SOUTH BROWARD RESOURCE RECOVERY FACILITY ELECTRIC POWER PURCHASE AGREEMENT

BETWEEN

FLORIDA POWER & LIGHT COMPANY AND WHEELABRATOR

SOUTH BROWARD INC.

DRIGINAL FILE COPY

This Electric Power Purchase Agreement ("Agreement") is made and entered this 19th day of Nov., 1991, by and between Wheelabrator South Broward Inc. (hereinafter called the "QF"), a Delaware Corporation, and Florida Power & Light Company (hereinafter called "FPL" or the "Company"), a private utility corporation organized under the laws of the State of Florida. The QF and FPL shall collectively be identified herein as the "Parties".

WITNESSETH:

WHEREAS, the QF desires to sell, and FPL desires to purchase, electricity to be generated by the QF consistent with Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.091, F.A.C.; and

WHEREAS, the QF is interconnected with FPL, in whose service territory the QF's generating facility is located; and

WHEREAS, SES Broward Company, LTD the predecessor in interest to QF, and FPL executed a Standard Offer Contract for the Furchase of Firm Capacity and Energy from a DOCUMENT NUMBER-DATE

12097 DEC -5 1991

FPSC-RECORDS/REPORTING

Qualifying Facility (the "Contract"), dated as of March 30, 1987, attached hereto as Appendix A; and the QF's Committed Capacity under the Contract is for 50,600 kilowatts ("kW"); and

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

1. Facility:

The QF has installed and is operating a 76,000 KVA, A. C. synchronous generator located at East of U.S. Rt. 441 and North of Griffin, Broward County, Florida. The generator is designed to produce a maximum of 64,100 kW of electric power at an 85% power factor, such equipment being hereinafter identified as the "Facility".

2. Term of this Agreement:

This Agreement shall begin immediately upon its execution by the Parties and shall end at 12:01 A.M., December 31, 2026; provided, however, the Parties' obligations under this Agreement shall not become enforceable until the following conditions precedent have occurred or been satisfied:

2.1 The FPSC must approve this Agreement, without change or condition, including FPSC findings that (a) this Agreement is reasonable, prudent and in the best interest of FPL's ratepayers, (b) no costs in excess of FPL's full avoided costs are likely to be incurred by FPL over the term of this Agreement, (c) FPL may recover from its ratepayers all payments for

energy and capacity, and (d) this Agreement does not invalidate, modify or in any way jeopardize the continuing effectiveness and enforceability of the Contract.

2.2 FPL shall submit this Agreement to the FPSC for FPSC review and approval, and the QF shall, upon FPL's request, use its best efforts to support FPL's request for such FPSC approval.

3. Minimum Specifications:

- 3.1 The date by which firm capacity and energy deliveries from the QF to FPL shall commence shall be January 1, 1993; the QF has thus elected for early capacity payments.
- 3.2 Minimum performance standards for the delivery of firm capacity and energy by the QF are as follows:

Availability
Capacity Factor 87 %

On Peak*

87 %

87 %

87 %

4. Sale of Electricity by the OF:

FPL agrees, pursuant to this Agreement and the Contract, to purchase all energy and capacity in excess of the Facility's internal consumption of energy and capacity. The purchase and sale of electricity pursuant to this Agreement shall be construed as a net billing arrangement. The billing methodology may be changed at the option of the QF, subject to the following provisions:

(a) not more frequently than once every twelve months;

* On-Peak hours as defined in Appendix E.

- to coincide with the next Fuel and Purchased Power Cost Recovery Factor billing period;
- (c) upon at least thirty days' advance written notice to the Company;
- (d) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QF for such metering's design equipment and installation;
- (e) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alterations; and
- (f) where the election to change billing methods will not contravene the provisions of the tariff under which the Facility receives electrical service, or any previously agreed contractual provision between the QF and the Company.

5. Payment for Electricity Produced by the OF:

5.1 Energy:

FPL agrees to pay the QF for energy produced by the Facility and delivered to the Company in accordance with the rates and procedures contained in Appendix B attached hereto. Prior to January 1, 1997, the QF will receive energy payments equal to ninety five percent (95%) of the value derived from the section of FPL's COG - 2 tariff (Appendix C) entitled "B. Energy Rates (1) Payments prior to January 1, 1997" appearing

on Sheet No. 10.203. After January 1, 1997, the QF's energy payments will be equal to one hundred percent (100%) of the value derived from the section of FPL's COG - tariff (Appendix C) entitled "B. Energy Rates (2) Payments starting on January 1, 1997" appearing on Sheet No. 10.204.

5.2 Capacity:

- 5.2.1 Capacity Payment: FPL agrees to pay the QF for the capacity described in Section 5.2.2 in accordance with the rates and procedures contained in the rate schedule and the methodology attached hereto, respectively, as Appendices D and E.
- 5.2.2 Committed Capacity: It is the intent of the QF to sell 400 kW of firm capacity ("Committed Capacity") and related energy under this Agreement, beginning on January 1, 1993. The Committed Capacities of the Facility under the Contract and this Agreement total 51,000 kW; and the QF shall have the one-time option of adjusting its Committed Capacity under this Agreement before January 1, 1993, and specifying when capacity payments are to begin. Such option shall be exercised by providing formal written notice, in accordance with Section 10.6 of this Agreement, informing FPL of any change(s) in the Committed Capacity and the beginning date above. In the event such notice is not received by FPL prior to January 1, 1993, the QF's Committed Capacity

- pursuant to this Agreement shall be equal to 400 kW, subject to Section 5.2.3. Firm capacity purchases under this Agreement shall be the difference between the total Committed Capacities of the Facility, as outlined above, and the Committed Capacity under the Contract (Appendix A).
- 5.2.3 No later than January 1, 1997, the QF may, upon a minimum of six months' advance written notice to FPL, periodically increase the Committed Capacity by increment(s) of up to 5 MW per increase provided, however, in no event shall the Committed Capacity under this Agreement exceed 7 MW; and provided further that the QF's option(s) to so increase its Committed Capacity may only take effect on one or more of the following dates: January 1, 1993, January 1, 1995, and January 1, 1997. Capacity payments for any such increased Committed Capacity shall be made at the rates set forth on Appendix D.
- 5.2.4 After January 1, 1997, and during the term of this Agreement, additional incremental increase(s) in capacity deliveries, if any, shall not entitle the QF to any additional capacity payments.
- 5.2.5 For purposes of calculating the Monthly Capacity Factor (as defined in Appendix E), notwithstanding anything in said Appendix E to the contrary, whenever the QF shall perform a Facility turbine overhaul during the term of this Agreement, the upper limit on the

Monthly Capacity Factor shall be 93.5% during the twelve (12) month period that begins six months prior to and ends five months following, the month in which said overhaul occurs; provided, however, a Facility turbine overhaul which occurs earlier than five years following the most recent previous Facility turbine overhaul shall not entitle the QF to the benefits of this Section 5.2.5.

- 6. Electricity Production Schedule: During the term of this Agreement, the QF agrees to:
 - 6.1 Provide FPL prior to October 1 of each calendar year an estimate of the amount of electricity to be generated by the Facility and delivered to the Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages, including without limitation a Section 5.2.5 Facility turbine overhaul, or reductions in capacity;
 - 6.2 Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;
 - 6.3 Coordinate its scheduled Facility outages with FPL; and
 - 6.4 Comply with reasonable requirements of FPL regarding day-to-day or hour-by-hour communications between the Parties relative to the performance of this Agreement.

- The OF's Obligation if the OF Receives Early Capacity Payments: The QF's payment option choice pursuant to Section 5.2.2 shall result in capacity payments by FPL prior to January 1, 1997. Therefore, the Parties recognize that capacity payments paid through December 31, 1996, are in the nature of an "early payment" for a future capacity benefit to FPL. To ensure that FPL will receive a capacity benefit for which early capacity payments have been made or, alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:
 - 7.1 FPL shall establish a Capacity Account. Amounts shall be credited to the Capacity Account each month through December 1996 in the amount of FPL's capacity payments made to the QF pursuant to the Capacity Payment Rate Schedule attached hereto Appendix D. The monthly balance in the Capacity Account shall accrue interest at an annual rate of 10.4%. Commencing on January 1, 1997, there shall be debited from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which FPL would have paid for capacity in that month, if capacity payments had been calculated pursuant to Option A in Rate Schedule COG-2, attached hereto as Appendix C, and the QF had elected to begin receiving payments on January 1, 1997, minus the monthly

capacity payment FPL makes to the QF pursuant to the capacity payment option chosen by the QF pursuant to Section 5.2.2.

- Account. FPL agrees to notify the QF monthly as to the current Capacity Account balance. Prior to receipt of advance capacity payments, the QF shall execute a promise to repay any credit balance in the Capacity Account in the event that the QF defaults under this Agreement. The specific repayment assurance selected for purposes of this Agreement is a Surety Bond subject to the final approval by FPL 30 days prior to the payment of any early capacity payments. Notwithstanding the foregoing, FPL agrees to consider a guarantee from the QF's parent company in form and substance reasonably acceptable to FPL in lieu of said Surety Bond. The total Capacity Account shall immediately become due and payable in the event of default by the QF. The QF's obligation to pay the credit balance in the Capacity Account shall survive termination of this Agreement.
- 8. Non-Performance Provisions: The QF shall not receive a capacity payment during any month in which the QF's Annual Capacity Billing Factor as defined in Appendix E does not equal or exceed 60%. In addition, if, for any month after January 1, 1997, the QF fails to achieve a 60% Annual Capacity Billing Factor

as defined in Appendix E and the QF has received capacity payments prior to January 1, 1997, the QF shall be liable for and shall pay FPL an amount equal to the Early Payment Offset Amount for the month; provided, however, such calculation shall assume that the QF achieved a 87% capacity factor. Any payments thus required of the QF shall be separately invoiced by FPL to the QF after each month for which such repayment is due and shall be paid by the QF within 20 days after receipt of such invoice by the QF. Such repayment shall be debited from the Capacity Account as an Early Payment Offset Amount. In no event shall the QF repay to FPL for non-performance any amounts which exceed the then-current balance in the Capacity Account.

- 9. <u>Default:</u> Should any one of the following conditions exist, FPL shall have the right to declare the QF in default under this Agreement:
 - 9.1 The QF ceases all electric generation for 12 consecutive months.
 - 9.2 After January 1, 1997, the QF fails to maintain a 60% Annual Capacity
 Billing Factor as defined in Appendix E for 24 consecutive months.
 - 9.3 The QF ceases the conduct of active business; or if proceedings under the Federal Bankruptcy Act or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF shall be attached, levied upon, encumbered, pledged, seized, or taken under any judicial process and such proceedings shall not be vacated or fully stayed within 30 days thereof; or

- if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due.
- 9.4 The QF fails to give proper assurance of adequate performance as specified under this Agreement within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance.
- 9.5 The QF materially fails to perform as specified under this Agreement. Once this Agreement is declared in default, upon written notice to the QF, the then-current balance in the Capacity Account shall be paid to FPL.

10. General Provisions:

subsidiaries, and their respective employees, officers and directors against any and all liability, loss, damage, costs or expense which FPL, its subsidiaries, and their respective employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the QF in performing its obligations pursuant to this Agreement or the QF's failure to abide by the provisions of this Agreement. FPL agrees to indemnify and save harmless the QF against any and all liability, loss, damage, cost or expense which the QF may hereafter incur, suffer or be required to pay by reason of negligence on the part of FPL in performing its obligations pursuant to this Agreement or FPL's failure to abide by the provisions of this Agreement. The QF agrees to amend (if and as

necessary) the liability insurance policy(ies) procured pursuant to Section 9.2 of the Parties' "Interconnection Agreement for Qualifying Facilities", dated as of February 27, 1987, as superseded by Section 10.2 of the "Agreement for Interconnection" dated as of December 19, 1988, and to include FPL as an additional named insured in such liability insurance policy(ies) to protect the QF's and FPL's interests with respect to the QF's indemnity and hold harmless assurances to FPL contained in this Section.

10.2 Renegotiations Due to Regulatory Changes: Notwithstanding anything to the contrary in this Agreement, should FPL at any time during the term of this Agreement fail to obtain or be denied the FPSC's authorization, or the authorization of any other regulatory body which now has or in the future may have jurisdiction over FPL's rates and charges, to recover from its customers all of the payments required to be made to the QF under the terms of this Agreement or any amendment to this Agreement, the Parties agree that, at FPL's option, they shall renegotiate this Agreement or any applicable amendment. If FPL exercises such option to renegotiate, FPL shall not thereafter be required to make such payments to the extent FPL's authorization to recover them from its customers is not obtained or is denied. FPL's exercise of its option to renegotiate shall not relieve the QF of its obligation to repay the balance in the Capacity Account. It is the intent of the Parties that FPL's payment obligations under this Agreement

or any amendment hereto are conditioned upon FPL being fully reimbursed for such payments through the Fuel and Purchased Power Cost Recovery Clause, Capacity Cost Recovery Clause, or other authorized rates or charges. Any amounts initially recovered by FPL from its ratepayers but for which recovery is subsequently disallowed by the FPSC and charged back to FPL may be set off or credited against subsequent payments made by FPL for purchases from the QF or, alternatively, shall be repaid by the QF.

