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110312-EQ

November 28, 2011

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

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

Dear Ms. Cole:

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

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

Sincerely,

William P. Cox
 Senior Attorney
 Florida Bar No. 0093531

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 APA _____ Enclosures
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NAD _____ 12/1/11 cp also fut.
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 FPSC-COMMISSION CLERK

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Florida Power & Light Company's)
Petition for Approval of Renewable Energy)
Tariff and Standard Offer Contract)
_____)

Docket No. 110312-EQ

Dated: November 28, 2011

PETITION

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

In support of this Petition, FPL states as follows:

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

William P. Cox
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408
Will.Cox@fpl.com

Kenneth A. Hoffman
Vice President, Regulatory Relations
State Regulatory Relations
Florida Power & Light Company
215 S. Monroe Street
Tallahassee, Florida 32301

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08657 NOV 28 =
FPSC-COMMISSION CLERK

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

(3) On or before January 1, 2006, each public utility must continuously offer a purchase contract to producers of renewable energy. The commission shall establish requirements relating to the purchase of capacity and energy by public utilities from renewable energy producers and may adopt rules to administer this section. The contract shall contain payment provisions for energy and capacity which are based upon the utility's full avoided costs, as defined in s. 366.051; however, capacity payments are not required if, due to the operational characteristics of the renewable energy generator or the anticipated peak and off-peak availability and capacity factor of the utility's avoided unit, the producer is unlikely to provide any capacity value to the utility or the electric grid during the contract term. Each contract must provide a contract term of at least 10 years. Prudent and reasonable costs associated with a renewable energy contract shall be recovered from the ratepayers of the contracting utility, without differentiation among customer classes, through the appropriate cost-recovery clause mechanism administered by the commission.

4. Rule 25-17.250, F.A.C., requires that a separate standard offer contract shall be based on the next avoidable fossil fueled generating unit of each technology type identified in the utility's Ten Year Site Plan filed pursuant to Rule 25-22.071, F.A.C. Pursuant to Rule 25-17.250(2), F.A.C., a standard offer contract for each such technology type shall remain open until, among other bases, the utility files a petition for a need determination or commences construction for the utility's planned generating unit.

5. On April 1, 2011, FPL filed for Commission approval of its then proposed standard offer contract and associated rate schedule in Docket No. 110091-EQ, FPL's 2011 Renewable Energy Contract and Standard Offer Docket. On October 13, 2011, the Commission issued Order No. PSC-11-0466-TRF-EQ, approving FPL's proposed standard offer contract and associated tariffs,

and a consummating order, Order No. PSC-11-0525-CO-EQ, was issued subsequently on November 7, 2011.

6. On November 21, 2011, in Docket No. 110309-EI, FPL submitted a petition for a determination of need for the Port Everglades Next Generation Clean Energy Center (PEEC) Project, the 2016 avoidable unit identified and approved in Docket No. 110091-EQ. Rule 25-17.250(2)(a)2 specifies that the current standard offer must remain open until a utility files for a determination of need for the avoided generating unit. However, Rule 25-17.250(2)(b) states that before a standard contract offering is closed, the utility must file a petition for approval of a new standard offer contract based on the next unit of the same generating technology, if any, in its Ten Year Site Plan. FPL's current Ten Year Site Plan projects the next unit would be a greenfield combined cycle facility in 2020.

7. In addition, Rule 25-17.250(2)(a)3 indicates that a standard offer contract must remain open until the generating unit upon which the standard offer contract is based is no longer part of the utility's generation plan. As shown in the direct testimony filed by FPL witness Juan Enjamio in the PEEC docket, the 2020 unit identified in FPL's current Ten Year Site Plan is no longer part of FPL's generation plan. FPL's current generation plan projects that its next potentially avoidable fossil fueled generating unit within the meaning of Rule 25-17.250, F.A.C., would be a 1,262 MW combined cycle unit at a greenfield site with an expected in-service date of June 1, 2021. Accordingly, this 2021 combined cycle unit is the subject of the instant proposed standard offer contract for which FPL seeks approval.

8. Because Section 366.91, F.S., requires that a utility continuously offer a purchase contract to producers of renewable energy, FPL will close its current standard offer contract upon the Commission's approval of the proposed standard offer contract.

9. A copy of the revised pages of the proposed standard offer contract is attached in proposed format as Attachment A and in legislative format as Attachment B. FPL's proposed revised tariff pages of Rate Schedule QS-2 are attached in proposed format as Attachment C and in legislative format as Attachment D. FPL also submits in support of the Petition Attachment E, showing detailed economic assumptions used in determining the full avoided costs that are reflected in FPL's proposed Rate Schedule QS-2.

10. The revised tariff sheets for the standard offer contract for which FPL seeks Commission approval are: Fifth Revised Sheet No. 9.030, Fifth Revised Sheet No. 9.032, Fifth Revised Sheet No. 9.033, and Fifth Revised Sheet No. 9.037.

11. The revised tariff sheets for the Rate Schedule QS-2 for which FPL seeks Commission approval are: Fifth Revised Sheet No. 10.300, Fifth Revised Sheet No. 10.301, Fifth Revised Sheet No. 10.303, Fifth Revised Sheet No. 10.304, Fifth Revised Sheet No. 10.305, and Fifth Revised Sheet No. 10.311.

12. The detailed formula for computing FPL's full avoided costs is contained in the tariff sheets that have been submitted for approval, and is the same formula used for determining avoided costs in the Commission's rules.

13. FPL's proposed standard offer contract and associated rate schedules are substantially similar to those which were approved by the Commission in Docket No. 110091-EQ, the only material changes being the in-service date, capacity, and cost of the "potentially avoidable unit."

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

Dated: November 28, 2011

Respectfully submitted,

By:  _____

William P. Cox
Senior Attorney
Florida Bar No. 0093531
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420
(561) 304-5662
(561) 691-7135 (fax)

ATTACHMENT A

Revised Pages of the Standard Offer Contract in Proposed Format

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR A QUALIFYING
FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS (2021 AVOIDED UNIT)**

THIS STANDARD OFFER CONTRACT (the "Contract") is made and entered this ____ day of _____, _____, by and between _____ (herein after "Qualified Seller" or "QS") a corporation/limited liability company organized and existing under the laws of the State of _____ and owner of a Renewable Energy Facility as defined in section 25-17.210 (1) F.A.C. or a Qualifying Facility with a design capacity of 100 KW or less as defined in section 25-17.250, and Florida Power & Light Company (hereinafter "FPL") a corporation organized and existing under the laws of the State of Florida. The QS and FPL shall be jointly identified herein as the "Parties". This Contract contains five Appendices; Appendix A, QS-2 Standard Rate for Purchase of Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; Appendix D, Detailed Project Information and Appendix E, contract options to be selected by QS.

