



Dianne M. Triplett
ASSOCIATE GENERAL COUNSEL
Duke Energy Florida, LLC

May 18, 2016

Via ELECTRONIC DELIVERY

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

Re: DEF Petition for Approval of Modifications to the Approved Premier Power Tariff and the Government Underground Tariff and for Approval of New Government Cost Recovery Contract

Dear Ms. Stauffer:

On behalf of Duke Energy Florida, LLC ("DEF"), enclosed for filing is DEF's Petition for Approval of Modifications to the Approved Premier Power Tariff and the Government Underground Tariff and for Approval of New Government Cost Recovery Contract.

The modifications to the Approved Premier Power Tariff concern Tariff Sheet Nos. 6.370 and 6.371. The modifications to the Government Underground Tariff concern Tariff Sheet Nos. 4.124 and 4.125. The new Government Cost Recovery Contract concerns Tariff Sheet Nos. 7.000 and 7.060 through 7.063.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (727) 820-4692.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT:at
Attachments

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by Duke Energy
Florida for Approval of
Modifications to the Approved
Premier Power Tariff and the
Government Underground Tariff
and for Approval of New
Government Cost Recovery
Contract.

Docket No. _____

Submitted for filing:
May 18, 2016

**PETITION FOR APPROVAL OF MODIFICATIONS TO THE
APPROVED PREMIER POWER TARIFF AND THE
GOVERNMENT UNDERGROUND TARIFF AND FOR
APPROVAL OF NEW GOVERNMENT COST RECOVERY CONTRACT**

Pursuant to Rules 25-9.004(2) and 25-9.033(1), F.A.C., Duke Energy Florida, LLC (“DEF” or “the Company”), respectfully petitions the Florida Public Service Commission (“PSC” or “the Commission”) for approval of: (1) a new standard form contract, the Local Government Underground Cost Recovery Contract (the “Contract”); (2) modifications to DEF’s Local Government Underground Cost Recovery tariff (the “Underground tariff”); and (3) modifications to DEF’s Premier Power Service Rider tariff (the “PPS tariff”). DEF is requesting approval of the Contract, because the Underground tariff requires that the Commission approve a form contract. Modifications to the Index of Standard Contract and Other Agreement Forms are needed to list the new contract on the contract form index. Modifications to the Underground tariff are needed for clarification and to correspond with the Contract that DEF has filed as part of this Petition. Modifications to the PPS tariff are being made to allow interruptible and curtailable customers to also participate, at their option, in the PPS tariff.

The modified Underground tariff, Section No. IV, Fifth Revised Sheet Nos. 4.124 and 4.125, are attached hereto in standard format as Exhibit A and

in legislative format as Exhibit B. The new proposed Contract, Section No. VII, Sheet Nos. 7.060 through 7.063, as well as the Index of Standard Contract and Other Agreement Forms, Section No. VII, Sheet No. 7.000, are attached hereto in standard format as Exhibit C and in legislative format as Exhibit D. The modified PPS tariff, Section No. VI, Fifth Revised Sheet Nos. 6.370 and 6.371 are attached hereto in standard format as Exhibit E and in legislative format as Exhibit F. In support of this petition, DEF submits the following:

1. DEF is a public utility subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, F.S. The Company's principal place of business is located at 299 First Avenue North, St. Petersburg, Florida 33701.

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

Dianne M. Triplett
Post Office Box 14042
St. Petersburg, FL 33733-4692
(727) 820-4692

Matthew R. Bernier
106 East College Avenue, Suite 800
Tallahassee, FL 32301
(850) 521-1428

Approval of New Local Government Underground Cost Recovery Contract

3. Section 12.06(7) of DEF's currently-approved Underground Tariff provides: "The local government shall enter into a contract with the Company, the form of which has been approved by the Florida Public Service Commission or its staff, establishing the specific terms and conditions for underground capital cost recovery consistent with the provisions of this Section 12.06." DEF does not have an approved standard contract with respect to this provision. Accordingly, DEF has submitted with this Petition a form of the Contract. The Contract tracks the requirements of the Underground tariff.

Underground Tariff Modifications

4. As DEF developed the Contract described above, it realized that some clarifying corrections to the Underground tariff were needed to properly

describe the formula for the Annual Recovery Amount and to correct cross-references to other parts of DEF's tariff. The proposed modifications address these areas.

PPS Tariff Modifications

5. DEF's proposed modifications to the PPS Tariff are intended to clarify that customers taking service under the Interruptible and Curtailable General Service tariffs can also take part in the PPS Tariff, if they elect to do so. The PPS Tariff currently provides that it is only applicable to customers taking service under other firm general service rate schedules. The proposed changes will expand this program to also apply to non-firm customers.

WHEREFORE, for the above-stated reasons, DEF respectfully requests that the Commission grant this petition and approve:

- (1) the new Local Government Underground Cost Recovery Contract;
- (2) the modifications to DEF's Underground Tariff; and
- (3) the modifications to DEF's PPS Tariff.

Respectfully Submitted,

/s/ Dianne M. Triplett

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**UNDERGROUND TARIFF MODIFICATIONS
(Clean copy)**

**Tariff Sheets:
4.124 and 4.125**

12.06 LOCAL GOVERNMENTAL UNDERGROUND COST RECOVERY

(1) Eligibility

Underground cost recovery in accordance with the provisions of this Section 12.06 is available at the option of those municipal and county governments (local governments) located within the Company's retail service area who have entered into a contract with the Company pursuant to Section 12.05 of this Part XII for the conversion of existing overhead distribution facilities to underground facilities.

(2) Annual Recovery Amount

(a) An eligible local government may receive an Annual Recovery Amount collected by the Company through a Governmental Undergrounding Fee added to the electric bills of the Company's customers located in an Underground Assessment Area within the boundaries of the local government. The local government's Annual Recovery Amount shall be calculated in accordance with the following formula:

$$\text{Annual Recovery Amount} = ((FC + GC) * I) / (1 - (1 / ((1 + I)^n)))$$

Where:

FC = Facility Charge, as defined in Paragraph 12.05(2) of this Part XII.

GC = Governmental Cost, which consists of the following costs incurred by the local government:

1. a surcharge based on the lesser of 10 percent of the Facility Charge or \$50,000, to reimburse the Company for a portion of its initial programming costs to implement the customer billing processes required by this Section 12.06;
2. reimbursement of the Company for its additional programming costs required to bill customers in the local government's specific Underground Assessment Area;
3. ancillary costs of the local government related to its undergrounding project, such as right-of-way acquisition, preparation and restoration costs, and financing costs; and
4. at the local government's option, (i) the total cost charged by electrical contractor(s) selected and hired by the local government to convert customer facilities (such as service entrances and meter bases) to receive underground service for all residential customers requiring such conversion, or (ii) a portion of the total cost charged by such electrical contractor(s) (based on a minimum average charge per customer determined by the local government), to convert customer facilities to receive underground service for all commercial/industrial customers requiring such conversion, or both (i) and (ii).

n = The Number of years over which the Facility Charge and Governmental Cost is to be recovered by the local government, which shall not exceed a maximum of 20 years.