10.3 Force Majeure: If either Party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the Party so failing shall give written notice and full particulars of such cause(s) to the other Party as soon as possible after the occurrence of any such cause(s); and such obligations shall be suspended during the continuance of such hindrance which, however, shall be remedied with all possible dispatch; and the obligations, terms and conditions of this Agreement shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term force majeure shall be taken to mean causes not within the reasonable control of the Party affected, including, but not limited to, acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints

lawfully imposed by federal, state or local governmental bodies, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however, no occurrence may be claimed to be a force majeure if it is caused by the negligence or lack of due diligence on the part of the Party attempting to make such claim. The QF agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same are rendered inoperable due to actions of the QF, its agents, or force majeure events affecting the Facility or the interconnection with FPL. FPL agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnection are caused by FPL or its agents.

- 10.4 Assignment: The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without FPL's prior written approval.
- Disclaimer: In executing this Agreement, FPL does not, nor should it be construed to, extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QF or any assignee of this Agreement.

10.6 Notification: All formal notices affecting the provisions of this Agreement shall be delivered in person or sent by registered or certified mail to the individuals designated below. The Parties designate the following to be notified or to whom payment shall be sent until such time as either Party furnishes the other Party written instructions to contact another individual.

To OF:

Wheelabrator South Broward Inc.

Liberty Lane

Hampton, NH 03842

Attention: General Counsel

To: FPL

Florida Power & Light Company

P. O. Box 029100

Miami, Florida 33102

Attention: Bulk Power

Markets Department

- 10.7 Applicable Law: This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida.
- including interest and/or penalties arising from the Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's early, levelized or early levelized capacity payments to the QF pursuant to this Agreement are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, which FPL incurs as a direct result of the fact that all or a portion of these early, levelized or early levelized capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due

the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

- 10.9 Severability: If any part of this Agreement, for any reason, is declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of this Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.
- Omplete Agreement and Amendments: All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated.

 No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both Parties to this Agreement.

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

IN WITNESS WHEREOF, the C	OF and FPL executed this Agreement thisday of
WITNESS:	FLORIDA POWER & LIGHT COMPANY
Juy Co. Jamming 19	Title: St. N. cultres dend Market a legulatory Services Date: Movember 19, 1991
WITNESS:	WHEELABRATOR SOUTH BROWARD Dic. Title: Desident Date: 15 NOV 91

APPENDIX A

FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING PACILITY

THIS AGREEMENT is made and entered into this 30 day of March 1987 by and between SES Broward Company, Limited Partnership, hereinafter referred to as "QF" and Florida Power & Light Company, hereinafter referred to as "FPL" or the "Company"; a private utility corporation organized under the laws of the State of Florida.

The QF and FPL shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, QF desires to sell, and FPL desires to purchase electricity to be generated by the QF consistent with Florida Public Service Commission (FPSC) Rules 25-17.80 through 25-17.89 of Order No. 12443, Docket No. 820406-EU; and

WHEREAS, QF has signed an Interconnection Agreement with the utility in whose service territory the QF's generating facility is located, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved this following Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility;

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

I. Facility

QF contemplates installing and operating a 76,000 KVA A. C. synchronous generator located East of U. S. Rt. 441 and North of Griffin Rd., Broward County, Florida. The generator is designed to produce a maximum of 64,100 kilowatts (KW) of electric power at an 85% power factor, such equipment being hereinafter referred to as "Facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution by the parties and shall end at 12:01 A.M., August 1, 2009.

Notwithstanding the foregoing if construction and commercial operation of the Facility are not accomplished by QF before April 1, 1992, this Agreement shall be rendered of no force and effect.

3. Sale of Electricity by QF

FPL agrees to purchase all of the electric power generated at the Facility and transmitted to FPL by QF. The purchase and sale of electricity pursuant to this Agreement shall be construed as a net billing arrangement. The billing methodology may be changed at the option of the QF, subject to the following provisions:

- (a) not more frequently than once every twelve months;
- (b) to coincide with the next Fuel and Purchased Power Cost Recovery Factor billing period;
- (c) upon at least thirty days advance written notice to the Company;
- (d) upon the installation of any additional metering equipment reasonably

required to effect the change in billing and upon payment by the QF for such metering equipment and its installation;

- (e) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alterations; and
- (f) where the election to change billing methods will not contravene the provisions of the tariff under which the Facility receives electrical service, for any previously agreed upon contractual provision between the QF and the Company.

4. Payment for Electricity Produced by QF

4.1 Energy

FPL agrees to pay the QF for energy produced by the Facility and delivered to the Company in accordance with the rates and procedures contained in Rate Schedule COG-2 attached hereto Appendix B and as may be amended from time to time. Prior to April 1, 1992 QF will receive energy payments based on FPL's actual avoided energy costs. After April 1, 1992 QF's energy payments will be based on the lesser of FPL's actual avoided fuel costs or the fuel cost of the Statewide Avoided Unit as defined in COG-2, such comparison to be made hourly.

4.2 Capacity

4.2.1 <u>Capacity Payment.</u> FPL agrees to pay QF for the capacity described in Paragraph 4.2.2 in accordance with the rates and procedures contained in Rate Schedule COG-2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option A of Rate Schedule COG-2.

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1995 17.33 21.75 19.988 10,522,776 1996 18.27 22:93 21.068 11,093,544 1997 19.25 24.17 22.206 11,688,600 1998 20.29 25.47 23.405 12,320,088 1999 21.39 26.85 24.668 12,988,008 2000 22.55 28.30 26.001 13,692,360 2001 23.76 29.83 27.405 14,427,072 2002 31.44 31.44 31.436 19,090,368 12,003 33.13 33.13 33.133 20,116,536 2004 34.92 34.92 34.923 21,203,424 2005 36.81 36.81 36.80 22,351,032 2006 38.80 38.80 38.796 23,559,360 2007 40.89 40.89 40.89 40.891 24,828,408 2008 43.10 43.10 43.099 26,170,320 2009 45.43 45.43 45.427 16,091,306 11 NOTES: 1) COMMITTED CAPACITY. 2) DISCOUNT RATE USED ANNUAL MONTHLY	12,532,374	11,514,94
1996 18.27 22:93 21.068 11,093,544 1997 19.25 24.17 22.206 11,688,600 1998 20.29 25.47 23.405 12,320,088 1999 21.39 26.85 24.668 12,988,008 2000 22.55 28.30 26.001 13,692,360 2001 23.76 29.83 27.405 14,427,072 2002 31.44 31.44 31.436 19,090,368 12,003 33.13 33.13 33.133 20,116,536 2004 34.92 34.92 34.923 21,203,424 22,005 36.81 36.81 36.80 22,351,032 22,006 38.80 38.80 38.796 23,559,360 22,007 40.89 40.89 40.89 40.891 24,828,408 22,009 45.43 45.43 45.43 45.427 16,091,306 11 FOTAL\$ ANNUAL MONTHLY	13,209,122	12,136,714
1998 20.29 25.47 23.405 12,320,088 1999 21.39 26.85 24.668 12,988,008 2000 22.55 28.30 26.001 13,692,360 2001 23.76 29.83 27.405 14,427,072 2002 31.44 31.44 31.436 19,090,368 1 2003 33.13 33.13 33.133 20,116,536 2 2004 34.92 34.92 34.923 21,203,424 2 2005 36.81 36.81 36.809 22,351,032 2 2006 38.80 38.80 38.796 23,559,360 2 2007 40.89 40.89 40.89 40.891 24,828,408 2 2008 43.10 43.10 43.099 26,170,320 2 2009 45.43 45.43 45.43 45.427 16,091,306 1 TOTAL\$ 302,760,546 31 ANNUAL MONTHLY	13,922,415	12,792,490
1998	14,674,225	13,483,483
2000 22.55 28.30 26.001 13,692,360 2001 23.76 29.83 27.405 14,427,072 2002 31.44 31.44 31.436 19,090,368 12003 33.13 33.13 33.13 20,116,536 2004 34.92 34.92 34.923 21,203,424 2005 36.81 36.81 36.809 22,351,032 2006 38.80 38.80 38.796 23,559,360 2007 40.89 40.89 40.891 24,828,408 2008 43.10 43.10 43.099 26,170,320 2009 45.43 45.43 45.427 16,091,306 11 TOTAL\$ SOTES: 1) COMMITTED CAPACITY. ANNUAL MONTHLY	15,466,633	14,211,516
2001 23.76 29.83 27.405 14,427,072 2002 31.44 31.44 31.436 19,090,368 2003 33.13 33.13 33.133 20,116,536 2004 34.92 34.92 34.923 21,203,424 2005 36.81 36.81 36.809 22,351,032 2006 38.80 38.80 38.796 23,559,360 2007 40.89 40.89 40.891 24,828,408 2008 43.10 43.10 43.099 26,170,320 2009 45.43 45.43 45.427 16,091,306 11 TOTAL\$ ROTES: 1) COMMITTED CAPACITY. 2) DISCOUNT RATE USED ANNUAL MONTHLY	16,301,831	14,978,410
2002 31.44 31.44 31.436 19,090,368 12003 33.13 33.13 33.133 20,116,536 22004 34.92 34.92 34.92 34.923 21,203,424 22005 36.81 36.81 36.809 22,351,032 22006 38.80 38.80 38.796 23,559,360 22007 40.89 40.89 40.891 24,828,408 22008 43.10 43.10 43.099 26,170,320 22009 45.43 45.43 45.427 16,091,306 11 TOTAL\$ TOTAL\$ SOTES: 1) COMMITTED CAPACITY. ANNUAL MONTHLY	17,182,130	15,787,807
2003 33.13 33.13 20,116,536 2 2004 34.92 34.92 34.923 21,203,424 2 2005 36.81 36.81 36.809 22,351,032 2 2006 38.80 38.80 38.796 23,559,360 2 2007 40.89 40.89 40.891 24,828,408 2 2008 43.10 43.10 43.099 26,170,320 2 2009 45.43 45.43 45.427 16,091,306 1 TOTAL\$ 302,760,546 31 NOTES: 1) COMMITTED CAPACITY. ANNUAL MONTHLY	18,109,965	16,640,316
2004 34.92 34.92 34.923 21,203,424 2 2005 36.81 36.81 36.809 22,351,032 2 2006 38.80 38.80 38.796 23,559,360 2 2007 40.89 40.89 40.891 24,828,408 2 2008 43.10 43.10 43.099 26,170,320 2 2009 45.43 45.43 45.427 16,091,306 1 FOTAL \$ SOTES: 1) COMMITTED CAPACITY. ANNUAL MONTHLY	19,087,903	19,087,939
2005 36.81 36.81 36.809 22,351,032 2 2006 38.80 38.80 38.796 23,559,360 2 2007 40.89 40.89 40.891 24,828,408 2 2008 43.10 43.10 43.099 26,170,320 2 2009 45.43 45.43 45.427 16,091,306 1 TOTAL\$ 302,760,546 31	20,118,650	20,118,358
2006 38.80 38.80 38.796 23,559,360 2 2007 40.89 40.89 40.891 24,828,408 2 2008 43.10 43.10 43.099 26,170,320 2 2009 45.43 45.43 45.427 16,091,306 1 OTAL\$ 302,760,546 31	21,205,057	21,205,246
2007 40.89 40.89 40.891 24,828,408 2 2008 43.10 43.10 43.099 26,170,320 2 2009 45.43 45.43 45.427 16,091,306 1 TOTAL\$ 302,760,546 31 HOTES: 1) COMMITTED CAPACITY. ANNUAL MONTHLY	22,350,130	22,350,425
2008 43.10 43.10 43.099 26,170,320 2 2009 45.43 45.43 45.427 16,091,306 1 OTAL\$ 302,760,546 31 OTES: 1) COMMITTED CAPACITY. ANNUAL MONTHLY	23,557,037	23,556,931
2009 45.43 45.43 45.427 16,091,306 1 OTAL \$ 302,760,546 31 OTES: 1) COMMITTED CAPACITY. ANNUAL MONTHLY	24,829,117	24,829,015
TOTAL \$ 302,760,546 31 NOTES: 1) COMMITTED CAPACITY. 2) DISCOUNT RATE USED ANNUAL MONTHLY	26,169,890	26,169,713
NOTES: 1) COMMITTED CAPACITY. 2) DISCOUNT RATE USED ANNUAL MONTHLY	16,090,120	16,090,243
1) COMMITTED CAPACITY. 2) DISCOUNT RATE USED ANNUAL MONTHLY	15,157,736	311,182,157
2) DISCOUNT RATE USED ANNUAL MONTHLY		
MONTHLY	50,600 H	œ
MONTHLY	10.5 9	%
3) ALL CONTRACTS END 8/1/2009	0.84 %	6
4) ESCALATION RATE USED IN NEW PAYMENT STREAM IS	5.40%	

The capacity payment will be made in accordance with the schedule provided below.