WITNESSETH:

WHEREAS, the QS desires to sell and deliver, and FPL desires to purchase and receive, firm capacity and energy to be generated by the QS consistent with the terms of this Contract, Section 366.91, Florida Statutes, and/or Florida Public Service Commission ("FPSC") Rules 25-17.082 through 25-17.091, F.A.C. and FPSC Rules 25-17.200 through 25.17.310.F.A.C.

WHEREAS, the QS has signed an interconnection agreement with FPL (the "Interconnection Agreement"), or it has entered into valid and enforceable interconnection/transmission service agreement(s) with the utility (or those utilities) whose transmission facilities are necessary for delivering the firm capacity and energy to FPL (the "Wheeling Agreement(s)");

WHEREAS, the FPSC has approved the form of this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less; and

WHEREAS, the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract; and

WHEREAS, Section 366.91(3), Florida Statutes, provides that the "prudent and reasonable costs associated with a QS energy contract shall be recovered from the ratepayers of the contracting utility, without differentiating among customer classes, through the appropriate cost-recovery clause mechanism" administered by the FPSC.

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

(Continued on Sheet No. 9.031)

(Continued from Sheet No. 9.031)

- (c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.
- (d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C., and that the QS shall continue to meet such requirements throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that FPL deems necessary to verify that the Facility meets such requirements.
- (e) The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). A QS that is a qualifying facility with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

2. Term of Contract

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

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

- 1. The avoided unit ("Avoided Unit") on which this Contract is based is a 1,262 MW combined cycle unit.
- 2. This offer shall expire on April 1, 2012.
- 3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is June 1, 2021 (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this contract.
- 4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.
- 5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

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

(Continued on Sheet No. 9.033)

(Continued from Sheet No. 9.032)

4. Sale of Energy and Capacity by the QS

4.1 Consistent with the terms hereof, the QS shall sell and deliver to FPL and FPL shall purchase and receive from the QS at the Delivery Point (defined below) all of the energy and capacity generated by the Facility. FPL shall have the sole and exclusive right to purchase all energy and capacity produced by the Facility. The purchase and sale of energy and capacity 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 QS to sell more energy and capacity than the Facility's net output. The billing methodology may be changed at the option of the QS, subject to the provisions of FPL Rate Schedule QS-2. For purposes of this Contract, Delivery Point shall be defined as either: (i) the point of interconnection between FPL's system and the transmission system of the final utility transmitting energy and capacity from the Facility to the FPL system, as specifically described in the applicable Wheeling Agreement, or (ii) the point of interconnection between the Facility and FPL's transmission system, as specifically described in the Interconnection Agreement.

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

4.3 The QS shall be responsible for all costs, charges and penalties associated with the operation of the Facility.

5. Committed Capacity/Capacity Delivery Date

5.1 The QS commits to sell capacity to FPL at the Delivery Point, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity shall be _____ KW, with an expected Capacity Delivery Date no later than June 1, 2021.

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 (defined herein) for the first Committed Capacity Test shall commence no earlier than six (6) months prior to the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E) and testing must be completed by 11:59 p.m., May 31, 2021. The first Committed Capacity Test shall be deemed successfully completed when the QS demonstrates to FPL's satisfaction that the Facility can make available capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1, the QS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the capacity requirements of the Contract.

5.3 FPL shall have the right to require the QS, by notice no less than ten (10) business days prior to such proposed test, to validate the Committed Capacity of the Facility by means of subsequent Committed Capacity Tests as follows: i) once per each Summer period and once per each Winter period at FPL's sole discretion, ii) at any time the QS is unable to comply with any material obligation under this Contract for a period of thirty (30) days or more in the aggregate as a consequence of an event of Force Majeure, and iii) at any time the QS fails in three consecutive months to achieve an Annual Capacity Billing Factor ("ACBF"), as defined in Appendix B, equal to or greater than 70%. The results of any such test shall be provided to FPL within seven (7) 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 deemed as the lower of the tested capacity or the Committed Capacity as set forth in Section 5.1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity shall not exceed the amount set forth in Section 5.1 without the consent of FPL, such consent not unreasonably withheld.

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 but no earlier than the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E).

5.6 The QS shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided, the Capacity Delivery Date occurs on or before June 1, 2021 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before June 1, 2021, FPL shall be entitled to the Completion/Performance Security (as set forth in Section 9) in full, and in addition, FPL may, but shall not be obligated to, allow the QS up to an additional five (5) months to achieve the Capacity Delivery Date. If the QS fails to achieve the Capacity Delivery Date either by (i) June 1, 2021 or (ii) such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and FPL will be permitted to terminate this Contract, consistent with the terms herein, without further obligations, duties or liability to the QS.

(Continued on Sheet No. 9.034)

(Continued from Sheet No. 9.036)

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

- Letter of Credit.
- Bond.
- Cash Collateral.

9.3 FPL shall have the right to monitor (i) the financial condition of the issuer of a Letter of Credit in the event any Letter of Credit is provided by the QS and (ii) the insurer, in the case of any Bond. In the event the issuer of a Letter of Credit no longer qualifies as Qualified Issuer or the issuer of a Bond is no longer financially sound, FPL may require the QS to replace the Letter of Credit or the Bond, as applicable. The replacement Letter of Credit must be issued by a Qualified Issuer, within thirty (30) calendar days following written notification to the QS of the requirement to replace. Failure by the QS to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing Letter of Credit and to exercise any other remedies it may have hereunder.

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QS qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured written commitment or promise to pay in a form reasonably acceptable to FPL, by the local government which owns the Facility or on whose behalf the QS 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.

9.5 If an Event of Default under Section 12 occurs, FPL 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.

9.6 If an Event of Default under Section 12 has not occurred and the QS fails to achieve the Capacity Delivery Date on or before June 1, 2021 or such later date as permitted by FPL pursuant to Section 5.6, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/ Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL 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 occurs on or before June 1, 2021 or such later date as permitted by FPL pursuant to Section 5.6, then the QS 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 of Committed Capacity set forth in Section 5.1).