I = The Interest rate on the bonds or other financial instruments utilized by the local government to finance the Facility Charge and Governmental Cost, adjusted for financing costs.

(b) In no event shall the Annual Recovery Amount exceed the amount that would have been recoverable over the most recent 12-month period for which actual customer billing data is available, using the maximum Governmental Undergrounding Fee permissible under Paragraph (4)(a) or (b) of this Section 12.06

(3) Underground Assessment Area

The local government shall establish the geographic boundaries of an Underground Assessment Area based on a determination, in its discretion, that the electric customers located within these boundaries benefit sufficiently from the underground conversion project in question to warrant the payment of a Governmental Undergrounding Fee to recover the costs of the conversion project. The Underground Assessment Area so established may consist of all or any contiguous portion of the area within the local government's corporate limits, and may overlap all or portions of other Underground Assessment Areas previously established by the local government.

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(4) Governmental Undergrounding Fee

- (a) The Company will bill a monthly Governmental Undergrounding Fee to electric customers located in the Underground Assessment Area established by the local government. The Governmental Undergrounding Fee shall be based on a uniform percentage of customers' total net charges for electric service calculated to produce the Annual Recovery Amount, net of regulatory assessment fees, if any. Except as provided in Paragraph 2(a) of this Section 12.06, the total Governmental Undergrounding Fee billed to a customer's account (irrespective of the number of Underground Assessment Areas in which the customer may be located) shall not exceed the lesser of (i) 15 percent of the customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for non-residential customers. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer.
- (b) The application of a Governmental Undergrounding Fee based on a higher percentage or maximum monthly amount than specified in Paragraph 4(a) of this Section 12.06 shall require approval of the Florida Public Service Commission.
- (c) The Governmental Undergrounding Fee shall be recalculated for each 12-month period during its effectiveness following the initial annual period. The recalculation shall be based on the Company's most current projections for the upcoming period, and shall include a true-up adjustment based on the difference between projected and actual recovery for the prior 12-month period.

(5) Optional Utility Financing

At the option of the local government, the Company will provide financing for the Facility Charge and Governmental Cost of the undergrounding project, subject to any limitation on the funds made available for such purpose at the Company's discretion. Upon request, the Company will advise the local government at the time the binding cost estimate is presented pursuant to Paragraph 12.04(2) of this Part XII whether sufficient funds are available at that time to finance the cost of the undergrounding project. The interest rate applicable to such optional financing will be determined by the Company commensurate with normal risk considerations such as the credit worthiness of the local government, the total cost subject to financing, the expected duration of the undergrounding project, and any other identifiable risks associated with financing the project.

(6) Customer Notification

At least 30 days prior to the execution of a Local Government Underground Cost Recovery Contract pursuant to Subsection (7) of this Section 12.06, the local government shall mail a notice to each electric customer located within the proposed Underground Assessment Area stating its intention to recover the cost of the underground conversion project in question through a Governmental Undergrounding Fee on the customer's electric bill. The notice shall include, at a minimum, (i) a description of the underground conversion project, (ii) an estimate of the Governmental Undergrounding Fee (as a percentage of total net electric charges) and the maximum monthly amount, (iii) the month in which billing of the Fee is expected to commence, (iv) the number of years over which the Fee is to be imposed, and (v) a postage-prepaid form on which the customer may submit comments to the local government.

(7) Underground Cost Recovery Contract

The local government shall enter into a contract with the Company, the form of which has been approved by the Florida Public Service Commission or its staff, establishing the specific terms and conditions for underground capital cost recovery consistent with the provisions of this Section 12.06.

**UNDERGROUND TARIFF MODIFICATIONS
(Legislative format)**

Tariff Sheets:
4.124 and 4.125

12.06 LOCAL GOVERNMENTAL UNDERGROUND COST RECOVERY

(1) Eligibility

Underground cost recovery in accordance with the provisions of this Section 12.06 is available at the option of those municipal and county governments (local governments) located within the Company's retail service area who have entered into a contract with the Company pursuant to Section 12.05 of this Part XII for the conversion of existing overhead distribution facilities to underground facilities.

(2) Annual Recovery Amount

(a) An eligible local government may receive an Annual Recovery Amount collected by the Company through a Governmental Undergrounding Fee added to the electric bills of the Company's customers located in an Underground Assessment Area within the boundaries of the local government. The local government's Annual Recovery Amount shall be calculated in accordance with the following formula:

$$\text{Annual Recovery Amount} = \frac{((FC + GC) * I) / (1 - (1 / ((1 + I)^n)))}{(1 + I)^A} \quad \frac{-(FC + GC) * I}{(1 + I)^A}$$

Where:

FC = Facility Charge, as defined in Paragraph 12.05(2)(b) of this Part XII.

GC = Governmental Cost, which consists of the following costs incurred by the local government:

1. a surcharge based on the lesser of 10 percent of the Facility Charge or \$50,000, to reimburse the Company for a portion of its initial programming costs to implement the customer billing processes required by this Section 12.06;
2. reimbursement of the Company for its additional programming costs required to bill customers in the local government's specific Underground Assessment Area;
3. ancillary costs of the local government related to its undergrounding project, such as right-of-way acquisition, preparation and restoration costs, and financing costs; and
4. at the local government's option, (i) the total cost charged by electrical contractor(s) selected and hired by the local government to convert customer facilities (such as service entrances and meter bases) to receive underground service for all residential customers requiring such conversion, or (ii) a portion of the total cost charged by such electrical contractor(s) (based on a minimum average charge per customer determined by the local government), to convert customer facilities to receive underground service for all commercial/industrial customers requiring such conversion, or both (i) and (ii).

n = The Number of years over which the Facility Charge and Governmental Cost is to be recovered by the local government, which shall not exceed a maximum of 20 years.

I = The Interest rate on the bonds or other financial instruments utilized by the local government to finance the Facility Charge and Governmental Cost, adjusted for financing costs.

(b) In no event shall the Annual Recovery Amount exceed the amount that would have been recoverable over the most recent 12-month period for which actual customer billing data is available, using the maximum Governmental Undergrounding Fee permissible under Paragraph (34)(a) or (b) of this Section 12.06

(3) Underground Assessment Area

The local government shall establish the geographic boundaries of an Underground Assessment Area based on a determination, in its discretion, that the electric customers located within these boundaries benefit sufficiently from the underground conversion project in question to warrant the payment of a Governmental Undergrounding Fee to recover the costs of the conversion project. The Underground Assessment Area so established may consist of all or any contiguous portion of the area within the local government's corporate limits, and may overlap all or portions of other Underground Assessment Areas previously established by the local government.