MONTHLY CAPACITY PAYMENT RATE \$/KW/MONTH

<u>YEAR</u>	CAPACITY PAYMENT RATE
8/1/1989 - 3/31/1990	9.04
4/1/1990 - 3/31/1991	9.53
4/1/1991 - 3/31/1992	10.05
4/1/1992 - 3/31/1993	14.80
4/1/1993 - 3/31/1994	15.60
4/1/1994 - 3/31/1995	16.44
4/1/1995 - 3/31/1996	17.33
4/1/1996 - 3/31/1997	18.27
4/1/1997 - 3/31/1998.	19.25
4/1/1998 - 3/31/1999	20.29
4/1/1999 - 3/31/2000	21.39
4/1/2000 - 3/31/2001	22.55
4/1/2001 - 3/31/2002	23.76
4/1/2002 - 3/31/2003	31.44
4/1/2003 - 3/31/2004	33.13
4/1/2004 - 3/31/2005	34.92
4/1/2005 - 3/31/2006	36.81
4/1/2006 - 3/31/2007	38.80
4/1/2007 - 3/31/2008	40.89
4/1/2008 - 3/31/2009	43.10
4/1/2009 - 8/01/2009	45.43

4.2.2 Committed Capacity. It is the intent of QF to sell 50,600 KW of committed capacity, beginning on August 1, 1989. QF shall have the one time option of finalizing its committed capacity after initial Facility testing and specify when capacity payments are to begin. Such option shall be exercised by providing formal written notice, in accordance with Paragraph 9.7, informing FPL of any change in the committed capacity and beginning date above. In the event such notice is not received by FPL prior to the commercial in-service date of the Facility or April 1, 1990, whichever occurs first, the committed capacity specified in this Paragraph shall be considered as the QF's committed capacity.

5. Electricity Production Schedule

During the term of this Agreement, QF agrees to:

- (a) Provide FPL prior to October 1 of each calendar year an estimate of the amount of electricity to be generated by the Facility and delivered to the Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages or reductions in capacity;
- (b) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;
 - (c) Coordinate its scheduled Facility outages with FPL; and
 - (d) Comply with reasonable requirements of FPL regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement.

6. QF's Obligation if QF Receives Early Capacity Payments

The QF's payment option choice pursuant to paragraph 4.2.1 may result in payment by FPL for capacity delivered prior to April 1, 1992. The Parties recognize that capacity payments paid through March 31, 1992, are in the nature of "early payment" for

a future capacity benefit to FPL. To ensure that FPL will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred the following provisions will apply:

FPL shall establish a Capacity Account. Amounts shall be credited to the Capacity Account each month through March, 1992, in the amount of FPL's capacity payments made to the QF pursuant to QF's chosen payment option from Rate Schedule COG-2. The monthly balance in the Capacity Account shall accrue interest at an annual rate of 10.5%. Commencing on April 1, 1992, there shall be debited from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which FPL would have paid for capacity in that month, if capacity payments had been calculated pursuant to Option A in Rate Schedule COG-2 and the QF had elected to begin receiving payments on April 1, 1992, minus the monthly capacity payment FPL makes to QF pursuant to the capacity payment option chosen by QF in Paragraph 4.2.1.

The QF shall owe FPL and be liable for the credit balance in the Capacity Account. FPL agrees to notify QF monthly as to the current Capacity Account balance. Prior to receipt of advance capacity payments the QF shall execute a promise to repay any credit balance in the Capacity Account in the event the QF defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provision of Rate Schedule COG-2. The specific repayment assurance selected for purposes of this Agreement is a Surety Bond subject to the final approval by FPL 90 days prior to the payment of any early capacity payments. The total Capacity Account shall immediately become due and payable in the event of default by the QF. The QF's obligation to pay the credit balance in the Capacity Account shall survive termination of this Agreement.

7. Non-Performance Provisions

QF shall not receive a capacity payment during any month in which the twelve months rolling average of the QF's capacity factor does not equal or exceed 70% as defined in Rate Schedule COG-2. In addition, if for any month after April 1, 1992, the QF fails to achieve a 70% capacity factor on a 12 month rolling average basis and the QF has received capacity payments prior to April 1, 1992, the QF shall be liable for and shall pay FPL an amount equal to the Early Payment Offset Amount for the month; provided, however, that such calculation shall assume that the QF achieved a 70% capacity factor. Any payments thus required of QF shall be separately invoiced by FPL to QF after each month for which such repayment is due and shall be paid by QF within 20 days after receipt of such invoice by QF. Such repayment shall be debited from the Capacity Account as an Early Payment Offset Amount.

In no event shall the QF repay to FPL for non-performance any amounts which exceed the current balance in the Capacity Account.

8. Default

Should any one of the following conditions exist, FPL shall have the right to declare the QF in default under this Agreement.

- (a) The QF ceases all electric generation for 12 consecutive months.
- (b) After April 1, 1992, the QF fails to maintain a 70% capacity factor on a twelve month rolling average basis for 24 consecutive months.
- (c) The QF ceases the conduct of active business; or if proceedings under the Federal Bankruptcy Act or insolvency laws shall be instituted by or for or against QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF shall be attached, levied upon, encumbered, pledged, seized, or taken under

any judicial process and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due.

- (d) The QF fails to give proper assurance of adequate performance as specified under this Agreement within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance.
 - (e) The QF materially fails to perform as specified under this Agreement.

Once this contract is declared to be in default, upon written notice to the QF the then current balance in the Capacity Account shall be paid to FPL.

9. General Provisions

- 9.1 Permits. QF hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority QF is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. FPL hereby agrees to seek to obtain any and all governmental permits, certifications or other authority FPL is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.
- 9.2 <u>Indemnification.</u> QF agrees to indemnify and save harmless FPL, its subsidiaries, and their respective employees, officers, and directors against any and all liability, loss, damage, costs or expense which FPL, its subsidiaries, and their respective employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of QF in performing its obligations pursuant to this Agreement or QF's failure to abide by the provisions of this Agreement. FPL agrees to indemnify and save harmless QF against any and all liability, loss, damage, cost or expense which QF may hereafter incurr, suffer, or be required to pay by reason of negligence on the part of FPL in performing its obligations pursuant to this Agreement or

FPL's failure to abide by the provisions of this Agreement. QF agrees to include FPL as an additional insured in any liability insurance policy or policies QF obtains to protect QF's interests with respect to QF's indemnity and hold harmless assurances to FPL contained in this Section.

- 9.3 Renegotiations Due to Regulatory Changes. Anything in this Agreement to the contrary notwithstanding, should FPL at any time during the term of this Agreement fail to obtain or be denied the FPSC's authorization, or the authorization of any other regulatory body which now has or in the future may have jurisdiction over FPL's rates and charges, to recover from its customers all of the payments required to be made to QF under the terms of this Agreement or any subsequent amendment to this Agreement, the parties agree that, at FPL's option, they shall renegotiate this Agreementor any applicable amendment. If FPL exercises such option to renegotiate, FPL shall not thereafter be required to make such payments to the extent FPL's authorization to recover them from its customers is not obtained or is denied. FPL's exercise of its option to renegotiate shall not relieve the QF of its obligation to repay the balance in the Capacity Account. It is the intent of the parties that FPL's payment obligations under this Agreement or any amendment hereto are conditioned upon FPL's being fully reimbursed for such payments through the Fuel and Purchased Power Cost Recovery Clause or other authorized rates or charges. Any amounts initially recovered by FPL from its ratepayers but for which recovery is subsequently disallowed by the FPSC and charged back to FPL may be set off or credited against subsequent payments made by FPL for purchases from the QF, or alternatively, shall be repaid by the QF.
- 9.4 Force Majeure. If either Party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the

Party so failing shall give written notice and full particulars of such cause or causes to the other Party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be remedied with all possible dispatch; and the obligations, terms and conditions of this Agreement shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term force majeure shall be taken to mean causes not within the reasonable control of the Party affected, including but not limited to acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by Federal, state or local governmental bodies, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the Party attempting to make such claim. QF agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same are rendered inoperable due to actions of QF, its agents, or force majeure events affecting the Facility or the interconnection with FPL. FPL agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPL or its agents.

- 9.5 Assignment. The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without FPL's prior written approval.
- 9.6 <u>Disclaimer.</u> In executing this Agreement, FPL 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 QF or any assignee of this Agreement.

9.7 Notification. All formal notices affecting the provisions of this Agreement shall be delivered in person or sent by registered or certified mail to the parties designated below. The parties designate the following to be notified or to whom payment shall be sent until such time as either party furnished the other party written instructions to contact another individual.

To QF:

TO FPL:

SES Broward Company, L. P.

c/o Signal Environmental Systems, Inc.

Liberty Lane

Hampton, New Hampshire 03842

Florida Power & Light Company

P.O. Box 029100

Miami, Florida 33102

Attention: Cogeneration and Small

Power Production

- 9.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.
- 9.9 Severability. If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a public authority of appropriate jurisdicition, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.
- 9.10 Complete Agreement and Amendments. All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject

matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both Parties to this Agreement.

- 9.11 Incorporation of Rate Schedule. The Parties agree that this Agreement shall be subject to all of the provisions contained in FPL's published Rate Schedule COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.
- 9.12 <u>Survival of Agreement.</u> This Agreement as may be amended from time to time, shall be binding and inure to the benefit of the Parties' respective successors-in-interest and legal representatives.

day of March, 1987.	executed this Agreement this
WITNESS: Yindu Afrika	FLORIDA POWER & LIGHT COMPANY (FPL) Titler Senior Vice President Date: 3/3/87
WITNESS: Comf. F. M. TIL	John J. Sullivan Title Partner Date: March 13, 1987

APPENDIX A

INTERCONNECTION AGREEMENT FOR QUALIFYING FACILITIES

Florida Power & Light Company (hereinafter called "FPL") agrees to interconnect with SES Broward Company, Limited Partnership ("SBC"), owner and operator of the Broward County Resource Recovery Facility - South Site (hereinafter called the "QF"), subject to the following provisions:

I. Facility

The SBC QF is to be located east of U.S 441 and north of Griffin Road, within FPL's service territory. SBC intends to have the QF installed and operational no earlier than January 1, 1989, but in no event later than January 1, 1992. SBC shall provide to FPL reasonable prior notice of the QF's initial operation, and it shall cooperate with FPL-to arrange initial deliveries of power to FPL's system.

The QF has been or will be certified as a "qualifying facility" pursuant to the rules and regulations of the Florida Public Service Commission ("FPSC") or the Federal Energy Regulatory Commission ("FERC"). SBC covenants that the qualifying status of the QF will be maintained throughout the term of this Interconnection Agreement ("Agreement").

2. Construction Activities

SBC shall provide FPL with written instructions to proceed with the conceptual design. FPL agrees to provide the conceptual design to SBC within six (6) months following receipt of such instructions. After reaching mutual understanding and agreement on the conceptual design of the interconnection, SBC shall provide FPL with written instructions to proceed with the detailed design and construction of the FPL portion of the interconnection facilities (the "Interconnection Facilities") as described in the mutually acceptable

conceptual design. FPL agrees to complete or cause to be completed the Interconnection Facilities within 24 months of receipt of the written instructions to proceed following such mutual agreement on the conceptual design.

Upon the parties' agreement as to the appropriate interconnection design requirements and receipt of written instructions to proceed delivered by SBC, FPL shall design and perform or cause to be performed all of the work necessary to interconnect the OF with the FPL system.

SBC agrees to pay FPL all expenses incurred by FPL to design, construct, operate, maintain, repair and replace the Interconnection Facilities necessary for integration of the QF into FPL's electrical system. Such interconnection costs shall not include any costs which FPL would otherwise incur if it were not engaged in interconnected operations with the QF, but instead simply provided the electric power requirements of the QF with electricity either generated by FPL or purchased from another source.

SBC agrees to pay all construction costs, including design, supervision and overhead expense, for completion of the Interconnection Facilities. FPL will provide to SBC, either monthly or quarterly as the work progresses, itemized invoices, plus appropriate backup documentation upon reasonable request. Such interconnection costs shall be collected through FPL's reimbursable process and, as such, shall not include any interest for funds used during construction. Such invoices are due within 30 days after receipt of each invoice. If payment is not postmarked within 30 days of the date of the invoice, a late payment charge shall be assessed at an interest rate calculated at the 30-day highest grade commercial paper rate in effect 30 days prior to the date of mailing of the invoice, computed daily. In case of a disputed bill, payment of the entire bill shall be made within the 30-day period, but the disputed portion of the bill may be paid under protest. Payments

made and designated "Paid under Protest" shall be accompanied by the reason(s) for such protest. Any funds due SBC resulting from the settlement of a protest shall include interest, from the date of payment, computed in the manner stated above.

In the event that SBC notifies FPL in writing to cease interconnection work before its completion, SBC shall be obligated to reimburse FPL for the interconnection costs incurred up to the date such notification is received, and for any removal costs, continuing charges and the like incurred by FPL after its receipt of such notification.

3. Technical Requirements and Operations

The parties agree that the QF's interconnection with, and delivery of electricity into, the FPL system must be in compliance with the Rule 25-17.87, adopted by the FPSC in Order No. 12443, Docket No. 820406-EU, and be accomplished in accordance with the provisions of Exhibit A, entitled "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System". Exhibit A is attached to, and made a part, of this Agreement.