9.7 In the event that FPL requires the QS to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QS fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL 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 as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. In the event that FPL does not require the QS to perform a Committed Capacity Test or if the QS successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

9.8 The QS, as the Pledgor of the Completion/Performance Security, hereby pledges to FPL, as the secured Party, as security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, and grants to FPL a first priority continuing security interest in, lien on and right of set-off against all Completion/Performance Security transferred to or received by FPL hereunder. Upon the transfer or return by FPL to the QS of Completion/Performance Security, the security interest and lien granted hereunder on that Completion/Performance Security will be released immediately and, to the extent possible, without any further action by either party.

(Continued on Sheet No. 9.038)

ATTACHMENT B

Revised Pages of the Standard Offer Contract in Legislative Format

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR A QUALIFYING
FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS (~~2016-2021~~ AVOIDED UNIT)**

THIS STANDARD OFFER CONTRACT (the "Contract") is made and entered this ____ day of _____, _____, by and between _____ (herein after "Qualified Seller" or "QS") a corporation/limited liability company organized and existing under the laws of the State of _____ and owner of a Renewable Energy Facility as defined in section 25-17.210 (1) F.A.C. or a Qualifying Facility with a design capacity of 100 KW or less as defined in section 25-17.250, and Florida Power & Light Company (hereinafter "FPL") a corporation organized and existing under the laws of the State of Florida. The QS and FPL shall be jointly identified herein as the "Parties". This Contract contains five Appendices; Appendix A, QS-2 Standard Rate for Purchase of Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; Appendix D, Detailed Project Information and Appendix E, contract options to be selected by QS.

WITNESSETH:

WHEREAS, the QS desires to sell and deliver, and FPL desires to purchase and receive, firm capacity and energy to be generated by the QS consistent with the terms of this Contract, Section 366.91, Florida Statutes, and/or Florida Public Service Commission ("FPSC") Rules 25-17.082 through 25-17.091, F.A.C. and FPSC Rules 25-17.200 through 25.17.310.F.A.C.

WHEREAS, the QS has signed an interconnection agreement with FPL (the "Interconnection Agreement"), or it has entered into valid and enforceable interconnection/transmission service agreement(s) with the utility (or those utilities) whose transmission facilities are necessary for delivering the firm capacity and energy to FPL (the "Wheeling Agreement(s)");

WHEREAS, the FPSC has approved the form of this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less; and

WHEREAS, the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract; and

WHEREAS, Section 366.91(3), Florida Statutes, provides that the "prudent and reasonable costs associated with a QS energy contract shall be recovered from the ratepayers of the contracting utility, without differentiating among customer classes, through the appropriate cost-recovery clause mechanism" administered by the FPSC.

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

(Continued on Sheet No. 9.031)

(Continued from Sheet No. 9.031)

- (c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.
- (d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C., and that the QS shall continue to meet such requirements throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that FPL deems necessary to verify that the Facility meets such requirements.
- (e) The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). A QS that is a qualifying facility with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the QS before June 1, ~~2016~~2021, or such later date as may be permitted by FPL pursuant to Section 5 of this Contract, FPL will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

- 1. The avoided unit ("Avoided Unit") on which this Contract is based is a ~~1327-1,262~~ MW combined cycle unit.
- 2. This offer shall expire on April 1, 2012.
- 3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is June 1, ~~2016-2021~~ (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this contract.
- 4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.
- 5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

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

(Continued on Sheet No. 9.033)

(Continued from Sheet No. 9.032)

4. Sale of Energy and Capacity by the QS

4.1 Consistent with the terms hereof, the QS shall sell and deliver to FPL and FPL shall purchase and receive from the QS at the Delivery Point (defined below) all of the energy and capacity generated by the Facility. FPL shall have the sole and exclusive right to purchase all energy and capacity produced by the Facility. The purchase and sale of energy and capacity 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 QS to sell more energy and capacity than the Facility's net output. The billing methodology may be changed at the option of the QS, subject to the provisions of FPL Rate Schedule QS-2. For purposes of this Contract, Delivery Point shall be defined as either: (i) the point of interconnection between FPL's system and the transmission system of the final utility transmitting energy and capacity from the Facility to the FPL system, as specifically described in the applicable Wheeling Agreement, or (ii) the point of interconnection between the Facility and FPL's transmission system, as specifically described in the Interconnection Agreement.

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

4.3 The QS shall be responsible for all costs, charges and penalties associated with the operation of the Facility.

5. Committed Capacity/Capacity Delivery Date

5.1 The QS commits to sell capacity to FPL at the Delivery Point, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity shall be _____ KW, with an expected Capacity Delivery Date no later than June 1, ~~2016~~2021.

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 (defined herein) for the first Committed Capacity Test shall commence no earlier than six (6) months prior to the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E) and testing must be completed by 11:59 p.m., May 31, ~~2016~~2021. The first Committed Capacity Test shall be deemed successfully completed when the QS demonstrates to FPL's satisfaction that the Facility can make available capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1, the QS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the capacity requirements of the Contract.

5.3 FPL shall have the right to require the QS, by notice no less than ten (10) business days prior to such proposed test, to validate the Committed Capacity of the Facility by means of subsequent Committed Capacity Tests as follows: i) once per each Summer period and once per each Winter period at FPL's sole discretion, ii) at any time the QS is unable to comply with any material obligation under this Contract for a period of thirty (30) days or more in the aggregate as a consequence of an event of Force Majeure, and iii) at any time the QS fails in three consecutive months to achieve an Annual Capacity Billing Factor ("ACBF"), as defined in Appendix B, equal to or greater than 70%. The results of any such test shall be provided to FPL within seven (7) 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 deemed as the lower of the tested capacity or the Committed Capacity as set forth in Section 5.1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity shall not exceed the amount set forth in Section 5.1 without the consent of FPL, such consent not unreasonably withheld.

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 but no earlier than the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E).

5.6 The QS shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided, the Capacity Delivery Date occurs on or before June 1, ~~2016-2021~~ (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before June 1, ~~2016~~2021, FPL shall be entitled to the Completion/Performance Security (as set forth in Section 9) in full, and in addition, FPL may, but shall not be obligated to, allow the QS up to an additional five (5) months to achieve the Capacity Delivery Date. If the QS fails to achieve the Capacity Delivery Date either by (i) June 1, ~~2016-2021~~ or (ii) such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and FPL will be permitted to terminate this Contract, consistent with the terms herein, without further obligations, duties or liability to the QS.