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(4) Governmental Undergrounding Fee

- (a) The Company will bill a monthly Governmental Undergrounding Fee to electric customers located in the Underground Assessment Area established by the local government. The Governmental Undergrounding Fee shall be based on a uniform percentage of customers' total net charges for electric service calculated to produce the Annual Recovery Amount, net of regulatory assessment fees, if any. Except as provided in Paragraph ~~32(ba)~~ of this Section 12.056, the total Governmental Undergrounding Fee billed to a customer's account (irrespective of the number of Underground Assessment Areas in which the customer may be located) shall not exceed the lesser of (i) 15 percent of the customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for ~~commercial/industrial-non-residential~~ customers. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer.
- (b) The application of a Governmental Undergrounding Fee based on a higher percentage or maximum monthly amount than specified in Paragraph ~~34~~(a) of this Section 12.056 shall require approval of the Florida Public Service Commission.
- (c) The Governmental Undergrounding Fee shall be recalculated for each 12-month period during its effectiveness following the initial annual period. The recalculation shall be based on the Company's most current projections for the upcoming period, and shall include a true-up adjustment based on the difference between projected and actual recovery for the prior 12-month period.

(5) Optional Utility Financing

At the option of the local government, the Company will provide financing for the Facility Charge and Governmental Cost of the undergrounding project, subject to any limitation on the funds made available for such purpose at the Company's discretion. Upon request, the Company will advise the local government at the time the binding cost estimate is presented pursuant to Paragraph 12.04(2) of this Part XII whether sufficient funds are available at that time to finance the cost of the undergrounding project. The interest rate applicable to such optional financing will be determined by the Company commensurate with normal risk considerations such as the credit worthiness of the local government, the total cost subject to financing, the expected duration of the undergrounding project, and any other identifiable risks associated with financing the project.

(6) Customer Notification

At least 30 days prior to the execution of an ~~an~~ Local Government Underground ~~Capital~~ Cost Recovery Contract pursuant to Subsection (7) of this Section 12.056, the local government shall mail a notice to each electric customer located within the proposed Underground Assessment Area stating its intention to recover the cost of the underground conversion project in question through a Governmental Undergrounding Fee on the customer's electric bill. The notice shall include, at a minimum, (i) a description of the underground conversion project, (ii) an estimate of the Governmental Undergrounding Fee (as a percentage of total net electric charges) and the maximum monthly amount, (iii) the month in which billing of the Fee is expected to commence, (iv) the number of years over which the Fee is to be imposed, and (v) a postage-prepaid form on which the customer may submit comments to the local government.

(7) Underground Cost Recovery Contract

The local government shall enter into a contract with the Company, the form of which has been approved by the Florida Public Service Commission or its staff, establishing the specific terms and conditions for underground capital cost recovery consistent with the provisions of this Section 12.06.

**LOCAL GOVERNMENT UNDERGROUND
COST RECOVERY CONTRACT
(Clean copy)**

**Tariff Sheets:
7.000 and 7.060 through 7.063**



INDEX OF STANDARD CONTRACT AND OTHER AGREEMENT FORMS

FORM NO	DESCRIPTION	SHEET NO.
Form No. 1	Contract, Form No. 1 (after 11/21/98, applicable only to a Customer who requires this type form be executed for service under Rate Schedule LS-1, Lighting Service. Form No. LS-1HPS shall normally be used for application for service under LS-1).	7.010 - 7.011
Form No. 2	Contract Form No. 2 (applicable when service is provided under Company General Service Rate Schedules and special contract terms or investments in special facilities are required and furnished by the Company to provide service to the Customer).	7.020 - 7.021
IS-2 DISC	Interruptible General Service Rate Schedules IS-2 and IST-2 Risk Disclosure	7.025
CS-2 DISC	Curtailed General Service Rate Schedule CS-2 and CST-2 Risk Disclosure	7.027
Form No. 5	Contract, Form No. 5 (applicable when a contract is made between the Company and the Customer to cover advances by the Customer for construction).	7.030
DVLP DIST	Agreement for Electric Service Between Duke Energy Florida, Inc. (the "Utility") and _____ (the "Applicant") (applicable when a developer requests the Company to install a distribution system for a new development).	7.050
MUNI UG	Local Government Underground Cost Recovery Contract (applicable when a Local Government wishes to contract with the Company to provide for recovery of costs to underground service).	7.060 – 7.063
PEFI LSA	Leave Service Active Agreement (applicable to Customers who wish service to be left active on rental units, regardless if they are occupied or not).	7.070 - 7.071
3RD PRT	Request for Third Party Notification (applicable to Customers who request the Company to notify another person that their bill is overdue).	7.090
LS-1	Lighting Service Contract.	7.110 - 7.113
PEFI TOU	Application for TOU Rate (applicable to Customers requesting time of use rates).	7.120
PEFI GSLM	Rate Schedule GSLM-1 Customer Agreement (applicable to Customers requesting General Service Load Management).	7.150
MSTR MTR	Standard Letter Agreement (applicable to master metered Customers indicating understanding of rules and regulations affecting resale of electricity).	7.160
EQP RNTL	Standard Letter Agreement (applicable to Customers who request additional facilities at their service location).	7.170
GUAR CNTR	Guarantee Contract (applicable when a third party guarantees payment for another individual's billing).	7.180
STRT LTS	Agreement to Purchase and Sell Street Lighting System and to Furnish and Receive Electric Service	7.190 - 7.192
RES DEP	Residential Deposit Release - Releases current customer's deposit to new customer who then assumes responsibility for all payments of account.	7.220 - 7.221
PWR PAY	Power Pay - Customers bill is automatically paid from their checking account.	7.230
CISR	Contract Service Arrangement for service under the Commercial/Industrial Service Rider.	7.250 - 7.253
PPS	Premier Power Service - Contract signed by the customer requesting backup service through the Premier Power Service rate schedule.	7.270 - 7.273
NMRG - Tier 1	Standard Interconnection Agreement for Tier 1 Customer Owned Renewable Generation	7.310 - 7.313
IC APP –Tier 1	Application for Interconnection for Tier 1 Customer Owned Renewable Generation	7.317-7.317
NMRG - Tier 2	Standard Interconnection Agreement for Tier 2 Customer Owned Renewable Generation	7.320 - 7.323
NMRG – Tier 3	Standard Interconnection Agreement for Tier 3 Customer Owned Renewable Generation	7.330 - 7.333
IC APP –Tier 2,3	Application for Interconnection for Tier 2 and 3 Customer Owned Renewable Generation	7.337-7.337
ECON DEV	Economic Development Rider Service Agreement	7.500
ECON RE-DEV	Economic Re-Development Rider Service Agreement	7.510



**DUKE ENERGY FLORIDA, LLC
LOCAL GOVERNMENT UNDERGROUND COST RECOVERY CONTRACT**

This Local Government Underground Cost Recovery Contract ("Contract") is made this ____ day of _____, ____ ("Effective Date"), by and between _____ (hereinafter called the "Local Government"), located at _____, and Duke Energy Florida, LLC, a limited liability corporation organized and existing under the laws of the State of Florida (hereinafter called the "Company").