SBC agrees to require that the QF operator immediately notify FPL's System Dispatcher by telephone in the event of discovery of hazardous or unsafe conditions associated with the parties' parallel operations. If such conditions are detected by FPL, then FPL will likewise immediately contact the operator of the QF by telephone. Each party agrees to immediately take whatever appropriate corrective action is necessary to correct the hazardous or unsafe conditions.

4. Cost Estimates

Attached hereto is <u>Exhibit B</u>, entitled "QF Interconnection Cost Estimates". The parties agree that the cost of the interconnection work contained therein is an estimate of the actual cost to be incurred.

5. Facilities Required For Interconnection

The facilities required for interconnection shall include the items listed in Exhibit C, entitled "Description of Facilities Required for Interconnection", which is attached hereto and hereby made an integral part of this Agreement. Exhibit D, entitled "Sketch of Facilities", designates the interconnection point, metering point, and ownership of the facilities required for interconnection. Upon agreement on the conceptual design, FPL will review Exhibits C and D and make any necessary revisions.

The facilities required for interconnection on FPL's side of the ownership line with the QF shall be owned, operated, maintained and repaired by FPL. SBC shall be responsible for the cost of designing, installing, operating and maintaining the facilities on the SBC side of the ownership line necessary for interconnecting the QF with FPL's system as indicated in Exhibit D. SBC shall be responsible for establishing and maintaining controlled access by third parties over the property owned or controlled by SBC to the facilities required for interconnection.

6. Maintenance and Repair Payment

FPL will separately invoice SBC on a monthly basis for all costs associated with the operation, maintenance and repair of the Interconnection Facilities. SBC shall pay for such work on a percentage basis, as set forth in FPL's Rate Schedules COG-1 and COG-2. SBC agrees to pay FPL within 30 days of receipt of each such invoice. If payment is not postmarked within 30 days of the date of the invoice, a late payment charge shall be assessed at an interest rate calculated at the 30-day highest grade commercial paper rate in effect 30 days prior to the date of mailing of the invoice, computed daily. In case of a disputed bill, payment of the entire bill shall be made within the 30-day period, but the disputed portion of the bill may be paid under protest. Payments made and designated "Paid under Protest" shall be accompanied by the reason(s) for such protest. Any funds due SBC

resulting from the settlement of a protest shall include interest, from the date of payment, computed in the manner stated above.

FPL shall have the right to set off any amounts past due (as defined above and in Section 2) and owing to FPL under this Agreement against any amounts due and owing SBC under any other QF-related contracts which FPL has or may have with SBC or from amounts due and owing for electric power purchased from the QF.

7. Site Access

In order to help ensure the continuous, safe, reliable and compatible operation of the QF with the FPL system, SBC hereby grants to FPL, for the period of interconnection, the rights of reasonable ingress and egress, consistent with the safe operation of the QF, over property owned or controlled by SBC to the extent that FPL deems such ingress and egress necessary in order to examine, test, calibrate, coordinate, operate, maintain or repair any facilities required for interconnection involved in the parallel operation of the QF and FPL's system, including FPL's metering equipment.

8. Construction Responsibility

In no event shall any FPL statement, representation or lack thereof, either express or implied, relieve SBC of its exclusive responsibility for the QF. Specifically, any FPL inspection of the QF shall not be construed as confirming or endorsing the QF's design or its operating or maintenance procedures, nor as a warranty or guarantee as to the safety, reliability or durability of the QF equipment. FPL's inspection, acceptance or its failure to inspect shall not be deemed an endorsement of any QF equipment or procedure.

9. Insurance

SBC shall procure a policy(ies) of liability insurance on a standard "Insurance Services Office" comprehensive commercial general liability form or other acceptable

forms. Said policy shall cover generally all liabilities which might arise under, or in the performance or nonperformance of, this Agreement and the parties' "Standard Offer Contract For The Purchase Of Firm Capacity And Energy From A Qualifying Facility", and shall be delivered to FPL at least fifteen days prior to the start of any interconnection work. At a minimum, said policy shall contain endorsements providing coverage, including but not limited to products liability/completed operations coverage, for FPL, its parent, its subsidiaries and affiliated entities and each of their respective officers, directors, employees, agents and contractors (hereinafter in this Section 9 and in Section 10 collectively called the "Company"). The policy shall include coverage for interruption or curtailment of power supply.

The Company shall be designated as an additional named insured, and the policy shall be endorsed to be primary to any insurance which may be maintained by or on behalf of the Company. The policy shall be in a minimum limit of \$10,000,000 per occurrence, combined single limit, for bodily injury (including death) or property damage. Any premium assessment or deductible shall be for the account of SBC and not the Company.

In the event that the policy is on a "claims made" basis, the retroactive date of the policy shall be the effective date of this Agreement or such other date as to protect the interest of the Company. Furthermore, if the policy is on a "claims made" basis, SBC's providing of such coverage shall survive the termination of this Agreement until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort (currently, five years); if coverage is on an "occurrence" basis, such insurance shall be maintained by SBC during the entire term of this Agreement. The policy shall not be cancelled or materially altered without at least 30 days' written notice to FPL. All coverage is subject to the approval of FPL.

SBC shall provide to FPL evidence of such liability insurance coverage on FPL Form 1364-23, without modification; said Form is attached hereto as Exhibit E. A copy of the policy will be made available to FPL upon reasonable request.

10. Indemnification

SBC shall indemnify, protect, defend and hold the Company (as defined in Section 9) free and unharmed from and against any and all claims, losses, liabilities and expenses whatsoever in any manner directly or indirectly arising out of, or associated with, the provisions of this Agreement, whether or not any such claim, loss, liability or expense is due to, or caused by, the Company's negligence. SBC's obligations with respect to indemnification under this Section 10 shall extend up to, but shall not exceed, the sum of \$10,000,000 per occurrence for either injury to persons (including death) or damage to property.

11. Electric Service to the QF

FPL will provide the class(es) of electric service requested by SBC to the extent that it (they) is (are) consistent with applicable tariffs; provided, however, interruptible service will not be made available under circumstances where interruptions would impair the QF's ability to generate and deliver electricity to FPL's system.

12. Notification

All formal notices affecting the provisions of this Agreement shall be delivered in person or be sent by registered or certified mail to the individuals designated below, until such time as either party furnishes the other party written instructions to contact another individual.

For SBC: SES Broward Company, Limited Partnership
c/o Signal Environmental Systems Inc. Phone: (603) 926-1337
Liberty Lane
Hampton, NH 03842

For FPL: Florida Power & Light Company

Post Office Box 029100

Miami, Florida 33102

Attention: Cogeneration and Small

Power Production Department

IN WITNESS WHEREOF, SBC and FPL have executed this Agreement this day of 1976.

Secretar,

ATTEST:

ATTEST:

Bennett? Yoffee

FLORIDA POWER & LIGHT COMPANY

Phone: (305) 552-3533

Senior Vice President

SES BROWARD

COMPANY, Limited

Partnership

By:

/John J. Sullivan Executive Vice President

of SES Broward Inc., a General Partner

ate Sept. 22, 1986

GENERAL STANDARDS FOR SAFETY AND INTERCONNECTION OF COGENERATION AND SMALL POWER PRODUCTION FACILITIES TO THE ELECTRIC UTILITY SYSTEM

INTERCONNECTION AND STANDARDS

(1) Purpose. The purpose of this standard is to provide the general requirements for each Qualifying Facility ("QF") that wishes to interconnect with the FPL electrical system. This standard adopts FPSC Rule 25-17.87 and provides, where possible, specific guidelines which apply to the FPL system.

Because of the variations of FPL electrical circuits and the multitudes of generator sizes and types, each specific request for interconnection must be analyzed in order to design suitable protection devices for the joint operating system.

- (2) Application for Interconnection. An owner or operator of a QF shall not operate electric generating equipment in parallel with FPL's electric system without the prior written consent of FPL. The QF operator shall provide to FPL the following documentation:
 - (a) Physical layout drawings, including dimensions;
- (5) All associated equipment specifications and characteristics, including, but not limited to, technical parameters, ratings, vasic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, circuit impedances, grounding details, frequency, voltage, current and interconnection distance;
- (c) Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the proposed system and to be able to make a coordinated system;
 - (d). Power requirements in watts and vars;
- (e) Expected radio-noise, harmonic generation and telephone interference factor;
 - (f) Synchronizing methods:
 - (g) Operating/instruction manuals; and
 - (h) Schedule of proposed maintenance of protective devices.

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

(3) Personnel Safety. Adequate protection and safe operational procedures must be developed and followed by the joint system. These operating procedures must be approved by both FPL and the owner or operator of the QF. The owner or operator of the

QF shall be required to furnish, install, operate and maintain in good order and repair, and be solely responsible for, without cost to FPL, all QF equipment required for the safe operation of the QF in parallel with FPL's system.

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

FPL's approval of isolating devices used at the QF will be required to ensure that these will comply with FPL's switching and tagging procedure for safe working clearances.

Disconnect Switch. A manual disconnect switch, of the visible load break type, to provide a separation point between the QF generation system and FPL's system, shall be required. FPL will specify the location of the disconnect switch. The parties agree that the disconnect provisions as shown on Exhibit D satisfy this requirement. The disconnect switch shall be readily accessible to FPL and be capable of being locked in the open position with an FPL padlock. FPL may reserve the right to open when necessary the switch (i.e., isolating the QF generation system) without prior notice to the owner or operator of the QF. To the extent practicable, however, prior notice shall be given. Any of the following conditions shall be cause for disconnection:

- (a) FPL system emergencies and/or maintenance requirements;
- (b) Hazardous conditions existing on the QF generating or protective equipment as determined by the FPL;
- (c) Adverse effects of the QF generation to FPL's other electric customers and/or system as determined by FPL;
- (d) Failure of the owner or operator of the QF to maintain any required insurance; or
- (e). Failure of the owner or operator of the QF to comply with any existing or future regulations, rules, orders or decisions of any governmental or regulatory authority having jurisdiction over the QF electric generating equipment or the operation of such equipment.
- operator of the QF to provide all devices necessary to protect the QF equipment from damage by the abnormal conditions and operations which occur on the FPL system and that result in interruptions and restorations of service by FPL's equipment and personnel. The owner or operator of the QF shall protect the QF generator and associated equipment from overvoltage, undervoltage, overload, short circuits (including ground fault conditions), open circuits, phase unbalance and reversal, over or under frequency condition, and other injurious electrical conditions which may arise on FPL's system and any reclose attempt by FPL.

FPL may reserve the right to perform such tests as it reasonably deems necessary to ensure safe and efficient protection and operation of the QF equipment.

(a) Loss of Source. The owner or operator of the QF shall provide, or FPL will provide at the expense of the owner or operator of the QF, approved protective equipment necessary to immediately, completely and automatically disconnect the QF generation from FPL's system in the event of a fault on the QF system, a fault on FPL's system, or loss of source on FPL's system. Disconnection must be completed within the time specified by FPL in order to coordinate with FPL's operating procedure for loss of source on FPL's system.

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

Coordination and Synchronization. The owner or operator of the QF shall be responsible for coordination and synchronization of the QF equipment with FPL's electrical system, and assumes all responsibility for damage which may occur from improper coordination or synchronization of the QF generator with FPL's system.

FPL may reserve the right to require a separate transformation and/or service for a QF generation system, at the expense of the owner or operator of the QF. The owner or operator of the QF shall bond all neutrals of the QF system to FPL's neutral, shall install a separate grounding system with a resistance value which shall be suitable for the installation, and shall bond this ground to the QF system neutral.

- FPL may require that communication channels, including remote terminal units, be installed at the expense of the owner or operator of the QF. These channels may be required for supervisory control, telemetering of data or relay protection. The particular method will be selected by FPL for each installation.
 - Exceptions. More complex interconnection facilities, as deemed necessary by (d) FPL, may be required for a QF generator having a capacity rating that cans
 - 1. Produce power in excess of 1/2 of the minimum utility customer requirements of the interconnected distribution or transmission circuit; or
 - 2. Produce power flows approaching or exceeding the thermal capacity of the FPL distribution or transmission lines or transformers; or
 - 3. Adversely affect the operation of FPL or other FPL customers' voltage, frequency or overcurrent control and protection devices; or
 - 4. Adversely affect the quality of service to other FPL customers; or
 - 5. Interconnect at voltage levels greater than distribution voltages.
- Quality of Service. The QF generated electricity shall meet the following minimum guideliness
- (a) Frequency. The governor control on the prime mover shall be capable of maintaining the generator output frequency within limits for loads from no-load up to rated output. The limits for frequency shall be 60 hertz (cycles per second), plus or minus an instantaneous variation of less than 1%.
- (b) Voltage. The regulator control shall be capable of maintaining the generator output voltage within limits for loads from no-load up to rated output. The limits for voltage shall be the nominal operating voltage level, plus or minus 5%.
- (c) Harmonics. The output sine wave distortion shall be deemed acceptable when it does not have a higher content (root mean square) of harmonics than FPL's normal harmonic content at the interconnection point.
- (d) Power Factor. The QF generation system shall be designed, operated and controlled to provide reactive power requirements from 0.90 lagging to 0.95 leading power factor.

