This rule shall apply to all contracts for the purchase of energy or capacity from solid waste facilities entered into, or renegotiated as provided in subsection (3), after October 1, 1988.

(2) Except as provided in subsections (3) and (4) of this rule, the provisions of Rules 25-17.080 - 25-17.089, Florida Administrative Code, are applicable to contracts for the purchase of energy and capacity from a solid waste facility.

(3) Any solid waste facility which has an existing firm energy and capacity



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

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

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

**Specific Authority: 350.127(2), 377.709(5), F.S.**

**Law Implemented: 366.051, 366.055(3), 377.709, F.S.**

**History: New 8/8/85, formerly 25-17.91, Amended 4/26/89, 10/25/90.**

**EXHIBIT B**

**ECONOMIC AND FINANCIAL ASSUMPTIONS  
FOR THE COST PARAMETERS AND K FACTOR  
OF THE AVOIDED UNIT ASSOCIATED WITH THE  
PROPOSED STANDARD OFFER CONTRACT  
AND ACCOMPANYING RATE SCHEDULE COG-2**

**Florida Power Corporation  
Standard Offer Contract  
Economic Assumptions**

**AFUDC RATE**

7.81%

**CAPITALIZATION RATIOS**

Debt	45.0%
Preferred	0.0%
Equity	55.0%

**DISCOUNT RATE**

8.62%

**RATE OF RETURN**

Debt	7.3%
Preferred	0.0%
Equity	12.0%

**BOOK DEPRECIATION LIFE**

30 Years

**INCOME TAX RATE**

State	5.5%
Federal	35.0%
Effective	38.575%

**TAX DEPRECIATION LIFE**

15 Years

**OTHER TAXES & INS.**

2.06%

**Florida Power Corporation  
Standard Offer Contract  
Economic Escalation Assumptions**

<b>General Inflation</b>	<b>Plant Construction Cost</b>	<b>Fixed O &amp; M Cost</b>	<b>Variable O &amp; M Cost</b>
3.1%	3.1%	2.5%	2.5%

**Florida Power Corporation  
Standard Offer Contract  
Unit Information**

PLANT TYPE: Combustion Turbine  
NET CAPACITY: 20 MW Portion of a 90 MW Combustion Turbine  
BOOK LIFE: 30 Years

**INSTALLED COST (IN-SERVICE YEAR 2001)**

TOTAL INSTALLED COST (\$/KW):	314.54
DIRECT CONSTRUCTION COST (\$/KW):	285.89
AFUDC AMOUNT (\$/KW):	28.65
FIXED O & M (\$/KW-YR):	1.40
VARIABLE O & M (¢/KWH)	0.422
ASSUMED CAPACITY FACTOR	17%
K FACTOR	1.428