(Continued on Sheet No. 9.034)

(Continued from Sheet No. 9.036)

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

- () Letter of Credit.
- () Bond.
- () Cash Collateral.

9.3 FPL shall have the right to monitor (i) the financial condition of the issuer of a Letter of Credit in the event any Letter of Credit is provided by the QS and (ii) the insurer, in the case of any Bond. In the event the issuer of a Letter of Credit no longer qualifies as Qualified Issuer or the issuer of a Bond is no longer financially sound, FPL may require the QS to replace the Letter of Credit or the Bond, as applicable. The replacement Letter of Credit must be issued by a Qualified Issuer, within thirty (30) calendar days following written notification to the QS of the requirement to replace. Failure by the QS to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing Letter of Credit and to exercise any other remedies it may have hereunder.

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QS qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured written commitment or promise to pay in a form reasonably acceptable to FPL, by the local government which owns the Facility or on whose behalf the QS 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.

9.5 If an Event of Default under Section 12 occurs, FPL 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.

9.6 If an Event of Default under Section 12 has not occurred and the QS fails to achieve the Capacity Delivery Date on or before June 1, ~~2016-2021~~ or such later date as permitted by FPL pursuant to Section 5.6, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/ Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL 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 occurs on or before June 1, ~~2016-2021~~ or such later date as permitted by FPL pursuant to Section 5.6, then the QS 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 of Committed Capacity set forth in Section 5.1).

9.7 In the event that FPL requires the QS to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QS fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL 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 as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. In the event that FPL does not require the QS to perform a Committed Capacity Test or if the QS successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

9.8 The QS, as the Pledgor of the Completion/Performance Security, hereby pledges to FPL, as the secured Party, as security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, and grants to FPL a first priority continuing security interest in, lien on and right of set-off against all Completion/Performance Security transferred to or received by FPL hereunder. Upon the transfer or return by FPL to the QS of Completion/Performance Security, the security interest and lien granted hereunder on that Completion/Performance Security will be released immediately and, to the extent possible, without any further action by either party.

(Continued on Sheet No. 9.038)

ATTACHMENT C

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

**RATE SCHEDULE QS-2
APPENDIX A
TO THE STANDARD OFFER CONTRACT
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A RENEWABLE ENERGY FACILITY**

OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS (2021 Avoided Unit)

SCHEDULE

QS-2, Firm Capacity and Energy

AVAILABLE

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less (2021 Avoided Unit)" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Renewable Energy Facility specified in Section 366.91, Florida Statutes or by a Qualifying Facility with a design capacity of 100 KW or less as specified in FPSC Rule 25-17-0832(4) and which is either directly or indirectly interconnected with the Company. Both of these types of facilities shall also be referred to herein as Qualified Seller or "QS".

The Company will petition the FPSC for closure upon any of the following as related to the generating unit upon which this standard offer contract is based i.e. the Avoided Unit : (a) a request for proposals (RFP) pursuant to Rule 25-22.082, F.A.C., is issued, (b) the Company files a petition for a need determination or commences construction of the Avoided Unit when the generating unit is not subject to Rule 25-22.082, F.A.C., or (c) the generating unit upon which the standard offer contract is based is no longer part of the utility's generation plan, as evidenced by a petition to that effect filed with the Commission or by the utility's most recent Ten Year Site Plan.

APPLICABLE

To Renewable Energy Facilities as specified in Section 366.91, Florida Statutes producing capacity and energy from qualified renewable resources for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Renewable Capacity and Renewable Energy are capacity and energy produced and sold by a QS pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

To Qualifying Facilities ("QF"), with a design capacity of 100 KW or less, as specified in FPSC Rule 25-17.0832(4)(a) producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract", 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 the Company shall be, at the option of the Company, single or three phase, 60 hertz alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 hertz alternating current at the voltage level available at the interchange point between the Company and the entity delivering the Firm Energy and Capacity from the QS.

LIMITATION

Purchases under this schedule are subject to Section 366.91, Florida Statutes and/or FPSC Rules 25-17.0832 through 25-17.091, F.A.C., and 25-17.200 through 25-17.310 F.A.C and are limited to those Facilities which:

- A. Commit to commence deliveries of firm capacity and energy no later than June 1, 2021, and to continue such deliveries for a period of at least 10 years up to a maximum of the life of the avoided unit;
- B. Are not currently under contract with the Company or with any other entity for the Facility's output for the period specified above

(Continued on Sheet No. 10.301)

Issued by: S. E. Romig, Director, Rates and Tariffs

Effective:

(Continued from Sheet No. 10.300)

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's Avoided Unit has been identified as a 1,262 MW combined cycle unit with an in-service date of June 1, 2021. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.

A. Firm Capacity Rates

Options A through E are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. A payment schedule, for the normal payment option as shown below, contains the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and is based on a contract term which extends ten (10) years beyond June 1, 2021. Payment schedules for other contract terms, as specified in Appendix E, will be made available to any QS upon request and may be calculated based upon the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

Adjustment to Capacity Payment

The firm capacity rates will be adjusted to reflect the impact that the location of the QS will have on FPL system reliability due to constraints imposed on the operation of FPL transmission tie lines.

Appendix III shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis. The amount of such adjustment, as well as a binding contract rate for firm capacity, shall be provided to the QS within sixty days of FPL execution of the signed Standard Offer Contract.

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of June 1, 2021, as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

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

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

(Continued on Sheet No. 10.302)

(Continued from Sheet No. 10.302)

B. Energy Rates**(1) Payments Associated with As-Available Energy Costs prior to the In-Service Date of the Avoided Unit.**

Options A or B are available for payment of energy which is produced by the QS and delivered to the Company prior to the in-service date of the Avoided Unit. The QS shall indicate its selection in Appendix E, Once selected; an option shall remain in effect for the term of the Standard Offer Contract with the Company.

Option A – Energy Payments based on Actual Energy Costs

The energy rate, in cents per kilowatt-hour (¢/KWh), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the Delivery Point of the QS is located. When economy transactions take place, the incremental costs are calculated as described in FPL's Rate Schedule COG-1.