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

FPL will provide, at no additional cost to the owner or operator of the QF, the metering equipment necessary to measure capacity and energy deliveries to the QF. FPL will provide, at the expense of the owner or operator of the QF, the necessary additional metering equipment to measure energy deliveries by the QF to FPL.

(7) Cost Responsibility. The owner or operator of the QF is required to bear all initial and subsequent costs associated with the change-out, upgrading or addition of protective devices, transformers, lines, services, meters, switches and associated equipment and devices beyond those which would be required to provide normal service to the QF if no generation were involved. These costs shall be paid to FPL by the owner or operator of the QF for all material and labor which are required. Prior to performing any work, FPL shall supply the owner or operator of the QF with a written cost estimate of all of FPL's required materials and labor. FPL shall also provide project timing and feasibility information to the owner or operator of the QF.

EXHIBIT B

QF INTERCONNECTION COST ESTIMATES

The following estimated interconnection cost is based upon preliminary information provided to FPL by SBC and is provided for informational purposes only since neither the conceptual design nor the detailed design has been prepared. FPL will make available to SBC the cost estimates obtained from the construction work orders after engineering work is completed.

Facilities at Lauderdale Plant Substation.	\$	510,000
138 kV Transmission Line from Lauderdale Plant Substation to QF Plant Site, excluding right-of-way and permit costs. (QF Substation site not fixed)	\$	115,000
138 kV Substation at QF Plant Site, excluding metering equipment	\$_	550,000
Total	\$	1,175,000

EXHIBIT C

DESCRIPTION OF FACILITIES REQUIRED FOR INTERCONNECTION

The following listing is based upon preliminary information provided to FPL by SBC and is provided for informational purposes only since neither the conceptual design nor the detailed design has been prepared. FPL will make available to SBC updated listings after the conceptual and the detailed designs are completed.

To be owned by SBC:

Generator, 82 MVA, 13.8 kV, Synchronous Type, complete with protective and synchronizing facilities.

Transformer, Delta low side and grounded wye high side, 40-53-67-75 MVA, 13.8/138 kV.

To be owned by FPL:

Meters, measuring input and output separately. SBC shall pay for the meters measuring sales to FPL which shall be compensated to FPL's Lauderdale Plant Substation.

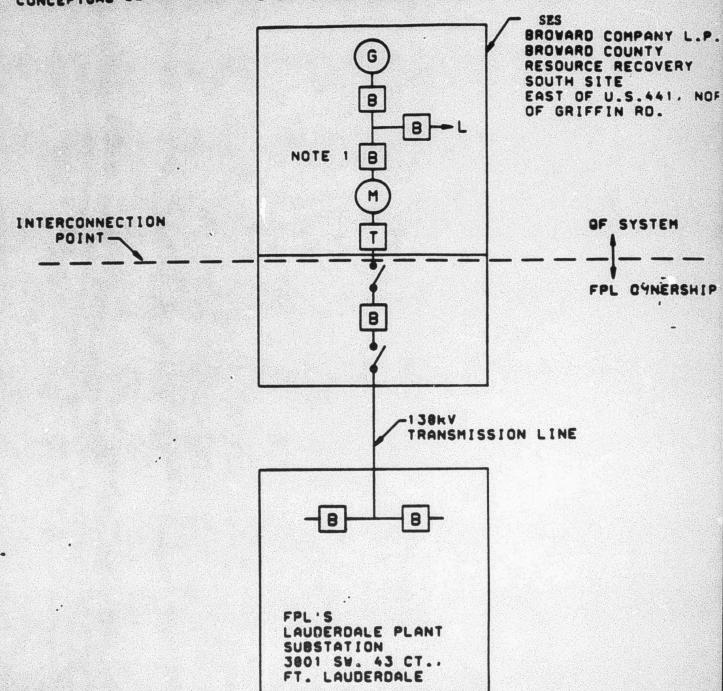
Substation facilities at SBC plant site with 138 kV circuit breaker, two sets of disconnect switches, complete with protective auxiliaries, relays, remote terminal units, etc.

Transmission Line, QF Site to FPL's Lauderdale Plant Substation.

Transmission Terminal at Lauderdale Plant Substation, complete with protective facilities.

SKETCH OF FACILITIES

THE FOLLOWING SKETCH IS BASED UPON PRELIMINARY INFORMATION PROVIDED TO FPL BY SEC AND IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY SINCE THE CONCEPTUAL DESIGN AND THE DETAILED DESIGN HAVE NOT BEEN PREPARED. FPL WILL MAKE AVAILABLE TO SEC A REVISED SKETCH OF FACILITIES AFTER THE CONCEPTUAL DESIGN AND THE DETAILED DESIGN ARE COMPLETED.



LEGEND:

B- CIRCUIT BREAKERS

G- GENERATOR

L- OF'S LOAD

M- FPL METERS

T- TRANSFORMER

NOTE T : THIS CIRCUIT BREAKER SHALL HAVE DRAW-OUT, SAFETY CLEARANCE FEATURES DESCRIBED IN EXHIBIT"A", PARAGRAPH 3 OF THIS AGREEMENT.

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GA-5-1197

EXH. P E

CERTIFICATE OF INSURANCE - INTERCONNECTION AGREEMENT

THIS CERTIFICATE OF INSURANCE MUST BE APPROVED BY THE RISK MANAGEMENT DEPARTMENT OF FLORIDA POWER & LIGHT COMPANY BEFORE WORK UNDER THE INTERCONNECTION AGREEMENT MAY BEGIN

	4 :		MTERCONNECTION AGREEMENT)			
3. Date of Intercons	nection Agreement					
FORM	OF COVERAGE*	INSURER	POLICIES IN FORCE Policy Number		LIMITS OF LIABO	
4. Compechanive	General Liebility		City (Callet	Fap Date	Buddy Inputy Each Che.	Property Dam.
5. Humeowners	•					
6.						
Trattcy contains a	brood form contractual Nabi	for interruption of or curtailment lity endorsement insuring against the s as an additional named insured.	or power suppry. In habilities assumed in the Indeminisi	allon Agreem	ent or includes I locate	
*If Homsowness, THIS IS TO CERTIF nume of these pulsees written notice of such	policy does not exclude cover Y that all policies of insurance s will be cancelled or changed h cancellation or changes has	age for business pursuits pertaining e as described above have been issue	to the cogenerating facility of to the above named insured and are mida flower & Light Company, it's par	m full force a	and effect at this time	lt is agreed that
*If Homsowness, THIS IS TO CERTIF nume of these pulicies written notice of such policies will be delive	policy does not exclude cover Y that all policies of insurance s will be cancelled or changed h cancellation or changes has red to Florida Power & Light	age for business pursuits pertaining e as described above have been issue so as to affect the interest(s) of his been delivered to the Risk Managen Company prior to interconnection.	to the cogenerating facility of the the above named insured and are mida Power & Light Company, it's par sent Department of Florida Power & (m full force a ent, subsidiario aght Compan Dat	and effect at this time is or affiliates until this y. It is agreed that a co	lt is agreed that
*If Homeowners, THIS IS TO CERTIF nume of these policies written notice of such policies will be deliver PLEASE SEND ORIGINATION Floride Power & Link	Policy does not exclude cover Y that all policies of insurance will be cancelled or changed h cancellation or changes has red to Florida Power & Light GINAL TO:	e as described above have been room so as to affect the interest(s) of the been delivered to the Risk Manager Company prior to interconnection.	to the cogenerating facility ed to the above named insured and are unda Power & Light Company, it's par- nent Department of Florida Power & (m full force a ent, subsidiario aghi Compan Dat	and effect at this time is or affiliates until this y. It is agreed that a co	lt is agreed that
*If Homeowners, THIS IS TO CERTIF nume of these policies written notice of such policies will be deliver	policy does not exclude cover Y that all policies of insurance will be cancelled or changed h cancellation or changes has red to Florida Power & Light GINAL TO: I Company partment	e as described above have been room so as to affect the interest(s) of the been delivered to the Risk Manager Company prior to interconnection.	to the cogenerating facility of the the above named insured and are mida Power & Light Company, it's par sent Department of Florida Power & (m full force a ent, subsidiario aghi Compan Dat	and effect at this time is or affiliates until this y. It is agreed that a co	lt is agreed that

City, State, Zip Code __

APPENDIX B

STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

SCHEDULE

COG-2, Firm Capacity and Energy

AVAILABLE

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

APPLICABLE

To any cogeneration or small power production Qualifying Facility, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract" or a separately negotiated contract. Firm Capacity and Energy are described by the Florida Public Service Commission (FPSC) Rule 25-17.83, F.A.C., and are capacity and energy produced and sold by a Qualifying Public Service Commission (FPSC) Rule 25-17.83, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions.

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 Qualifying Facility.

LIMITATION:

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.80 through 25-17.87, F.A.C., and are limited to those Qualifying Facilities which:

- A. Execute a Company "Standard Offer Contract" prior to April 1, 1990 for the Company's purchase of Firm Capacity and Energy; and
- Commit to commence deliveries of Firm Capacity and Energy no later than April 1, 1992 and to continue such deliveries through at least March 31, 2002.

RATE FOR PURCHASES BY THE COMPANY:

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of deferring additional generating capacity in Florida. For the purpose of this schedule, a Statewide Avoided Unit has been designated by the FPSC and is considered to be a jointly owned, peninsular Florida base load generating plant consisting of two (2) 700 MW coal fired generating units with an in-service date of April 1, 1992. Appendix A of this schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's "Standard Offer Contract" pursuant to FPSC Rules 25-17.80 through 25-17.87, F.A.C.

A. Firm Capacity Rates

Three options, A through C, as set forth below, are available for payment of Firm Capacity which is produced by the Qualifying Facility and delivered to the Company. Once selected, an option shall remain in effect for the term of the contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity the Qualifying Facility has contractually committed to deliver to the Company.

(Continued on Sheet No. 10.201)

(Continued from Sheet No. 10.200)

and are based on a minimum contract term which extends ten (10) years beyond the anticipated in-service date of the Statewide Avoided Unit (i.e., through Warch 31, 2002). Payment schedules for longer contract terms will be made available to a Qualifying Facility upon request and may be calculated based on the methodologies described in Appendix A.

Option A - Fixed Value of Deferral

Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of April 1, 1992; calculated in accordance with FPSC Rule 25-17.83, F.A.C., as described in Appendix A. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the "Standard Offer Contract".

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

MONTHLY CAPACITY PAYMENT RATE S/KW/MONTH

		Normal Payment Option			Early Pay	ment Optio	n Starting			
	To	Starting 4/1/92	4/1/91	4/1/90	4/1/89	4/1/38	4/1/87	4/1/86	4/1/85	4/1/84
•4/1/34	3/31/35	STATE			:		-	-	•	4.25
						•		•	4.87	4.48
4/1/35	3/31/36							5.60	5.13	4.72
4/1/36	3/31/87		•				6.47	5.90	5.41	4.97
4/1/37	3/31/88					7.50	6.82	6.22	5.70	5.24
4/1/38	3/31/39	•				7.90	7.18	6.56	6.01	5.53
4/1/39	3/31/90	•	•		8.74		7.57	6.91	6.34	5.82
4/1/90	3/31/91	•	•	10.24	9.21	8.33	PARTY OF THE PARTY	7.29	6.68	6.14
4/1/91	3/31/92	•	12.53	15.79	9.70	8.78	7.98	11.89	11.25	10.68
4/1/92	3/31/93	13.58	:6.94	15.59	14.44	13.47	12.63		11.86	11.26
4/1/93	3/31/94	19.58	:7.36	16.+3	15.12	14.19	13.31	12.54		11.87
4/1/94	3/31/95	. 20.64	18.82	17.31	16.64	14.96	14.03	13.21	12.50	
4/1/95	3/31/96	21.75	19.34	18.23	16.41	15.77	14.78	13.93	13.18	12.51
	3/31/97	22.93	20.91	17.24	17.8.2	16.62	15.58	14.68	13.89	13.19
4/1/96		24.17	22.32	20.27	18.79	17.52	16.42	15.47	14.64	13.90
4/1/97	3/31/98		23.23	21.37	19.80	18.46	17.31	16.31	15.43	14.65
4/1/98	3/31/99	25.47		22.52	20.87	19.46	13.24	17.19	16.26	15.44
4/1/99	3/31/20	26.35	24.48			20.51	19.23	13.12	17.14	16.27
4/1/20	3/31/01	25.30	25.81	23.74	22.00		20.27	19.09	13.06	17.15
4/1/31	3/31/02	29.33	27.20	25.02	23.18	21.62	20.27	.,,,,,		

(Continued on Sheet No. 10.202)

^{*}Payments commencing in 1984 are available only for existing Qualifying Facilities not currently under a capacity contract.

(Continued from Sheet No. 19.201)

Option B - Variable Value of Deferral

The payment schedule under this option is based on the value of deferral of a statewide avoided unit with an inservice date of April 1, 1992. Once this option is selected, the unit designation and its in-service date shall remain fixed for the term of the contract. The value of deferral shall be recalculated annually and the payment schedule shall be adjusted, upon approval by the FPSC, to reflect the most recent factors affecting the cost of constructing the Statewide Avoided Unit. The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start pursuant to this option.