WITNESSETH:

WHEREAS, the Local Government is located within Company's retail service area and is therefore subject to Company's *General Rules and Regulations Governing Electric Service* (the "Tariff") on file with the Florida Public Service Commission; and

WHEREAS, pursuant to Section 12.05 of the Tariff, the Local Government has executed a contract (the "Conversion Contract") with Company for the conversion of existing overhead distribution facilities to underground facilities (the "Conversion"); a copy of which is attached hereto as Attachment A; and

WHEREAS, the Local Government has paid, or otherwise arranged optional utility financing with, the Company the amount set forth in the Conversion Contract with the Company; and

WHEREAS, given the Local Government's option to execute the Conversion Contract with Company, the Local Government (pursuant to Section 12.06 of the Tariff) now seeks cost recovery to reimburse it for some or all of the costs to convert the facilities that are the subject of the Conversion Contract.

NOW, THEREFORE, in consideration of the mutual covenants and agreements expressed herein, the Company and the Local Government agree as follows:

A. Definitions:

- 1. "Annual Recovery Amount" shall mean \$_____, which is the amount of annual money collected by the Company through a Governmental Undergrounding Fee added to the electric bills of the Company's customers located in an Underground Assessment Area within the boundaries of the Local Government. As set forth in Section 12.06 of the Company's tariff, the Annual Recovery Amount shall be calculated in accordance with the following formula:

$$\text{Annual Recovery Amount} = ((FC + GC) * I) / (1 - (1 / ((1 + I)^n)))$$

The components of this Annual Recovery Amount formula are further defined in this Definitions section.

- 2. "Facility Charge" or "FC" shall be defined consistent with Section 12.05(2) of the Tariff, and for this Contract has a value of \$_____.
- 3. "Governmental Cost" or "GC" shall mean the sum of the following costs incurred by the Local Government in connection with this Conversion:
 - (a) A surcharge of \$_____, which (i) shall be based on the lesser of ten percent (10%) of the Facility Charge or \$50,000; and (ii) shall be assessed to reimburse Company for a portion of Company's initial programming costs to implement customer billing processes under Section 12.06 of the Tariff;
 - (b) Reimbursement to the Company of \$_____, for Company's additional programming costs required to bill customers in the Underground Assessment Area;
 - (c) Ancillary costs of \$_____, which shall be based on the Local Government's costs related to the Conversion project (such as right of way acquisition, preparation, restoration and financing costs); and
 - (d) At Local Government's option, costs of \$_____ for: (i) the total cost charged by electrical contractor(s) hired by the Local Government to convert customer facilities (such as service

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entrances and meter bases) to receive underground service for all residential customers requiring such conversion and/or: (ii) a portion of the total cost charged by such electrical contractor(s) (based on a minimum average charge per customer determined by the local government), to convert customer facilities to receive underground service for all commercial/industrial customers requiring such conversion.

4. "Governmental Undergrounding Fee" shall mean the monthly charge billed to electric customers located in the Underground Assessment Area.
5. "Interest Rate" or "I" shall mean _____ percent, which shall represent the interest rate on the bonds or other financial instruments utilized by the Local Government to finance the Facility Charge and Governmental Cost, adjusted for financing costs.
6. "Number of Years" or "n" shall mean _____, which shall represent the number of years over which the Facility Charge and the Governmental Cost is to be recovered by the Local Government. The Number of Years shall not exceed twenty (20) years.
7. "Underground Assessment Area" shall mean that certain area as specified by the Local Government (in its sole discretion) and as depicted on the map attached hereto as Attachment B to this Contract (and incorporated by its reference) which: i) consists of all or any contiguous portion of the area within the Local Government's corporate limits; and ii) may overlap all portions of other Underground Assessment Areas previously established by the Local Government.

B. Calculation of Annual Recovery Amount:

The Annual Recovery Amount for this project shall be fixed at \$ _____ per year until the Contract is fulfilled and terminated; provided, however in no event shall the Annual Recovery Amount exceed the amount that would have been recoverable over the most recent twelve (12) month period for which actual customer billing data is available using the maximum Governmental Undergrounding Fee under Section 12.06(4) (a) or (b) of the Tariff.

C. Underground Assessment Area:

1. The Local Government agrees that it has provided the information contained in Attachment B to reflect the geographic boundaries of the Underground Assessment Area, from which the Company shall assess the Governmental Undergrounding Fee on all electric customers located within these boundaries. The Local Government warrants and represents that it provided these boundaries based on a determination, in its sole discretion, that the electric customers located within these boundaries benefit sufficiently from the underground Conversion project to warrant the payment of a Governmental Undergrounding Fee to recover the costs of the Conversion project.
2. The Local Government represents that it has authority to establish such boundaries and that it has complied with all applicable laws, rules, and regulations with respect to the consideration and setting of said boundaries. The Local Government, to the extent permitted by law without waiving or limiting any defenses of sovereign immunity, shall hold harmless and indemnify the Company for all loss to third parties resulting from the Local Government's selection of the boundaries, except when the loss occurs due to the negligent actions of the Company. Nothing herein shall be intended to serve as a waiver of limitation of Local Government's sovereign immunity defenses as allowed by law.

D. Governmental Undergrounding Fee:

1. The Governmental Undergrounding Fee shall be based on a uniform percentage of customers' total net charges for electric service calculated to produce the Annual Recovery Amount, net of regulatory assessment fees, if any. Except as provided in Paragraph 4(b) of Section 12.06 of the Tariff, the total Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of the customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for non-residential customers. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. For the avoidance of all doubt in calculating the Governmental Undergrounding Fee, the

(Continued on next page)

Company will prepare a workpaper showing the calculation of the Governmental Undergrounding Fee (attached hereto as Attachment C and incorporated herein by its reference).

2. The parties agree that if the Local Government desires to apply a Governmental Undergrounding Fee based on a higher percentage or maximum monthly amount than specified in paragraph (D)(1) above, then the parties shall jointly petition the Florida Public Service Commission for approval of such increased amount. Absent such approval, the amounts for the Governmental Undergrounding Fee shall not be set above those maximum amounts.
3. The Governmental Undergrounding Fee shall be recalculated for each twelve (12) month period during its effectiveness following the initial annual period. The recalculation shall be based on the Company's most current projections for the upcoming period, and shall include a true-up adjustment based on the difference between projected and actual recovery for the prior twelve (12) month period. The first annual true-up period for this Contract shall begin with the first billing cycle for the month following the implementation of the billing for the Governmental Undergrounding Fee.
4. No later than the twentieth (20th) day of the following month, the Company shall pay the Local Government the aggregated total Governmental Undergrounding Fee that the Company has collected from each customer in the Underground Assessment Area. The monthly payment shall be made by wire transfer. Any monthly payment or any portion thereof made twenty (20) calendar days after the due date without good cause shall be subject to interest at the 30-day commercial paper rate per annum.