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

Option B – Energy Payments based on the year by year projection of As-Available energy costs

The energy rate, in cents per kilowatt-hour (¢/KWh), shall be based on the Company's year by year projection of system incremental fuel costs, prior to hourly economy sales to other utilities, based on normal weather and fuel market conditions (annual As-Available Energy Cost Projection which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. and with FPSC Rule 25-17.250(6) (a) F.A.C.) plus a fuel market volatility risk premium mutually agreed upon by the utility and the QS. Prior to the start of each applicable calendar year, the Company and the QS shall mutually agree on the fuel market volatility risk premium for the following calendar year, normally no later than November 15. The Company will provide its projection of the applicable annual As-Available Energy Cost prior to the start of the calendar year, normally no later than November 15 of each applicable calendar year. In addition to the applicable As-Available Energy Cost projection the energy payment will include identifiable operation and maintenance expenses, an adjustment for line losses reflecting delivery voltage and a factor that reflects in the calculation of the Company's Avoided Energy Costs the delivery of energy from the region of the Company in which the Delivery Point of the QS is located.

The calculation of payments to the QS shall be based on the sum, over all hours of the billing period, of the product of each hour's applicable Projected Avoided Energy Cost times the purchases of energy from the QS by the Company for that hour. All purchases of energy shall be adjusted for losses from the point of metering to the Delivery Point.

(2) Payments Associated with Applicable Avoided Energy Costs after the In-Service Date of the Avoided Unit.

Option C is available for payment of energy which is produced by the QS and delivered to the Company after the in-service date of the avoided unit. In addition, Option D is available to the QS which elects to fix a portion of the firm energy payment. The QS shall indicate its selection of Option D in Appendix E, once selected, Option D shall remain in effect for the term of the Standard Offer Contract.

Option C- Energy Payments based on Actual Energy Costs starting on June 1, 2021

The calculation of payments to the QS for energy delivered to FPL on and after June 1, 2021 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 FPL from the Facility during that hour.

(Continued on Sheet No. 10.304)

(Continued from Sheet No. 10.303)

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QS to FPL, the firm energy rate in cents per kilowatt hour (¢/KWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/KWh) shall be defined as the product of: (a) the fuel price in \$/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; and (b) an average annual heat rate of 6,362 BTU per kilowatt hour; plus (c) an additional 0.1095¢ per kilowatt hour in mid 2021 dollars for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the Delivery Point. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the Delivery Point of the QS is located.

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

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

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next ten annual periods are as follows. In addition, avoided energy cost payments will include 0.1095¢/KWh for variable operation and maintenance expenses.

<u>Applicable Period</u>	<u>On-Peak ¢/KWH</u>	<u>Off-Peak ¢/KWH</u>	<u>Average ¢/KWH</u>
2011	5.89	5.57	5.68
2012	5.14	4.63	4.80
2013	4.68	4.20	4.36
2014	4.54	4.21	4.32
2015	4.88	4.52	4.64
2016	5.68	5.18	5.35
2017	6.14	5.61	5.78
2018	6.44	5.99	6.14
2019	6.74	6.38	6.50
2020	7.54	6.95	7.15
2021	7.64	7.16	7.32

A MW block size ranging from 58 MW to 65 MW has been used to calculate the estimated As-Available energy cost.

ESTIMATED UNIT FUEL COST

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

<u>\$/MMBTU</u>									
<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
9.21	9.87	10.54	11.49	12.27	12.53	12.75	12.98	13.21	13.45

(Continued on Sheet No. 10.305)

(Continued from Sheet No. 10.304)

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to a QS within the Company'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	1.0000
Primary Voltage Delivery	1.0102
Secondary Voltage Delivery	1.0460

PERFORMANCE CRITERIA

Payments for Firm Capacity are conditioned on the QS'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 the Company's Avoided Unit (i.e., June 1, 2021).

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 the Company's Standard Offer Contract.

METERING REQUIREMENTS

A QS within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from a QS outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Renewable Energy to the Company.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 pm. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day, and New Years Day.. FPL shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance written notice.

BILLING OPTIONS

A QS, 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 the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QS to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QS 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 QS or the Company; 3) when the QS 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 this Tariff or the contract between the QS and the Company.

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

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

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

(Continued on Sheet No. 10.306)

APPENDIX II
 TO RATE SCHEDULE QS-2
 CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:		<u>Value</u>
VAC_m	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$9.77
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.5136
I_n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;	\$1,108.35
O_n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$23.14
i_p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.84%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.29%
L	= expected life of the Company's Avoided Unit;	30
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2021

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

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

*From Appendix E

Issued by: S. E. Romig, Director, Rates and Tariffs
 Effective:

ATTACHMENT D

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

RATE SCHEDULE QS-2
APPENDIX A
TO THE STANDARD OFFER CONTRACT
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A RENEWABLE ENERGY FACILITY

OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS (~~2016~~2021 Avoided Unit)

SCHEDULE

QS-2, Firm Capacity and Energy

AVAILABLE

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less (~~2016~~2021 Avoided Unit)" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Renewable Energy Facility specified in Section 366.91, Florida Statutes or by a Qualifying Facility with a design capacity of 100 KW or less as specified in FPSC Rule 25-17-0832(4) and which is either directly or indirectly interconnected with the Company. Both of these types of facilities shall also be referred to herein as Qualified Seller or "QS".

The Company will petition the FPSC for closure upon any of the following as related to the generating unit upon which this standard offer contract is based i.e. the Avoided Unit : (a) a request for proposals (RFP) pursuant to Rule 25-22.082, F.A.C., is issued, (b) the Company files a petition for a need determination or commences construction of the Avoided Unit when the generating unit is not subject to Rule 25-22.082, F.A.C., or (c) the generating unit upon which the standard offer contract is based is no longer part of the utility's generation plan, as evidenced by a petition to that effect filed with the Commission or by the utility's most recent Ten Year Site Plan.

APPLICABLE

To Renewable Energy Facilities as specified in Section 366.91, Florida Statutes producing capacity and energy from qualified renewable resources for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Renewable Capacity and Renewable Energy are capacity and energy produced and sold by a QS pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

To Qualifying Facilities ("QF"), with a design capacity of 100 KW or less, as specified in FPSC Rule 25-17.0832(4)(a) producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract", 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 the Company shall be, at the option of the Company, single or three phase, 60 hertz alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 hertz alternating current at the voltage level available at the interchange point between the Company and the entity delivering the Firm Energy and Capacity from the QS.