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

Option C - Average Embedded Rook Cust of Fossil Steam Production Plant

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

The following monthly pavinent schedule is provided for informational purposes only. It reflects the Company's current projection of payments.

PROJECTED MONTHLY CAPACITY PAYMENT RATE - \$/KW/MONTH

1984 *	1985	1935	1937	1988	1989	1990	1991	1992	1993
3.45	13.73	3.32	3.90	4.48	4.87	4.96	5.05	5.15	5.24
1994	1993	1996	1997	1998	1999	2000	2001	2002	
5.34	9.01	11.57	14.96	15.07	17.14	17.25	20.96	21.06	

^{*} Represents Company's current average embedded book cost of fossil steam plant. Payments commencing in 1984 are available only for existing Qualifying Facilities not currently under a capacity contract.

(Continued on Sheet No. 12.293)

(Continued from Sheet No. 10.202)

B. Energy Rates

(1) Pegments Prior to April 1, 1992:

The energy rate, in cents per kilowatt-hour (e/KWH), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.825, 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 to the region of the Company in which the Qualifying Facility is located. Energy payments to Qualifying Facilities located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located. When economy transactions take place, the incremental costs are calculated after the purchase or before the sale of the economy energy.

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

(2) Payments Starting on April 1, 1992:

The energy rate, in cents per kilowatt-hour (e/KWH), shall be the lesser of an hour-by-hour comparison of:

(a) the fuel component of the Company's avoided energy costs calculated in accordance with Rule 25-17.825

F.A.C.; and (b) the Statewide Avoided Unit fuel cost. The Statewide Avoided Unit Fuel Cost, in cents per kilowatt-hour (e/KWH) shall be defined as the product of: (a) the average monthly inventory charge-out price of coal burned at Tampa Electric Company's Big Bend Unit No. 4, in cents per million Btu; and (b) an average annual heat rate of 10.5 million Btu per megawatt-hour.

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

ESTIMATED FIRM ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semiennual periods are as follows. In addition, avoided energy cost payments will include .005e/KWH for variable operation and maintenance expenses.

Applicable Period	On-Peak	Off-Peak	Averego
	•/KWH	e/EWH	0/EWH
October 1, 1986 - March 31, 1987	2.460	2.250	2.290
April 1, 1987 - September 30, 1987	1.770	1.670	1.700
October 1, 1987 - March 31, 1988	2.210	2.070	2.120
April 1, 1988 - September 30, 1988	2.180	1.940	1.990

A MW block size ranging from 49 MW to 329 MW has been used to calculate the estimated avoided energy cost.

The estimated avoided fuel costs associated with the Statewide Avoided Unit are as follows:

			e/KWH			
1992 199	3 1994	1995 1996	1997 1998	1999 2	000 2001	2002
3.07 3.1	8 3.32	3.47 3.61	3.76 3.92	4.08 4	.26 4.44	4.62

Based on current estimates of the delivered price of coal to the Tampa Electric Company, Big Bend No. 4 coal unit.

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

PERFORMANCE CRITERIA

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

Commercial In-Service Date

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

Capacity Pactor, a.

Upon achieving commercial in-service status, payments for Firm Capacity shall be made monthly in accordance wi the capacity payment rate option selected by the Qualifying Facility and subject to the provision that the Qualifying Facility maintains a 70% capacity factor on a 12 month rolling average basis as defined in Appendix A. Failure Facility maintains a 70% capacity factor on a 12 month rolling average basis as defined in Appendix A. Failure achieve this capacity factor shall result in the Qualifying Facility's forfeiture of payments for Firm Capacity during the month in which such failure occurs. Where early capacity payments have been elected and starting with the month of April 1992, failure of a Qualifying Facility to maintain a 70% capacity factor on a 12 month rolling average basis shall also result in payments by the Qualifying Facility to the Company. The amount of such payments shall basis shall also result in payments by the Qualifying Facility would have been paid had it elected the norm equal to the difference between: (1) what the Qualifying Facility would have been paid had it elected the norm payment option starting April, 1992; and (2) what it would have been paid pursuant to the early payment option had maintained the capacity factor performance criteria.

All capacity payments made by the Company prior to April 1, 1992 are considered "early payments". The owner operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with intere the cumulative amount of early capacity payments in the event the Qualifying Facility defaults under the terms of "Standard Offer Contract" with the Company. The Company will provide monthly summaries of the total outstand: balance of such security obligations. A summary of the types of security instruments which are generally acceptato the Company is discussed in Appendix A.

Additional Criteria

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

DELIVERY VOLTAGE ADJUSTMENT

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

Delivery Voltage	Adjustment Factor
ansmission Voltage Delivery	1.0000
imary Voltage Delivery	1.0119
condary Voltage Delivery	1.0214

METERING REQUIREMENTS

Tr 30

Qualifying Facilities within the territory served by the Company shall be required to purchase from the Company hot recording meters to measure their energy deliveries to the company. Energy purchases from Qualifying Facilities out the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by entity delivering Firm Capacity and Energy to the Company.

(Continued on Sheet No. 10.205)

R. E. Tallon, President Issued by: October 1, 1986 Effectives

(Continued from Sheet No. 10.204)

For the purpose of this schedule, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31 from 12 noon to 9:00 P.M. and November 1 - March 31 from 6:00 A.M. to 10:00 A.M. and 6:00 P.M. to 10:00 P.M. All hours n mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Da Thanksgiving Day, and Christmas Day are off-peak hours.

BILLING OPTIONS.

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The decision to chambilling methods can be made once every twelve (12) months coinciding with the next Fuel and Purchased Power Co Recovery Factor billing period providing the Company is given at least thirty days written notice before the change is take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnect; equipment for which the qualifying facility must pay; and such purchases and/or sales must not abrogate any provisions the tariff or contract with the Company.

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

CHARGES TO QUALIFYING FACILITY:

A. Customer Charges:

Rate Schedule	Customer Charge(\$)	Rate Schedule	Customer Charge(\$)
G\$-1	9.00	CST-1	110.00
GST-1	12.30	GSLD-2	170.00
GSD-1	35.00	GSLDT-2	170.00
GSDT-1	41.50	CS-2	170.00
RS-1	5.65	CST-2	170.00
RST-1	8.95	GSLD-3	400.00
GSLD-1	41.00	CS-3	400.00
GSLDT-1	41.00	CST-3	400.00
CS-1	110.00	GSLDT-3	400.00

B. Interconnection Charge for Non-Variable Utility Expenses

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

C. Interconnection Charge for Variable Utility Expenses

The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the operati and maintenance of the interconnection. These include (a) the Company's inspections of the interconnection and maintenance of any equipment beyond that which would be required to provide normal electric service to the Qualifyi Facility if no sales to the Company were involved.

In lieu of payment for actual charges, the Qualifying Facility may pay a monthly charge equal to a percentage of t installed cost of the interconnection facilities. The applicable percentages are as follows:

Equipment Type	Charge
Metering Equipment	0.459%
Distribution Equipment	0.534%
Transmission Equipment	0.193%

D. Taxes and Assessments

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

(Continued on Sheet No. 10.206)

Issued by: R. E. Tallon, President Effective: October 1, 1986 (Continued from Sheet No. 10.205)

TERMS OF SERVICE

- (1) It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable retail rate schedule shall pertain.
- (3) A security deposit will be required in accordance with FPSC Rules 25-17.82(5) and 25-6.97, F.A.C. and the following:
 - A. In the first year of operation, the security deposit should be based upon the singular month in which the Qualifying Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit should be required upon interconnection.
 - B. For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the Company should be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.
- (4) The Company shall specify the point of interconnection and voltage level.
- (5) The Qualifying Facility must enter into an interconnection agreement with the Company which will, among other things specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the Qualifying Facility or its interconnection to the Company's facilities may require modifications to this agreement or the safety and reliability standards contained therein.
- (6) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

SPECIAL PROVISIONS

- (1) Special contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.
- (2) For a Qualifying Facility in the Company's service territory that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.
 - (a) For transmission service arrangements subject to the jurisdiction of Federal Energy Regulatory Commission ("FERC"), the Company will provide the Qualifying Facility, for informational purposes, copies of Transmission Service Agreements which have been previously accepted or approved by the FERC and which govern arrangements similar to the service being requested by the Qualifying Facility.
 - (b) For transmission service arrangements on an if, when, and as-available (nonfirm) basis which are determined by the FERC to be not subject to its jurisdiction, an experimental or transitional nonfirm rate of 0.1 e/KWH shall be applicable pursuant to FPSC Order No. 14339; however any such arrangement shall be by individualized contract and shall not otherwise interfere with the Company's ability to provide firm retail, firm wholesale and firm transmission service.

It is the Company's opinion that, by nature of its interconnections with other electric utilities, any and at transmission service provided, or to be provided, by the Company will be subject to the jurisdiction of the FERC.

(Continued on Sheet No. 207)

(Continued from Sheet No. 19.206)

APPENDIX A FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES SCHEDULE COG-2

APPLICABILITY

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

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

CALCULATION OF VALUE OF DEFERRAL

FPSC Rule 25-17.83(7) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a Qualifying Facility pursuant to the utility's standard offer shall be defined as the value of a year-by-year deferral of the Statewide Avoided Unit and shall be calculated as follows:

$$\nabla AC_{\mathbf{n}} = \frac{C}{12} \left[EI_{\mathbf{n}} \left(\frac{1 - \left(\frac{1 + i_{\mathbf{p}}}{1 + \epsilon}\right)}{1 - \left(\frac{1 + i_{\mathbf{p}}}{1 + \epsilon}\right)^{L}} \right) + O_{\mathbf{n}} \left(\frac{1 + i_{\mathbf{0}}}{1 + \epsilon} \right) \right]$$

Where, for a one year deferral:

- VACm * utility's value of avoided capacity, in dollars per kilowatt per month, during month m;
- a constant risk multiplier equal to 9.8 for the purpose the utility's standard offer agreement.
- K = present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;
- In = total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CWIP, of the statewide avoided unit with an in-service date of year n;

(Continued on Sheet No. 19.298)

(Continued	from Sheet	No.	19.207)

O ₀ .	total first year's fixed and variable operating and maintenance expense, less fuel and in dollars per kilowatt per year, of the statewide avoided unit deflated to the beginning of year n by io;
ip a	annual escalation rate associated with the plant cost of the statewide avoided unit;

annual escalation rate associated with the operation and maintenance expense of the statewide avoided unit;

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

L = expected life of the statewide avoided unit; and

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

Normally, payment for firm capacity shall not commence until the in-service date of the statewide avoided unit. At the option of the Quai-fying Facility, however, the utility may begin making early capacity payments consisting of the capita cost component of the value of a year-by-year deferral of the statewide avoided unit starting as early as seven years prior to the anticipated in-service date of the statewide avoided unit. When such early capacity payments are elected the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Commercial In-Service Date of the Qualifying Facility, and shall be calculated as follows:

$$Am = \frac{A(1 + ip)n}{12}$$
 For n = 0, n

Wheres

10

Am = monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as seven years prior to the anticipated in-service date of the statewide avoided unit, in dollars per kilowatt per month;

ip . = annual escalation rate associated with the plant cost of the statewide avoided unit:

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

$$A = F \left[\frac{1 - \left(\frac{1 + i_p}{1 + \epsilon}\right)}{1 - \left(\frac{1 + i_p}{1 + \epsilon}\right)^c} \right]$$

Wheres

the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the statewide avoided unit;

(Continued on Sheet No. 19.209)

(Continued from Sheet No. 10.208)

- annual discount rate, defined as the utility's incremental after tax cost of capital; and
- the term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the statewide avoided unit, and commencing with the year in which the Qualifying Facility elects to receive early capacity payments.

The currently approved parameters applicable to the formulas above are found in Appendix B.

CALCULATION OF 12 MONTH ROLLING AVERAGE CAPACITY FACTOR

Pursuant to FPSC Rule 25-17.83(3) (a) (ii), F.A.C., and Order 13247, Docket No. 830377-EU, a Qualifying Facility mus maintain a 70 percent capacity factor in order to receive capacity payments. For the purpose of this schedule the capacit factor of the Qualifying Facility shall be defined as: the total kilowatt-hours of energy delivered to the utility during thpreceding 12 months, divided by the product of: (1) the maximum kilowatt capacity contractually committed for delivery to the Company by the Qualifying Facility during the preceding 12 months, and (2) the sum of the total hours during the preceding 12 months less those hours during which the Company was unable to accept energy and capacity deliveries from the Qualifying Facility. The Company shall be relieved of its obligation under FPSC Rule 25-17.82 F.A.C. to purchase electricity from a Qualifying Facility when purchases result in higher costs to the Company than without such purchases and where service to the Company's other customers may be impaired by such purchases. The Company shall notify the Qualifying Facility(ies) as soon as possible or practical, and the FPSC of the problems leading to the need for such relief.