E. Customer Notification:

1. At least thirty (30) calendar days before the execution of this Contract, the Local Government shall mail a notice to each electric customer located within the proposed Underground Assessment Area stating the Local Government's intention to recover the cost of the underground Conversion project in question through a Governmental Undergrounding Fee on the customer's electric bill. The notice shall include, at a minimum: (i) a description of the underground Conversion project; (ii) an estimate of the Governmental Undergrounding Fee (as a percentage of total net electric charges) and the maximum monthly amount; (iii) the month in which billing of the Governmental Undergrounding Fee is expected to commence; (iv) the number of years over which the Governmental Undergrounding Fee is to be imposed; and (v) a postage-prepaid form on which the customer may submit comments to the Local Government. The actual notice sent to the customers is attached to this Contract as Attachment D.
2. The Local Government warrants and represents that it has timely completed the obligation referenced in the above paragraph by timely mailing the requisite notice to all required customers.

F. Assignment:

The Local Government shall not assign, delegate or otherwise dispose of all or any portion of the Contract (including any benefits or obligations hereunder) without the prior written consent of the Company. Upon prior written notice and with the consent of Company (such consent not to be unreasonably withheld), the Local Government may assign the Contract. The Company, in Company's sole discretion, may require any Company approved Local Government assignee to execute a new contract and agree to all the requirements of the new contract prior to approval of the assignment request. Any attempted assignment or delegation without the Company's prior written consent shall be ineffective and void. The terms and conditions of this Contract shall be binding upon and inure to the benefit of any and all successors and/or assigns of the Company. The terms and conditions of this Contract shall be binding upon and inure to the benefit of any and all successors and/or approved assigns of the Local Government. Notwithstanding any provision herein, the Agreement shall not confer or be construed in any manner to confer, directly or indirectly, any rights, privileges, benefits, and/or remedies, upon any parties other than the parties hereto and their respective successors and/or permitted assigns.

G. Miscellaneous:

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

(Continued on next page)



2. This Contract shall be governed by and construed and enforced in accordance with the laws, rules and regulations of the State of Florida and the Tariff as may be modified, revised, supplemented, changed, or amended from time to time. In the event of any conflict between the terms of this Contract and the provisions of the Tariff, the provisions of the Tariff and any applicable Florida Public Service Commission rules shall control, as hereafter revised, amended, or supplemented.
3. The Tariff and associated technical terms and abbreviations, general rules and regulations and standard electric service requirements, as may be applicable, are incorporated by reference.
4. This Contract contains the entire agreement of the Company and Local Government relating to the subject matter herein and supersedes all previous and contemporaneous agreements, understandings, usages of trade, courses of dealing or representations, either written or oral, heretofore in effect between the Company and the Local Government.
5. This Contract may only be modified by a written agreement signed by both the Company and the Local Government expressly modifying the Contract. All provisions of the Contract providing for indemnification or limitation of or protection against liability shall survive the termination, cancellation, or expiration of the Contract.
6. This Contract shall terminate when the Company has fully collected the Government Cost and the Facility Charge from customers located in the Underground Assessment Area.

IN WITNESS WHEREOF, the Local Government has executed this Contract the day and year first written above.

LOCAL GOVERNMENT

COMPANY

Signature of Local Government or Authorized Representative

Signature of Company Representative

Printed Name of Local Government Representative

Printed Name of Company Representative

Title of Authorized Representative

Title of Company Representative

**LOCAL GOVERNMENT UNDERGROUND
COST RECOVERY CONTRACT
(Legislative format)**

Tariff Sheets:
7.000 and 7.060 through 7.063



INDEX OF STANDARD CONTRACT AND OTHER AGREEMENT FORMS

FORM NO	DESCRIPTION	SHEET NO.
Form No. 1	Contract, Form No. 1 (after 11/21/98, applicable only to a Customer who requires this type form be executed for service under Rate Schedule LS-1, Lighting Service. Form No. LS-1HPS shall normally be used for application for service under LS-1).	7.010 - 7.011
Form No. 2	Contract Form No. 2 (applicable when service is provided under Company General Service Rate Schedules and special contract terms or investments in special facilities are required and furnished by the Company to provide service to the Customer).	7.020 - 7.021
IS-2 DISC	Interruptible General Service Rate Schedules IS-2 and IST-2 Risk Disclosure	7.025
CS-2 DISC	Curtailable General Service Rate Schedule CS-2 and CST-2 Risk Disclosure	7.027
Form No. 5	Contract, Form No. 5 (applicable when a contract is made between the Company and the Customer to cover advances by the Customer for construction).	7.030
DVLP DIST	Agreement for Electric Service Between Duke Energy Florida, Inc. (the "Utility") and _____ (the "Applicant") (applicable when a developer requests the Company to install a distribution system for a new development).	7.050
<u>MUNI UG</u>	<u>Local Government Underground Cost Recovery Contract (applicable when a Local Government wishes to contract with the Company to provide for recovery of costs to underground service).</u>	<u>7.060 – 7.063</u>
PEFI LSA	Leave Service Active Agreement (applicable to Customers who wish service to be left active on rental units, regardless if they are occupied or not).	7.070 - 7.071
3RD PRT	Request for Third Party Notification (applicable to Customers who request the Company to notify another person that their bill is overdue).	7.090
LS-1	Lighting Service Contract.	7.110 - 7.113
PEFI TOU	Application for TOU Rate (applicable to Customers requesting time of use rates).	7.120
PEFI GSLM	Rate Schedule GSLM-1 Customer Agreement (applicable to Customers requesting General Service Load Management).	7.150
MSTR MTR	Standard Letter Agreement (applicable to master metered Customers indicating understanding of rules and regulations affecting resale of electricity).	7.160
EQP RNTL	Standard Letter Agreement (applicable to Customers who request additional facilities at their service location).	7.170
GUAR CNTR	Guarantee Contract (applicable when a third party guarantees payment for another individual's billing).	7.180
STRT LTS	Agreement to Purchase and Sell Street Lighting System and to Furnish and Receive Electric Service	7.190 - 7.192
RES DEP	Residential Deposit Release - Releases current customer's deposit to new customer who then assumes responsibility for all payments of account.	7.220 - 7.221
PWR PAY	Power Pay - Customers bill is automatically paid from their checking account.	7.230
CISR	Contract Service Arrangement for service under the Commercial/Industrial Service Rider.	7.250 - 7.253
PPS	Premier Power Service - Contract signed by the customer requesting backup service through the Premier Power Service rate schedule.	7.270 - 7.273
NMRG - Tier 1	Standard Interconnection Agreement for Tier 1 Customer Owned Renewable Generation	7.310 - 7.313
IC APP –Tier 1	Application for Interconnection for Tier 1 Customer Owned Renewable Generation	7.317-7.317
NMRG - Tier 2	Standard Interconnection Agreement for Tier 2 Customer Owned Renewable Generation	7.320 - 7.323
NMRG – Tier 3	Standard Interconnection Agreement for Tier 3 Customer Owned Renewable Generation	7.330 - 7.333
IC APP –Tier 2,3	Application for Interconnection for Tier 2 and 3 Customer Owned Renewable Generation	7.337-7.337
ECON DEV	Economic Development Rider Service Agreement	7.500
ECON RE-DEV	Economic Re-Development Rider Service Agreement	7.510



RESERVED FOR FUTURE USE

DUKE ENERGY FLORIDA, LLC
LOCAL GOVERNMENT UNDERGROUND COST RECOVERY CONTRACT

This Local Government Underground Cost Recovery Contract ("Contract") is made this _____ day of _____, ("Effective Date"), by and between _____ (hereinafter called the "Local Government"), located at _____, and Duke Energy Florida, LLC, a limited liability corporation organized and existing under the laws of the State of Florida (hereinafter called the "Company").