LIMITATION

Purchases under this schedule are subject to Section 366.91, Florida Statutes and/or FPSC Rules 25-17.0832 through 25-17.091, F.A.C., and 25-17.200 through 25-17.310 F.A.C and are limited to those Facilities which:

- A. Commit to commence deliveries of firm capacity and energy no later than June 1, ~~2016~~2021, and to continue such deliveries for a period of at least 10 years up to a maximum of the life of the avoided unit;
- B. Are not currently under contract with the Company or with any other entity for the Facility's output for the period specified above

(Continued on Sheet No. 10.301)

Issued by: S. E. Romig, Director, Rates and Tariffs

Effective: ~~October 4, 2011~~

(Continued from Sheet No. 10.300)

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's Avoided Unit has been identified as a ~~13271.262~~ 13271.262 MW combined cycle unit with an in-service date of June 1, ~~2016~~ 2021. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.

A. Firm Capacity Rates

Options A through E are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. A payment schedule, for the normal payment option as shown below, contains the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and is based on a contract term which extends ten (10) years beyond June 1, ~~2016~~ 2021. Payment schedules for other contract terms, as specified in Appendix E, will be made available to any QS upon request and may be calculated based upon the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

Adjustment to Capacity Payment

The firm capacity rates will be adjusted to reflect the impact that the location of the QS will have on FPL system reliability due to constraints imposed on the operation of FPL transmission tie lines.

Appendix III shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis. The amount of such adjustment, as well as a binding contract rate for firm capacity, shall be provided to the QS within sixty days of FPL execution of the signed Standard Offer Contract.

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of June 1, ~~2016~~ 2021, as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH
~~2016-2021~~ 2021 COMBINED CYCLE AVOIDED UNIT (~~13271.262~~ 13271.262 MW)
 STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
 FOR A CONTRACT TERM OF 10 YEARS
 (\$/KW/MONTH)

Contract Year		Normal Payment
From	To	Starting
		06/01/ 2016 2021
6/1/ 2016 2021	5/31/ 2017 2022	8.029.77
6/1/ 2017 2022	5/31/ 2018 2023	8.2610.06
6/1/ 2018 2023	5/31/ 2019 2024	8.5110.36
6/1/ 2019 2024	5/31/ 2020 2025	8.7610.67
6/1/ 2020 2025	5/31/ 2021 2026	9.0210.98
6/1/ 2021 2026	5/31/ 2022 2027	9.2911.31
6/1/ 2022 2027	5/31/ 2023 2028	9.5711.64
6/1/ 2023 2028	5/31/ 2024 2029	9.8511.99
6/1/ 2024 2029	5/31/ 2025 2030	10.1512.34
6/1/ 2025 2030	5/31/ 2026 2031	10.4512.71

(Continued on Sheet No. 10.302)

(Continued from Sheet No. 10.302)

B. Energy Rates**(1) Payments Associated with As-Available Energy Costs prior to the In-Service Date of the Avoided Unit.**

Options A or B are available for payment of energy which is produced by the QS and delivered to the Company prior to the in-service date of the Avoided Unit. The QS shall indicate its selection in Appendix E, Once selected; an option shall remain in effect for the term of the Standard Offer Contract with the Company.

Option A – Energy Payments based on Actual Energy Costs

The energy rate, in cents per kilowatt-hour (¢/KWh), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the Delivery Point of the QS is located. When economy transactions take place, the incremental costs are calculated as described in FPL's Rate Schedule COG-1.

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

Option B – Energy Payments based on the year by year projection of As-Available energy costs

The energy rate, in cents per kilowatt-hour (¢/KWh), shall be based on the Company's year by year projection of system incremental fuel costs, prior to hourly economy sales to other utilities, based on normal weather and fuel market conditions (annual As-Available Energy Cost Projection which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. and with FPSC Rule 25-17.250(6) (a) F.A.C.) plus a fuel market volatility risk premium mutually agreed upon by the utility and the QS. Prior to the start of each applicable calendar year, the Company and the QS shall mutually agree on the fuel market volatility risk premium for the following calendar year, normally no later than November 15. The Company will provide its projection of the applicable annual As-Available Energy Cost prior to the start of the calendar year, normally no later than November 15 of each applicable calendar year. In addition to the applicable As-Available Energy Cost projection the energy payment will include identifiable operation and maintenance expenses, an adjustment for line losses reflecting delivery voltage and a factor that reflects in the calculation of the Company's Avoided Energy Costs the delivery of energy from the region of the Company in which the Delivery Point of the QS is located.

The calculation of payments to the QS shall be based on the sum, over all hours of the billing period, of the product of each hour's applicable Projected Avoided Energy Cost times the purchases of energy from the QS by the Company for that hour. All purchases of energy shall be adjusted for losses from the point of metering to the Delivery Point.

(2) Payments Associated with Applicable Avoided Energy Costs after the In-Service Date of the Avoided Unit.

Option C is available for payment of energy which is produced by the QS and delivered to the Company after the in-service date of the avoided unit. In addition, Option D is available to the QS which elects to fix a portion of the firm energy payment. The QS shall indicate its selection of Option D in Appendix E, once selected, Option D shall remain in effect for the term of the Standard Offer Contract.

Option C- Energy Payments based on Actual Energy Costs starting on June 1, 20162021

The calculation of payments to the QS for energy delivered to FPL on and after June 1, 20162021 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 FPL from the Facility during that hour.

(Continued on Sheet No. 10.304)

(Continued from Sheet No. 10.303)

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QS to FPL, the firm energy rate in cents per kilowatt hour (¢/KWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/KWh) shall be defined as the product of: (a) the fuel price in \$/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; and (b) an average annual heat rate of 6,339,362 BTU per kilowatt hour; plus (c) an additional ~~07580.1095~~¢ per kilowatt hour in mid ~~2016-2021~~ dollars for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the Delivery Point. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the Delivery Point of the QS is located.

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

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

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next ten annual periods are as follows. In addition, avoided energy cost payments will include ~~00160.1095~~¢/KWh for variable operation and maintenance expenses.

<u>Applicable Period</u>	<u>On-Peak ¢/KWH</u>	<u>Off-Peak ¢/KWH</u>	<u>Average ¢/KWH</u>
2011	5.89	5.57	5.68
2012	5.14	4.7163	4.8577
2013	4.9068	4.5220	4.6433
2014	4.8454	4.5021	4.6431
2015	5.154.88	4.8052	4.9162
2016	5.8668	5.4018	5.5534
2017	6.3214	5.8761	6.025.76
2018	6.6044	6.225.99	6.3512
2019	7.036.74	6.6738	6.7945
2020	7.5354	6.9795	7.1510
2021	7.7364	7.3116	7.4573

A MW block size ranging from 58 MW to 65 MW has been used to calculate the estimated As-Available energy cost.