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

SURETY BOND REQUIREMENTS

FPSC Rule 25-17.83(3) (c), F.A.C., requires that when early capacity payments are elected, the Qualifying Facility mus provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the Qualifying Facilit is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation financial health and solvency, and its ability to meet the terms and conditions of the Company's "Standard Offer Contract one of the following may constitute an equivalent assurance of repayment:

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

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

(Continued on Sheet No. 10.210)

(Continued from Sheet No. 10.209)

APPENDIX B POR PURCHASE OF FIRM ENERGY AND CAPACITY FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION SCHEDULE COG-2

NORMAL PAYMENT OPTION PARAMETERS

here, f	or a	one year deferral:	alue
ACm		utility's value of avoided capacity, in dollars per kilowatt per month, during month m;	8.58
			.8
	•	I and partition charge for one dollar of investment over L years with carrying	.75616
	•	charges assumed to be paid at the end of each very	
n	•	total direct and indirect cost, in dollars per clowatt including AFUDC but excluding CWIP, of the statewide avoided unit with an inservice date of year n;	1044
) ,	•	total first year's fixed and variable operating and maintenance expense, less fuel and and in dollars per kilowatt per year, of the statew. The avoided unit deflated to the beginning of the year noy iot	66.27
P	•	annual escalation rate associated with the plant cost of the statewide avoided unit;	5.4%
•	•	annual escalation rate associated with the operation and maintenance expense of the statewide avoided unit;	5.4%
		annual discount rate, defined as the utility's incremental after tax cost of capital;	10.509
		expected life of the statewide avoided unit;	31
•	•	year for which the statewide avoided unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity;	1992
		. EARLY PAYMENT OPTION PARAMETERS	
^m	•	monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as seven years prior to the anticipated in-service date of state-wide avoided unit, in dollars per kilowatt per month;	4.37
ip		annual escalation rate associated with the plant cost of the statewide avoided unit;	5.4%
n	•	year for which early capacity payments to a Qualifying Facility are made;	1985
F	•	the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the statewide avoided unit and continued for a period of 10 years;	
•		Annual discount rate, defined as the utility's incremental after tax cost capital;	10.59
•	•	the term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the statewide avoided unit.	17

APPENDIX B

ENERGY PRICING

ESTIMATED ENERGY PAYMENT RATE SCHEDULE

<u>YEAR</u>	TOTAL ENERGY\$/MWH
1997	21.87
1998	22.93
1999	23.49
2000	24.41
2001	25.56
2002	26.46
2003	26.97
2004	28.07
2005	29.26
2006	30.45
2007	32.25
2008	33.63
2009	35.11

Notes:

The energy deemed to have been delivered under this Agreement shall be the difference between the total kWh delivered to FPL during the Monthly Billing Period (MBP) less the product of (i) 45,000 kW, (ii) the number of days in the MBP, and (iii) 24 hrs (i.e. Energy under this Agreement = Total kWh during MBP - 45,000 X # of days in MBP X 24 hrs).

APPENDIX B (continued)

Prices in the above Rate Schedule are current estimates and are not final. Actual energy prices will be based on FPSC - approved prices as they are changed from time to time, in accordance with Section 5.1 of this Agreement.

APPENDIX C RATE SCHEDULE COG-2

STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM QUALIFYING FACILITIES LESS THAN 75 MEGAWATTS OR SOLID WASTE FACILITIES

SCHEDULE

COG-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 Qualifying Facility Less than 75 MW or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small Qualifying Facility ("the QF") — either cogeneration or small power production, the latter including any governmental solid waste facility any small power production, the latter including any governmental solid waste facility any small power production, the

APPLICABLE

To any small QF less than 75 MW in size, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". 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 less than 75 MW in size 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 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 OF.

LIMITATION

Purchases under this schedule are subject to FPSC Rules 25-17.082 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

- A. Are less than 75 megawatts;
- Execute a Standard Offer Contract prior to December 31, 1992, the expiration date of the Standard Offer Contract for the Company's
 purchase of firm capacity and energy;
- C. Commit to commence deliveries of firm capacity and energy no later than January 1, 1997, and to continue such deliveries through at least December 31, 2006, but not later than December 31, 2026; and
- D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (125 MW), as identified in FPSC Order No. 24949, to be exceeded.

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's next Avoided Unit has been identified as 125 MW of a 1998 907 MW Integrated Coal Gasification Combined Cycle generating unit ("IGCC") with an in-service date of January 1, 1997, as identified in FPSC Order No. 24949. Appendix A to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

(Continued on Sheet No. 10.201)

(Continued from Sheet No. 10.200)

A. Firm Capacity Rates

Four options, A through D, as set forth below, are available for payment of firm capacity which is produced by a QF and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to the Company and are based on a contract term which extends twenty (20) years beyond the anticipated inservice date of the Company's Avoided Unit (i.e., through December 31, 2016). Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Appendix A. The currently approved parameters used to calculate the following schedule of payments are found in Appendix B to this Schedule.

Adjustment to Capacity Payment

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

Appendix C 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 QF within sixty days of receiving a signed Standard Offer Contract.

Option A - Fixed Value of Deferral - Normal Capacity Payments

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an inservice date of January 1, 1997, calculated in accordance with FPSC Rule 25-17.0632 F.A.C., as described in Appendix A. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

Option B - Fixed Value of Deferral Early Capacity Payments

Payment schedules under this option are based upon early capacity payments consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as six (6) years prior to the anticipated in-service date of the Company's Avoided Unit. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the commercial in-service date of the QF and calculated as shown on Appendix A.

The QF shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract. The following exemptary payment schedule is based on the contract term which extends at least twenty (20) years beyond the anticipated in-service date of the Company's Avoided Unit.

(Continued on Sheet No. 10.202)

(Continued from Sheet No. 10.201)

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$AW/MONTH COMPANYS 1997 IGCC AVOIDED UNIT STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS (\$AW/MONTH)

Option A Normal Payme		Option B Early Payment Starting					
Year	Starting 01/01/97	01/01/96	01/01/95	01/01/94	01/01/93	01/01/92	01/01/91
							\$11.60
1991						\$13.06	12.18
1992					\$14.72	13.71	12.80
1993				\$16.62	15.46	14.40	13.44
1994			\$18.80	17.46	16.24	15.13	14.12
1995			19.74	18.33	17.06	15.89	14.83
1996		\$21.30	20.74	19.26	17.92	16.69	15.57
1997	\$24.18	22.37	21.78	20.23	18.82	17.53	16.36
1998	25.40	23.50	22.88	21.25	19.76	18.41	17.18
1999	26.68	24.68	24.03	22.32	20.76	19.34	18.05
2000	28.02	25.92	25.24	23,44	21.81	20.32	18.96
2001	29.44	27.23	26.51	24.62	22.90	21.34	19.91
2002	30.92	28.60	27.85	25.86	24.06	22.41	20.91
2003	32.47	30.04	29.25	27.16	25.27	23.54	21.97
2004	34.11	31.55		28.53	26.54	24.73	23.07
2005	35.83	33.14	30.72 32.27	29.97	27.88	25.97	24.23
2006	37.63	34.81		31.47	29.28	27.28	25.45
2007	39.53	36.56	33.89	33.06	30.75	28.65	26.73
2008	41.52	38.40	35.60	34.72	32.30	30.10	28.08
2009	43.61	40.34	37.39	36.47	33.93	31.61	29.50
2010	45.80	42.37	39.27	38.31	35.64	33.20	30.98
2011	48.11	44.50	41.25	40.24	37.43	34.88	32.54
2012	50.53	46.74	43.33	42.26	39.32	36.63	34.18
2013	53.07	49.10	45.51	44.39	41.30	38.48	35.90
2014	55.75	51.57	47.80	46.63	43.38	40.41	37.71
2015	58.55	54.17	50.21	48.98	45.56	42.45	39.61
2016	61.50	56.89	52.74	40.70	7350		

Option C - Fixed Value of Deferral - Levelized Capacity Payment

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix A. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. These calculations are shown in Appendix A.

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

Payment schedules under this option are based upon the early levelized capital cost component of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix A. The fixed operation and maintenance expense shall be calculated as shown in Appendix A. At the option of the QF, early levelized capacity payments shall commence at any time after the specified early capacity date and before the anticipated in-service date of the Company's Avoided Unit, provided that the QF is delivering firm capacity and energy to the Company.

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN SEW/MONTH 1997 IGCC AVOIDED UNIT (907 MW) LEVELIZED CAPITAL AVOIDED CAPACITY PAYMENTS (\$/kW/MONTH)

	Option C Levelized Payment Starting	Option D (Early O&M) Early Payment Starting					
Contract Year	01/01/97	01/01/96	01/01/95	01/01/94	01/01/93	01/01/92	01/01/91
							\$ 15.51
1991						\$ 17.32	15.71
1992					\$ 19.36	17.55	15.93
1993				\$ 21.68	19.63	17.80	16.16
1994			\$ 24.30	21.98	19.90	18.05	16.40
1995		e 17 10	24.64	22.29	20.19	18.33	16.65
1996		\$ 27.29	24.99	22.62	20.50	18.61	16.92
1997	\$ 30.70	27.67	25.36	22.96	20.82	18.91	17.20
1998	31.13	28.07	25.76	23.32	21.16	19.22	17.49
1999	31.59	28.49	26.17	23.71	21.51	19.56	17.80
2000	32.06	28.94	26.60	24.11	21.89	19.90	18.13
2001	32.57	29.40	27.05	24.53	22.28	20.27	18.47
2002	33.09	29.89	AND THE RESIDENCE OF THE PARTY	24.97	22.69	20.65	18.83
2003	33.65	30.40	27.53	25.44	23.12	21.06	19.20
2004	34.23	30.94	28.03	25.92	23.58	21.48	19.60
2005	34.85	31.51	28.55	26.44	24.06	21.93	20.01
2006	35.49	32.11	29.11	26.98	24.56	22.39	20.45
2007	36.17	32.73	29.69	27.55	25.09	22.89	20.91
2008	36.88	33.39	30.30	28.14	25.64	23.40	21.39
2009	37.63	34.08	30.94	28.77	26.23	23.95	21.90
2010	38.41	34.81	31.62		26.84	24.52	22.4
2011	39.24	35.58	32.33	29.43	27.48	25.12	23.00
2012	40.11	36.38	33.07	30.12	28.16	25.75	23.59
2013	41.02	37.23	33.85	30.85	28.87	26.42	24.20
2014	41.98	38.11	34.68	31.61	29.62	27.11	24.86
2015	42.99	39.05	35.54	32.42		27.85	25.54
2016	44.05	40.03	36.45	33.26	30.41	21.85	

B. Energy Rates

(1) Payments Prior to January L. 1997;

The energy rate, in cents per kilowatt-hour (e/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 QF is located. Energy payments to the QFs located outside the Company's service area shall reflect the region in which the interchange point for the delivery of energy is located. When economy transactions take place, the incremental costs are calculated as described in COG-1 Tariff Appendix A.

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

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

(2) Payments Starting on January 1, 1997:

The firm energy rate, in cents per kilowatt-hour (e/kWh), shall be the following on an hour-by-hour basis: (a) to the extent that FPL's Avoided Unit would have operated, the Company's Avoided Unit Fuel Cost (as defined below), and (b) to the extent that the Company's Avoided Unit would not have been operated, the Company's as-available avoided energy costs calculated by the Company in accordance with Rule 25-17.0625, F.A.C., and FPL's Rate Schedule COG-1, as they may each be amended from time to time to time. The Company's Avoided Unit Fuel Cost, in cents per kilowatt-hour (e/kWh) shall be defined as the product of: (a) the average monthly inventory charge-out price of coal burned at the St. Johns River Power Park (as can be calculated from the Company's Fuel Cost Recovery A-3 Schedule) with an appropriate adjustment for delivery to the Martin site in cents per million Btu; (b) an average annual heat rate of 8.42 million Btu per megawatt-hour based on the 1997 907 MW Company IGCC Avoided Unit; and (c) an additional .139 cents per kilowatt-hour in mid-1990 \$ for variable operation and maintenance expenses which will be escalated based on the actual Consumer Price Index.

Calculations of payments to the QF shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the purchases by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QF is located. Energy payments to QFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .008e/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak s/kWh	Off-Peak c/kWh	Average g/kWh
October 1, 1991 - March 31, 1992	3.26	2.50	2.69
April 1, 1992 - September 30, 1992	3.79	2.97	3.19
October 1, 1992 - March 31, 1993	3.73	2.71	2.95
April 1, 1993 - September 30, 1993	4.00	3.50	3.63

A MW block size ranging from 19 MW to 220 MW has been used to calculate the estimated avoided energy cost.

ESTIMATED FIRM ENERGY COST

The estimated avoided fuel costs listed below are associated with the Company's Avoided Unit and are based on current estimates of the delivered price of coal to the St. Johns River Power Power Park coal-fired units.

1.90 2.00	2.12	2.25	235	244	2 59	2.74	290	3.07
1997 1998	1999	2000	2001	2002	2003	2004	2005	2006
				e/kWb				

DELIVERY VOLTAGE ADJUSTMENT

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

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0159
Secondary Voltage Delivery	1.0314

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.204)

PERFORMANCE CRITERIA

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

A Commercial In-Service Date

The commercial in-service date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., January 1, 1997.)

B. Capacity Factor

The capacity factor is used in the determination of firm capacity payments through a performance based calculation as detailed in the Company's Standard Offer Contract.

METERING REQUIREMENTS

The QFs 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 the QFs 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 Energy to the Company.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31, from accent to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.