WITNESSETH:

WHEREAS, the Local Government is located within Company's retail service area and is therefore subject to Company's *General Rules and Regulations Governing Electric Service* (the "Tariff") on file with the Florida Public Service Commission; and

WHEREAS, pursuant to Section 12.05 of the Tariff, the Local Government has executed a contract (the "Conversion Contract") with Company for the conversion of existing overhead distribution facilities to underground facilities (the "Conversion"); a copy of which is attached hereto as Attachment A; and

WHEREAS, the Local Government has paid, or otherwise arranged optional utility financing with, the Company the amount set forth in the Conversion Contract with the Company; and

WHEREAS, given the Local Government's option to execute the Conversion Contract with Company, the Local Government (pursuant to Section 12.06 of the Tariff) now seeks cost recovery to reimburse it for some or all of the costs to convert the facilities that are the subject of the Conversion Contract.

NOW, THEREFORE, in consideration of the mutual covenants and agreements expressed herein, the Company and the Local Government agree as follows:

A. Definitions:

1. "Annual Recovery Amount" shall mean \$ _____, which is the amount of annual money collected by the Company through a Governmental Undergrounding Fee added to the electric bills of the Company's customers located in an Underground Assessment Area within the boundaries of the Local Government. As set forth in Section 12.06 of the Company's tariff, the Annual Recovery Amount shall be calculated in accordance with the following formula:

$$\text{Annual Recovery Amount} = ((FC + GC) * I) / (1 - (1 / ((1 + I)^n)))$$

The components of this Annual Recovery Amount formula are further defined in this Definitions section.

2. "Facility Charge" or "FC" shall be defined consistent with Section 12.05(2) of the Tariff, and for this Contract has a value of \$ _____.
3. "Governmental Cost" or "GC" shall mean the sum of the following costs incurred by the Local Government in connection with this Conversion:
 - (a) A surcharge of \$ _____, which (i) shall be based on the lesser of ten percent (10%) of the Facility Charge or \$50,000; and (ii) shall be assessed to reimburse Company for a portion of Company's initial programming costs to implement customer billing processes under Section 12.06 of the Tariff;
 - (b) Reimbursement to the Company of \$ _____, for Company's additional programming costs required to bill customers in the Underground Assessment Area;
 - (c) Ancillary costs of \$ _____, which shall be based on the Local Government's costs related to the Conversion project (such as right of way acquisition, preparation, restoration and financing costs); and

(Continued on next page)

(d) At Local Government's option, costs of \$ _____ for: (i) the total cost charged by electrical contractor(s) hired by the Local Government to convert customer facilities (such as service entrances and meter bases) to receive underground service for all residential customers requiring such conversion and/or: (ii) a portion of the total cost charged by such electrical contractor(s) (based on a minimum average charge per customer determined by the local government), to convert customer facilities to receive underground service for all commercial/industrial customers requiring such conversion.

4. "Governmental Undergrounding Fee" shall mean the monthly charge billed to electric customers located in the Underground Assessment Area.
5. "Interest Rate" or "I" shall mean _____ percent, which shall represent the interest rate on the bonds or other financial instruments utilized by the Local Government to finance the Facility Charge and Governmental Cost, adjusted for financing costs.
6. "Number of Years" or "n" shall mean _____, which shall represent the number of years over which the Facility Charge and the Governmental Cost is to be recovered by the Local Government. The Number of Years shall not exceed twenty (20) years.
7. "Underground Assessment Area" shall mean that certain area as specified by the Local Government (in its sole discretion) and as depicted on the map attached hereto as Attachment B to this Contract (and incorporated by its reference) which: i) consists of all or any contiguous portion of the area within the Local Government's corporate limits; and ii) may overlap all portions of other Underground Assessment Areas previously established by the Local Government.

B. Calculation of Annual Recovery Amount:

The Annual Recovery Amount for this project shall be fixed at \$ _____ per year until the Contract is fulfilled and terminated; provided, however in no event shall the Annual Recovery Amount exceed the amount that would have been recoverable over the most recent twelve (12) month period for which actual customer billing data is available using the maximum Governmental Undergrounding Fee under Section 12.06(4) (a) or (b) of the Tariff.

C. Underground Assessment Area:

1. The Local Government agrees that it has provided the information contained in Attachment B to reflect the geographic boundaries of the Underground Assessment Area, from which the Company shall assess the Governmental Undergrounding Fee on all electric customers located within these boundaries. The Local Government warrants and represents that it provided these boundaries based on a determination, in its sole discretion, that the electric customers located within these boundaries benefit sufficiently from the underground Conversion project to warrant the payment of a Governmental Undergrounding Fee to recover the costs of the Conversion project.
2. The Local Government represents that it has authority to establish such boundaries and that it has complied with all applicable laws, rules, and regulations with respect to the consideration and setting of said boundaries. The Local Government, to the extent permitted by law without waiving or limiting any defenses of sovereign immunity, shall hold harmless and indemnify the Company for all loss to third parties resulting from the Local Government's selection of the boundaries, except when the loss occurs due to the negligent actions of the Company. Nothing herein shall be intended to serve as a waiver of limitation of Local Government's sovereign immunity defenses as allowed by law.