ESTIMATED UNIT FUEL COST

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

<u>\$/MMBTU</u>									
20162021	20172022	20182023	20192024	20202025	20212026	20222027	20232028	20242029	20252030
6.609.21	7.149.87	7.7010.54	8.1611.49	8.6312.27	9.1212.53	9.7712.75	10.4512.98	11.1613.21	11.8613.45

(Continued on Sheet No. 10.305)

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(Continued from Sheet No. 10.304)

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to a QS within the Company'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	1.0000
Primary Voltage Delivery	1.02130102
Secondary Voltage Delivery	1.04650460

PERFORMANCE CRITERIA

Payments for Firm Capacity are conditioned on the QS'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 the Company's Avoided Unit (i.e., June 1, 20162021).

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 the Company's Standard Offer Contract.

METERING REQUIREMENTS

A QS within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from a QS outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Renewable Energy to the Company.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 pm. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day, and New Years Day.. FPL shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance written notice.

BILLING OPTIONS

A QS, 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 the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QS to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QS 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 QS or the Company; 3) when the QS 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 this Tariff or the contract between the QS and the Company.

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

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

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

(Continued on Sheet No. 10.306)

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APPENDIX II
 TO RATE SCHEDULE QS-2
 CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:		Value
VAC _m	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	<u>\$8,029.77</u>
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;	<u>1.54335136</u>
I _n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;	<u>\$929,941,108.35</u>
O _n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	<u>\$16,7623.14</u>
i _p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i _o	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	<u>2.652.84%</u>
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.29%
L	= expected life of the Company's Avoided Unit;	30
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	<u>20162021</u>

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A _m	= monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month;	*
i _p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i _o	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	<u>2.652.84%</u>
n	= year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit)	*
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years;	<u>\$953,54788.39</u>
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.29%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
G	= the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years.	<u>\$198,65192.58</u>

*From Appendix E

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ATTACHMENT E

Economic Assumptions

Florida Power & Light Company
Standard Offer Contract

Economic Assumptions

CAPITALIZATION RATIOS

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

DISCOUNT RATE

7.293%

RATE OF RETURN

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

BOOK DEPRECIATION LIFE

30 years for Combined Cycle Unit
40 years for Transmission Facilities

INCOME TAX RATE

State: 5.5%
Federal: 35.0%

Effective: 38.575%

TAX DEPRECIATION LIFE

20 years for Combined Cycle Unit
15 years for Transmission Facilities

OTHER TAXES AND INSURANCE

1.94%

Florida Power & Light Company
Standard Offer Contract

Economic Escalation Assumptions
(Averages 2021-2031)

Plant Construction Cost Percentage:	3.0%
O&M and Capital Cost Replacement Percentage:	2.84%
Fixed Variable O&M Cost Percentage:	2.5%

Florida Power & Light Company
Standard Offer Contract

Unit Information

Plant Name (Type): Combined Cycle
Net Capacity (MW): 1,262 MW
Book Life (Years): 30

Installed Cost (In-Service Year 2021)

Total Installed Cost (\$/kW):	1,108.35
Direct Construction Cost (\$/kW):	994.26
AFUDC Amount (\$/kW):	114.08
Fixed O&M (\$/kW-Yr) (In-Service Year):	7.77
Capital Replacement (\$/kW-Yr) (In-Service Year):	15.37
Variable O&M (cents/kWh):	0.1095
K Factor:	1.5136

Florida Power & Light Company
Standard Offer Contract

Financial Assumptions
For the Development of K Factor

CAPITALIZATION RATIOS

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

RATE OF RETURN

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

Effective Tax Rate: 38.575%

Discount Rate: 7.293%

Book Life: 30 years for Combined Cycle Unit
40 years for Transmission Facilities

In Service Year: 2021

CONSTRUCTION SPENDING CURVE

<u>Year</u>	<u>% Construction Expenditures*</u>
2016	0.10%
2017	0.34%
2018	12.10%
2019	52.68%
2020	25.50%
2021	9.27%