BILLING OPTIONS

A QF, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company. A decision on billing methods may only be changed: 1) when a QF selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QF or the Company; 3) when the QF is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or a contract between the QF and the Company.

If a QF 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 QF 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 QF for such alteration(s).

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

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

CHARGES TO QUALIFYING FACILITY

A Customer Charmes:

Rate Schedule	Customer Charge(5)	Rate Schedule	Customer Charge(\$)
GS-1	9.00	CST-I	110.00
GST-1	12.30	GSLD-2	170.00
GSD-1	35.00	GSLDT-2	170.00
GSDT-1	41.50	CS-2	170.00
RS-1	5.65	CST-2	170.00
RST-1	8.95	GSLD-3	400.00
GSLD-1	41.00	CS-3	400.00
GSLDT-1	41.00	CST-3	400.00
C3-1	110.00	GSLDT-3	400.00

(Continued on Sheet No. 10.206)

(Commund from Sheet No. 10.205)

B. Interconnection Charge for Non-Verlable Utility Expenses

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surery bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QF.

C. Interconnection Charge for Variable Utility Expenses

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

In lieu of payment for actual charges, the QF may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities. The applicable percentages are as follows:

Equipment Type	Charge
Metering Equipment	0.386%
Distribution Equipment	0.510%
Transmission Equipment	0.251%

D. Taxes and Assessments

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

TERMS OF SERVICE

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

(Continued on Sheet No. 10.207)

(Continued from Sheet No. 10.206)

- (c) The Company shall specify the point of interconnection and voltage level.
- (d) The QF must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QF or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

SPECIAL PROVISIONS

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.
- (2) For a QF in the Company's service area that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.
 - (a) The rates, terms and conditions for all of the Company's firm Transmission Service Agreements are subject to the jurisdiction of Federal Energy Regulatory Commission ("FERC"). The Company will provide the QF, for informational purposes, copies of Transmission Service Agreements which have been previously accepted or approved by the FERC and which govern arrangements similar to the service being requested by the QF.
 - (b) Transmission service arrangements on an if, when and as-available (nonfirm) basis are also subject to the FERC's jurisdiction. Any such arrangement shall be by individualized contract and shall not otherwise interfere with the Company's ability to provide firm retail, firm wholesale and firm transmission service.

(Continued on Sheet No. 10.208)

(Continued from Sheet No. 10.207)

APPENDIX A FOR PURCHASE OF FIRM CAPACITY AND ENERGY

FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES SMALLER THAN 75 MW IN SIZE OR SOLID WASTE FACILITIES SCHEDULE COG-2

APPLICABILITY

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

Also contained in Appendix A is the discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early capacity payments acceptable to the Company in the event of contractual default by a QF.

CALCULATION OF VALUE OF DEFERRAL

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

$$VAC_{m} = \frac{1}{12} \left[KI_{n} \left[\frac{(1+ip)}{(1+r)} \right] + O_{n} \right]$$

$$\left[\left[1 - \frac{(1+ip)^{L}}{(1+r)^{L}} \right]$$

Where, for a one year deferral:

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

(Continued on Sheet No. 10.209)

(Continued from Sheet No. 10.208)

- i annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- r = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- L = expected life of the Company's Avoided Unit(s); and
- n = year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

CALCULATION OF EARLY CAPACITY PAYMENTS

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

$$A_m = A_c \frac{(1+ip)^{(m-1)}}{12} + A_o \frac{(1+io)^{(m-1)}}{12}$$
 for $m = 1$ to t

Where:

- A_m = monthly early capacity payments to be made to the QF for each month of the contract year n, in dollars per kilowatt per month;
- i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
- i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- m = year for which early capacity payments to a QF are made, starting in year one and ending in the year t;
- t = the term, in years, of the Standard Offer Contract;

$$A_{e} = F \begin{bmatrix} (1+ip) \\ 1-(1+r) \end{bmatrix}$$

$$\begin{bmatrix} (1+ip)^{t} \\ 1-(1+r)^{t} \end{bmatrix}$$

(Continued on Sheet No. 10.210)

(Continued from Sheet No. 10.209)

Where:

- the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s);
- r = annual discount rate, defined as the Company's incremental after-tax cost of capital; and

$$A_o = G \begin{bmatrix} (1+io) \\ 1-(1+r) \end{bmatrix} \\ [(1+io)^t] \\ [1-(1+r)^t]$$

Where:

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

The currently approved parameters applicable to the formulas above are found in Appendix B.

CALCULATION OF LEVELIZED AND EARLY LEVELIZED CAPACITY PAYMENTS

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

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

Where:

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

(Continued on Sheet No. 10.211)

(Continued from Sheet No. 10.210)

RISK-RELATED GUARANTEES

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 paragraphs (2)(c), (2)(d), (3)(e)8, and (3)(f)1, F.A.C., each require that, when early capacity payments are elected, the QF must provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following may constitute an equivalent assurance of repayment:

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

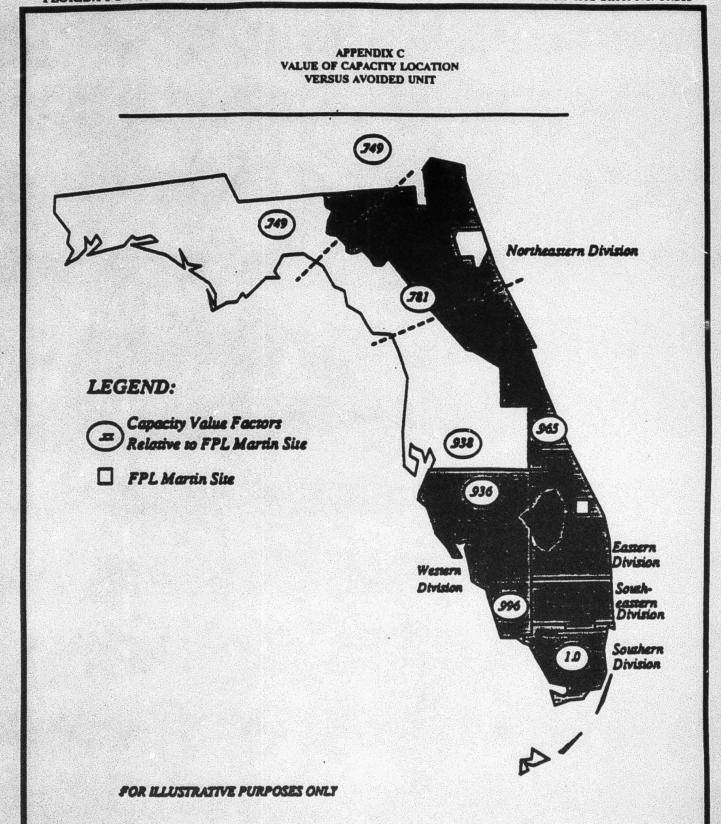
The Company will cooperate with each QF applying for early capacity payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the QF. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best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

APPENDIX B

FOR PURCHASE, PURSUANT TO STANDARD OFFER CONTRACT, OF FIRM ENERGY AND CAPACITY FROM QUALIFYING FACILITIES SMALLER THAN 75 MW IN SIZE OR SOLID WASTE FACILITIES SCHEDULE COG-2

NORMAL PAYMENT OPTION PARAMETERS

When (oe year deferral:	<u>Value</u>
		Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	24.18
VAC.	•	to an deller of investment over I years with carrying	1.711
		charges computed using average annual rate base and assumed to be past at the middle of the first year;	1,749
ι.	•	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;	1,749
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;	101.86
Ļ	•	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	5.0%
.	-	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	5.1%
r	•	annual discount rate, defined as the Company's incremental after-tax cost of capital;	10.41%
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.	1997
		EARLY PAYMENT OPTION PARAMETERS	
A.	•	monthly avoided capital cost component of capacity payments to be made to the QF starting as early as six years prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	7.53
i,	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	5.0%
n	=	year for which early capacity payments to a QF are to begin;	1991
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 20 years;	2,436.86
r		annual discount rate, defined as the Company's incremental after-tax cost of capital;	10.41%
ı	•	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing prior to the in-service date of the Company's Avoided Unit;	26
ø	•	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 20 years.	1,327.68



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APPENDIX D

CAPACITY PRICING

CAPACITY PAYMENT RATE SCHEDULE

	ВСР
MONTHLY CAPACITY	PAYMENT
<u>YEAR</u>	\$/kW/MONTH
1993	13.15
1994	13.81
1995	14.50
1996	15.23
1997	22.01
1998	22.29
1999	22.60
2000	22.91
2001	23.25
2002	23.60
2003	23.96
2004	24.35
2005	24.76
2006	25.18
2007	25.63
2008	26.11
2009	26.60
2010	27.12
2011	27.67
2012	28.25
2013	28.85
2014	29.49
2015	30.16
2016	30.86
2017	31.60
2018	32.37
2019	33.19
2020	34.05
2021	34.95
2022	35.89
2023	36.89
2024	37.93
2025	39.03
2026	40.19

APPENDIX D

(continued)

Note:

The capacity payments shall be calculated pursuant to Appendix E.

APPENDIX E

METHODOLOGY FOR COMPUTING

FIRM CAPACITY AND ENERGY PAYMENTS

- Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
 - A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 60%, then no Monthly Capacity Payment shall be due. That is:

MCP = 0

B. In the event that the ACBF is equal to or between 60% and 87%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times [.02 \times (ACBF-37)] \times CC$$

C. In the event that the ACBF is greater than 87%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$MCP = BCP \times CC$

Where:

MCP = Monthly Capacity Payment in dollars.

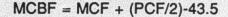
BCP = Base Capacity Payment in \$/MW/Month as specified in Appendix D.

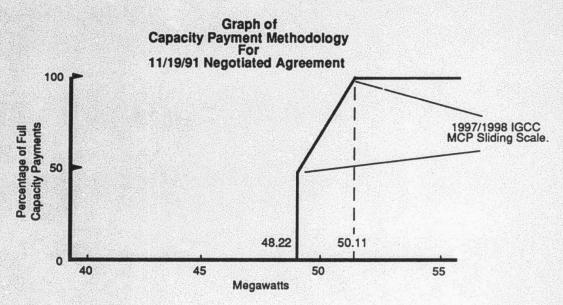
CC = Committed Capacity in MW.

ACBF = Annual Capacity Billing Factor. This factor is calculated using the 12-month, rolling average of the Monthly Capacity Billing Factor. This 12-month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Billing Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with

the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Billing Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Billing Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.

MCBF = Monthly Capacity Billing Factor. The MCBF shall be calculated from the following formula:





Assuming the Committed Capacity (CC) is 7MW, the for outputs between 48.22 MW and 50.11 MW, the capacity payment stream shall follow the capacity payment sliding scale for the 1997/1998 IGCC avoided unit.

For outputs greater than 50.11 MW, the QF shall receive full capacity payments based on the rate schedule in Appendix D.

Monthly Capacity Payments (MCP) for each monthly billing period shall be computed according to the following:

48.22 ≤ AOF ≤ 50.11 MCP = BCP x [0.02 x (ACBF - 37)] x CC where CC = 7 MW

> 50.11 < AOF ≤ 57.6 MCP = BCP x CC where CC = 7 MW

Where:

AOF = The average delivered output in MW of the Facility during the Monthly Billing Period (MBP).

MCF = Monthly Capacity Factor. The total energy delivered during the MBP for which the calculation is made, plus the sum of the MWh of energy that could have been produced under this Agreement by the Committed Capacities under the 3/30/87 Standard Offer and this Agreement during periods that FPL did not accept energy for delivery or receive energy pursuant to the 3/30/87 Standard Offer and this Agreement, divided by the product of (a) such Committed Capacity during the Monthly Billing Period and (b) the sum of the hours during the Monthly Billing Period. For purposes of calculating the Monthly Capacity Factor, hourly energy deliveries shall not

exceed those which could be produced by the Committed Capacities under the 3/30/87 Standard Offer and this Agreement. For purposes of calculating MCBF, the Monthly Capacity Factor cannot exceed 87 %. (See note 1)

MCF = Total kWh deliverd during MBP - 44,022 X # of days in MPB X 24 hrs

CC X # of days in MBP X 24 hrs

PCF = Annual Peak Capacity Factor. The Annual Capacity Factor during
On-Peak Hours calculated on a 12-month rolling average basis.

This rolling average is calculated in the manner specified in the
definition of Annual Capacity Billing Factor, provided however that
the PCF shall be allowed to exceed 87%.

On-Peak

Those hours occurring April 1 through October 31, from noon to

9:00 p.m., and November 1 through March 31, from 6:00 a.m. to

10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time.

FPL shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice; provided, however, any such change(s) made by FPL during the term of this Agreement (i) shall not cummulatively exceed ten percent (10%) of the total hours defined above as On-Peak Hours, and (ii) shall not take place more than once per calendar year.

Monthly

The period beginning on the first calendar day of each calendar

Billing = month, except that the initial Monthly Billing Period shall consist of

the period beginning 12:01 a.m. on the date the QF commences

firm Capacity deliveries under this Agreement and ending with the

last calendar day of such month.

Notes:

(1) Except as outlined in Section 5.2.5.