(Continued on next page)

D. Governmental Undergrounding Fee:

1. The Governmental Undergrounding Fee shall be based on a uniform percentage of customers' total net charges for electric service calculated to produce the Annual Recovery Amount, net of regulatory assessment fees, if any. Except as provided in Paragraph 4(b) of Section 12.06 of the Tariff, the total Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of the customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for non-residential customers. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. For the avoidance of all doubt in calculating the Governmental Undergrounding Fee, the Company will prepare a workpaper showing the calculation of the Governmental Undergrounding Fee (attached hereto as Attachment C and incorporated herein by its reference).
2. The parties agree that if the Local Government desires to apply a Governmental Undergrounding Fee based on a higher percentage or maximum monthly amount than specified in paragraph (D)(1) above, then the parties shall jointly petition the Florida Public Service Commission for approval of such increased amount. Absent such approval, the amounts for the Governmental Undergrounding Fee shall not be set above those maximum amounts.
3. The Governmental Undergrounding Fee shall be recalculated for each twelve (12) month period during its effectiveness following the initial annual period. The recalculation shall be based on the Company's most current projections for the upcoming period, and shall include a true-up adjustment based on the difference between projected and actual recovery for the prior twelve (12) month period. The first annual true-up period for this Contract shall begin with the first billing cycle for the month following the implementation of the billing for the Governmental Undergrounding Fee.
4. No later than the twentieth (20th) day of the following month, the Company shall pay the Local Government the aggregated total Governmental Undergrounding Fee that the Company has collected from each customer in the Underground Assessment Area. The monthly payment shall be made by wire transfer. Any monthly payment or any portion thereof made twenty (20) calendar days after the due date without good cause shall be subject to interest at the 30-day commercial paper rate per annum.

E. Customer Notification:

1. At least thirty (30) calendar days before the execution of this Contract, the Local Government shall mail a notice to each electric customer located within the proposed Underground Assessment Area stating the Local Government's intention to recover the cost of the underground Conversion project in question through a Governmental Undergrounding Fee on the customer's electric bill. The notice shall include, at a minimum: (i) a description of the underground Conversion project; (ii) an estimate of the Governmental Undergrounding Fee (as a percentage of total net electric charges) and the maximum monthly amount; (iii) the month in which billing of the Governmental Undergrounding Fee is expected to commence; (iv) the number of years over which the Governmental Undergrounding Fee is to be imposed; and (v) a postage-prepaid form on which the customer may submit comments to the Local Government. The actual notice sent to the customers is attached to this Contract as Attachment D.
2. The Local Government warrants and represents that it has timely completed the obligation referenced in the above paragraph by timely mailing the requisite notice to all required customers.

F. Assignment:

The Local Government shall not assign, delegate or otherwise dispose of all or any portion of the Contract (including any benefits or obligations hereunder) without the prior written consent of the Company. Upon prior written notice and with the consent of Company (such consent not to be unreasonably withheld), the Local Government may assign the Contract. The Company, in Company's sole discretion, may require any Company approved Local Government assignee to execute a new contract and agree to all the requirements of the new contract prior to approval of the assignment request. Any attempted assignment or delegation without the Company's prior written consent shall be ineffective and void. The terms and conditions of this Contract shall be binding upon and inure to the benefit of any and all successors and/or assigns of the Company. The terms and conditions of this Contract shall be binding upon and inure to the benefit of any and all successors and/or approved assigns of the Local Government. Notwithstanding any provision herein, the Agreement shall not confer or be construed in any manner to confer, directly or indirectly, any rights, privileges, benefits, and/or remedies, upon any parties other than the parties hereto and their respective successors and/or permitted assigns.

(Continued on next page)



G. Miscellaneous:

1. In executing this Contract, the Company does not, nor should it be construed to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the Local Government or any assignee of this Contract.
2. This Contract shall be governed by and construed and enforced in accordance with the laws, rules and regulations of the State of Florida and the Tariff as may be modified, revised, supplemented, changed, or amended from time to time. In the event of any conflict between the terms of this Contract and the provisions of the Tariff, the provisions of the Tariff and any applicable Florida Public Service Commission rules shall control, as hereafter revised, amended, or supplemented.
3. The Tariff and associated technical terms and abbreviations, general rules and regulations and standard electric service requirements, as may be applicable, are incorporated by reference.
4. This Contract contains the entire agreement of the Company and Local Government relating to the subject matter herein and supersedes all previous and contemporaneous agreements, understandings, usages of trade, courses of dealing or representations, either written or oral, heretofore in effect between the Company and the Local Government.
5. This Contract may only be modified by a written agreement signed by both the Company and the Local Government expressly modifying the Contract. All provisions of the Contract providing for indemnification or limitation of or protection against liability shall survive the termination, cancellation, or expiration of the Contract.
6. This Contract shall terminate when the Company has fully collected the Government Cost and the Facility Charge from customers located in the Underground Assessment Area.

IN WITNESS WHEREOF, the Local Government has executed this Contract the day and year first written above.

LOCAL GOVERNMENT _____ **COMPANY** _____

Signature of Local Government or Authorized Representative Signature of Company Representative

Printed Name of Local Government Representative Printed Name of Company Representative

Title of Authorized Representative Title of Company Representative

**PPS TARIFF MODIFICATIONS
(Clean copy)**

**Tariff Sheets:
6.370 and 6.371**



**RATE SCHEDULE PPS-1
GENERAL SERVICE – PREMIER POWER SERVICE RIDER**

Availability:

Available throughout the entire territory served by the Company.

Applicable:

This Rider is applicable on a voluntary basis to a customer with a minimum measured demand of 50 kW taking service under non-residential Rate Schedules GS-1, GST-1, GSD-1, GSDD-1, GSLM-1, CS-1, CS-2, CS-3, CST-1, CST-2, CST-3, IS-1, IS-2, IST-1, or IST-2 when the customer contracts with the Company to own, install, operate and maintain generation on the customer's premises for the primary purpose of providing a back-up supply of electric service in the event normal electric supply is interrupted. The applicable non-residential Rate Schedule with which this Rider is used is modified only as required by the terms hereof.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the Company's standard distribution voltage available.

Limitation of Service:

Standby or resale service is not permitted hereunder. Service under this rate is subject to the Company's currently effective and filed "General Rules and Regulations Governing Electric Service."

Monthly Service Payment:

The Monthly Service Payment under this Rider is in addition to the monthly rate determined under the applicable non-residential Rate Schedule and other riders, if applicable, and shall be calculated based on the following formula:

$$\text{Monthly Service Payment} = \text{Capital Cost} + \text{Expenses}$$

Where:

Capital Cost equals a carrying cost times the levelized plant investment based upon the estimated installed cost of facilities. The carrying cost includes the cost of capital, reflecting current capital structure and most recent approved return on common equity; income taxes; property taxes; general plant; administrative and general plant-related expenses; and intangible plant. Any replacement cost expected to be incurred during the Contract Period will also be included. Any special equipment installed by the Company that is not necessary to support back-up service to the customer shall not be included in the Monthly Service Payment.

Expenses shall be levelized over the Contract Term and shall include: Company operations and maintenance (O&M) expenses times a carrying cost that is inclusive of administrative and general and labor expenses related to O&M and cash working capital; third-party expenses for operations and maintenance, warranties, or insurance; fuel expense, based upon an estimate of the cost of fuel consumed for normal back-up operation and testing, less a credit based upon the system average cost of fuel and purchased power included in retail tariffs; inventory cost associated with fuel, materials, and supplies times a carrying cost that recovers the cost of capital and income taxes; depreciation expense, adjusted for the estimated salvage value at the end of the Contract Term; deferred income taxes; and customer accounting, customer service and information, program administration, and sales expenses. Any expenses incurred in operating the on-site generation for other than normal back-up operation and testing shall not be included in the Monthly Service Payment.