* To be applied to direct construction costs

Florida Power & Light Company
Fixed Charge Calculations For Development of K Factor
Unit Type: Combined Cycle
(Thousands of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Year	Calendar Year	Electric Plant In-Service	Debt	Preferred	Equity	Taxes	Deferred Taxes	Total Debt Preferred Equity & Taxes	Straight Line Depreciation	Property Taxes & Insurance	Total Fixed Charges	Present Worth Fixed Charges	Cumulative Present Worth Fixed Charges
1	2021	\$1,294,910	\$17,281	\$0	\$45,439	\$19,912	\$9,791	\$92,423	\$25,133	\$14,923	\$132,479	\$132,479	\$132,479
2	2022	\$1,251,825	\$28,515	\$0	\$74,979	\$28,397	\$20,689	\$152,580	\$43,085	\$25,126	\$220,790	\$205,783	\$338,261
3	2023	\$1,208,740	\$27,113	\$0	\$71,291	\$28,888	\$17,882	\$145,174	\$43,085	\$24,330	\$212,590	\$184,671	\$522,932
4	2024	\$1,165,656	\$25,771	\$0	\$67,763	\$29,250	\$15,305	\$138,089	\$43,085	\$23,535	\$204,709	\$165,738	\$688,670
5	2025	\$1,122,571	\$24,485	\$0	\$64,382	\$29,511	\$12,920	\$131,298	\$43,085	\$22,741	\$197,123	\$148,748	\$837,418
6	2026	\$1,079,486	\$23,251	\$0	\$61,136	\$29,668	\$10,725	\$124,778	\$43,085	\$21,947	\$189,810	\$133,494	\$970,912
7	2027	\$1,036,401	\$22,062	\$0	\$58,011	\$29,610	\$8,819	\$118,503	\$43,085	\$21,154	\$182,741	\$119,786	\$1,090,698
8	2028	\$993,317	\$20,913	\$0	\$54,990	\$29,345	\$7,188	\$112,437	\$43,085	\$20,362	\$175,883	\$107,454	\$1,198,152
9	2029	\$950,232	\$19,786	\$0	\$52,026	\$27,747	\$6,925	\$106,484	\$43,085	\$19,570	\$169,138	\$96,309	\$1,294,461
10	2030	\$907,147	\$18,662	\$0	\$49,070	\$25,899	\$6,916	\$100,546	\$43,085	\$18,779	\$162,410	\$86,192	\$1,380,653
11	2031	\$864,062	\$17,537	\$0	\$46,113	\$24,034	\$6,925	\$94,609	\$43,085	\$17,988	\$155,682	\$77,005	\$1,457,658
12	2032	\$820,978	\$16,413	\$0	\$43,157	\$22,186	\$6,916	\$88,672	\$43,085	\$17,198	\$148,955	\$68,670	\$1,526,328
13	2033	\$777,893	\$15,289	\$0	\$40,201	\$20,320	\$6,925	\$82,735	\$43,085	\$16,409	\$142,229	\$61,112	\$1,587,440
14	2034	\$734,808	\$14,164	\$0	\$37,244	\$18,472	\$6,916	\$76,798	\$43,085	\$15,621	\$135,503	\$54,265	\$1,641,705
15	2035	\$691,723	\$13,040	\$0	\$34,288	\$16,607	\$6,925	\$70,860	\$43,085	\$14,834	\$128,779	\$48,066	\$1,689,771
16	2036	\$648,639	\$11,929	\$0	\$31,368	\$15,994	\$5,704	\$64,995	\$43,085	\$14,047	\$122,127	\$42,485	\$1,732,257
17	2037	\$605,554	\$10,846	\$0	\$28,519	\$15,412	\$4,497	\$59,274	\$43,085	\$13,261	\$115,620	\$37,488	\$1,769,744
18	2038	\$562,469	\$9,776	\$0	\$25,706	\$13,650	\$4,492	\$53,625	\$43,085	\$12,477	\$109,186	\$32,996	\$1,802,739
19	2039	\$519,385	\$8,707	\$0	\$22,893	\$11,879	\$4,497	\$47,976	\$43,085	\$11,693	\$102,753	\$28,940	\$1,831,679
20	2040	\$476,300	\$7,637	\$0	\$20,080	\$10,117	\$4,492	\$42,327	\$43,085	\$10,910	\$96,321	\$25,285	\$1,856,964
21	2041	\$433,215	\$6,679	\$0	\$17,561	\$18,475	(\$5,448)	\$37,268	\$43,085	\$10,127	\$90,480	\$22,137	\$1,879,101
22	2042	\$390,130	\$5,944	\$0	\$15,630	\$27,207	(\$15,392)	\$33,389	\$43,085	\$9,346	\$85,821	\$19,570	\$1,898,671
23	2043	\$347,046	\$5,322	\$0	\$13,993	\$26,179	(\$15,392)	\$30,101	\$43,085	\$8,566	\$81,752	\$17,375	\$1,916,046
24	2044	\$303,961	\$4,699	\$0	\$12,356	\$25,151	(\$15,392)	\$26,813	\$43,085	\$7,787	\$77,685	\$15,388	\$1,931,434
25	2045	\$260,876	\$4,076	\$0	\$10,719	\$24,122	(\$15,392)	\$23,526	\$43,085	\$7,009	\$73,619	\$13,592	\$1,945,026
26	2046	\$217,791	\$3,454	\$0	\$9,081	\$23,094	(\$15,392)	\$20,238	\$43,085	\$6,232	\$69,554	\$11,968	\$1,956,994
27	2047	\$174,707	\$2,831	\$0	\$7,444	\$22,066	(\$15,392)	\$16,950	\$43,085	\$5,456	\$65,491	\$10,503	\$1,967,497
28	2048	\$131,622	\$2,209	\$0	\$5,807	\$21,038	(\$15,392)	\$13,662	\$43,085	\$4,682	\$61,428	\$9,182	\$1,976,679
29	2049	\$88,537	\$1,586	\$0	\$4,170	\$20,010	(\$15,392)	\$10,374	\$43,085	\$3,908	\$57,367	\$7,992	\$1,984,671
30	2050	\$45,452	\$963	\$0	\$2,533	\$18,982	(\$15,392)	\$7,086	\$43,085	\$3,136	\$53,307	\$6,922	\$1,991,592
31	2051	\$25,896	\$440	\$0	\$1,157	\$8,612	(\$6,999)	\$3,209	\$19,556	\$1,375	\$24,140	\$2,921	\$1,994,514
32	2052	\$23,146	\$350	\$0	\$920	\$1,674	(\$1,005)	\$1,940	\$2,750	\$619	\$5,309	\$599	\$1,995,112
33	2053	\$20,396	\$311	\$0	\$817	\$1,609	(\$1,005)	\$1,732	\$2,750	\$571	\$5,053	\$531	\$1,995,644
34	2054	\$17,646	\$271	\$0	\$714	\$1,544	(\$1,005)	\$1,525	\$2,750	\$523	\$4,798	\$470	\$1,996,114
35	2055	\$14,896	\$232	\$0	\$611	\$1,480	(\$1,005)	\$1,318	\$2,750	\$475	\$4,543	\$415	\$1,996,529
36	2056	\$12,146	\$193	\$0	\$507	\$1,415	(\$1,005)	\$1,111	\$2,750	\$427	\$4,288	\$365	\$1,996,894
37	2057	\$9,396	\$154	\$0	\$404	\$1,350	(\$1,005)	\$903	\$2,750	\$380	\$4,033	\$320	\$1,997,214
38	2058	\$6,646	\$114	\$0	\$301	\$1,285	(\$1,005)	\$696	\$2,750	\$332	\$3,778	\$279	\$1,997,493
39	2059	\$3,896	\$75	\$0	\$198	\$1,220	(\$1,005)	\$489	\$2,750	\$285	\$3,524	\$243	\$1,997,736
40	2060	\$1,146	\$36	\$0	\$95	\$1,156	(\$1,005)	\$282	\$2,750	\$237	\$3,269	\$210	\$1,997,946
41	2061	\$0	\$3	\$0	\$9	\$462	(\$419)	\$56	\$1,146	\$79	\$1,281	\$77	\$1,998,022

In-Service Cost	\$1,320,043
Present Worth of Fixed Charges	\$1,998,022
Less Equity Adjustment	\$0
Adjusted Present Worth of Fixed Charges	<u>\$1,998,022</u>
Value of K	<u>1.5136</u>