Installation cost will be recovered over the initial Contract Term. Pricing of capital-related costs and expenses shall be based upon no shorter than 10 years from the equipment's original in-service date and the resulting Monthly Service Payment shall include an upward adjustment for Contract Terms that expire prior to 10 years from this in-service date.

(Continued on Page No. 2)

ISSUED BY: Javier J. Portuondo, Director Rates & Regulatory Strategy – FL

EFFECTIVE:



**RATE SCHEDULE PPS-1
GENERAL SERVICE – PREMIER POWER SERVICE RIDER**

(Continued from Page No. 1)

Definition of Services:

Services provided under the terms of this Rider shall be provided by an on-site generator supplied by the Company for the purpose of continuing the supply of electricity to the customer's site in the event the normal electric supply is interrupted. In cases where the customer's total electric requirement exceeds the generation capability, the customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. The minimum generator capacity supplied by the Company under this rider shall be not less than 50 kW.

The Company shall have the right to operate the on-site generator at all times it deems appropriate, including, but not limited to, for the purposes of testing of the generator to verify that it will operate within required parameters, and dispatching the generator to assist in meeting system demand or for other system benefits. The generator and appropriate transfer switching shall be electrically connected on the Company's side of the billing meter; therefore, billing for generation provided during normal back-up operation and testing shall continue to be billed under the applicable non-residential Rate Schedule based solely upon consumption registered on the Company's billing meter.

Minimum Monthly Bill:

The minimum monthly bill shall be the customer's minimum bill under the applicable non-residential Rate Schedule, plus the Monthly Service Payment under this Rider.

Terms of Payment:

Bills rendered hereunder are payable within the time limit specified on the bill at Company-designated locations.

Term of Service:

Service under this Rider shall be for the term specified in the Premier Power Service Contract.

Service Contract:

The Company and the customer shall execute a Premier Power Service Contract that will state the amount of the customer's Monthly Service Payment determined in accordance with this Rider, the Contract Term, and other terms and conditions pertinent to providing Premier Power Service.

**PPS TARIFF MODIFICATIONS
(Legislative format)**

Tariff Sheets:
6.370 and 6.371



**RATE SCHEDULE PPS-1
GENERAL SERVICE – PREMIER POWER SERVICE RIDER**

Availability:

Available throughout the entire territory served by the Company.

Applicable:

This Rider is applicable on a voluntary basis to a customer with a minimum measured demand of 50 kW taking service under ~~General Service non-residential~~ Rate Schedules GS-1, GST-1, GSD-1, GSDDT-1, ~~or~~ GSLM-1, CS-1, CS-2, CS-3, CST-1, CST-2, CST-3, IS-1, IS-2, IST-1, or IST-2 when the customer contracts with the Company to own, install, operate and maintain generation on the customer's premises for the primary purpose of providing a back-up supply of electric service in the event normal electric supply is interrupted. The applicable ~~General Service non-residential~~ Rate Schedule with which this Rider is used is modified only as required by the terms hereof.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the Company's standard distribution voltage available.

Limitation of Service:

Standby or resale service is not permitted hereunder. Service under this rate is subject to the Company's currently effective and filed "General Rules and Regulations Governing Electric Service."

Monthly Service Payment:

The Monthly Service Payment under this Rider is in addition to the monthly rate determined under the applicable ~~General Service non-residential~~ Rate Schedule and other riders, if applicable, and shall be calculated based on the following formula:

$$\text{Monthly Service Payment} = \text{Capital Cost} + \text{Expenses}$$

Where:

Capital Cost equals a carrying cost times the levelized plant investment based upon the estimated installed cost of facilities. The carrying cost includes the cost of capital, reflecting current capital structure and most recent approved return on common equity; income taxes; property taxes; general plant; administrative and general plant-related expenses; and intangible plant. Any replacement cost expected to be incurred during the Contract Period will also be included. Any special equipment installed by the Company that is not necessary to support back-up service to the customer shall not be included in the Monthly Service Payment.

Expenses shall be levelized over the Contract Term and shall include: Company operations and maintenance (O&M) expenses times a carrying cost that is inclusive of administrative and general and labor expenses related to O&M and cash working capital; third-party expenses for operations and maintenance, warranties, or insurance; fuel expense, based upon an estimate of the cost of fuel consumed for normal back-up operation and testing, less a credit based upon the system average cost of fuel and purchased power included in retail tariffs; inventory cost associated with fuel, materials, and supplies times a carrying cost that recovers the cost of capital and income taxes; depreciation expense, adjusted for the estimated salvage value at the end of the Contract Term; deferred income taxes; and customer accounting, customer service and information, program administration, and sales expenses. Any expenses incurred in operating the on-site generation for other than normal back-up operation and testing shall not be included in the Monthly Service Payment.

Installation cost will be recovered over the initial Contract Term. Pricing of capital-related costs and expenses shall be based upon no shorter than 10 years from the equipment's original in-service date and the resulting Monthly Service Payment shall include an upward adjustment for Contract Terms that expire prior to 10 years from this in-service date.

(Continued on Page No. 2)



**RATE SCHEDULE PPS-1
GENERAL SERVICE – PREMIER POWER SERVICE RIDER**

(Continued from Page No. 1)

Definition of Services:

Services provided under the terms of this Rider shall be provided by an on-site generator supplied by the Company for the purpose of continuing the supply of electricity to the customer's site in the event the normal electric supply is interrupted. In cases where the customer's total electric requirement exceeds the generation capability, the customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. The minimum generator capacity supplied by the Company under this rider shall be not less than 50 kW.

The Company shall have the right to operate the on-site generator at all times it deems appropriate, including, but not limited to, for the purposes of testing of the generator to verify that it will operate within required parameters, and dispatching the generator to assist in meeting system demand or for other system benefits. The generator and appropriate transfer switching shall be electrically connected on the Company's side of the billing meter; therefore, billing for generation provided during normal back-up operation and testing shall continue to be billed under the applicable ~~General Service~~non-residential Rate Schedule based ~~on~~ solely upon consumption registered on the Company's billing meter.

Minimum Monthly Bill:

The minimum monthly bill shall be the customer's minimum bill under the applicable ~~General Service~~non-residential Rate Schedule, plus the Monthly Service Payment under this Rider.

Terms of Payment:

Bills rendered hereunder are payable within the time limit specified on the bill at Company-designated locations.

Term of Service:

Service under this Rider shall be for the term specified in the Premier Power Service Contract.

Service Contract:

The Company and the customer shall execute a Premier Power Service Contract that will state the amount of the customer's Monthly Service Payment determined in accordance with this Rider, the Contract Term, and other terms and conditions pertinent to providing Premier Power Service.