STEEL
HECTOR
& DAVIS
REGISTERED LIMITED LIABILITY PARTNERSHIP

Steel Hector & Davis LLP
215 South Monroe, Suite 601
Tallahassee, Florida 32301-1804
850.222.2300
850.222.8410 Fax
www.steelhector.com

ORIGINAL

November 1, 2001

Charles A. Guyton
850.222.3423

By Hand Delivery

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
4075 Esplanade Way, Room 110
Tallahassee, FL 32399

In Re: Amended Petition For Approval of Florida Power & Light Company's Standard Offer Contract And For A Ruling That A Waiver Of A Portion Of Rule 25-17.0832(4), F.A.C. Is Unnecessary
Docket No. 011200-EQ

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are the original and fifteen (15) copies of the FPL's Amended Petition for Approval of Standard Offer Contract and For a Ruling That a Waiver of a Portion of Rule 25-17.0832(4), F.A.C. is Unnecessary. Please note that attached to the petition as Attachments A (final format) and B (legislative format) are the following tariff sheets: Second Revised Sheet No. 9.850.1, Seventh Revised Sheet No. 9.851, Fourth Revised Sheet No. 9.854, and Fourth Revised Sheet No. 9.855, Seventh Revised Sheet No. 10.200, Eighth Revised Sheet No. 10.201, Seventh Revised Sheet No. 10.202, Twentieth Revised Sheet No. 10.203, Twenty-third Revised Sheet No. 10.204, Twelfth Revised Sheet No. 10.205, Sixth Revised Sheet No. 10.212.

FPL is withdrawing the following revised tariff sheets that were filed in its original petition on September 14, 2001: Sixth Revised Sheet No. 9.853 and Third Revised Sheet No. 9.858. However, FPL still seeks approval of the Fifteenth Revised Sheet No. 10.206 that was filed with FPL's original petition on September 14, 2001.

The tariff sheets being filed today along with the Fifteenth Revised Sheet No. 10.206 filed on September 14, 2001 reflect the changes to FPL's COG-2 rate schedule and FPL's most recent standard offer contract for which FPL seeks Commission approval. There is no revenue impact associated with these proposed tariff revisions.

APP
CAF
CMP
COM
CTR
ECR
LEG
OPC
PAI
RGO
SEC 1
SER
OTH

40587-1

If you or your Staff have any questions regarding this filing, please contact me at 222-2300.

Very truly yours,

Charles A. Guyton

Enclosure

40587-1

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power & Light Company for Approval of Standard Offer	))	**Docket No. 011200-EQ Filed: November 1, 2001**

AMENDED PETITION FOR APPROVAL OF FLORIDA POWER & LIGHT COMPANY'S STANDARD OFFER CONTRACT AND FOR A RULING THAT A WAIVER OF A PORTION OF RULE 25-17.0832(4), F.A.C. IS UNNECESSARY

Florida Power & Light Company ("FPL"), pursuant to Section 366.051, Florida Statutes (2000) and Florida Administrative Code Rules 25-17.0832(4), 25-22.036(4) and 28-106.301, hereby submits its amended petition to the Florida Public Service Commission ("Commission") to (1) approve its revised standard offer contract and a revised COG-2 tariff, copies of the pages of which FPL seeks to revise are either hereto as Attachments A and B or were previously filed with FPL's original petition on September 14, 2001, and (2) rule that a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code is not required for FPL to offer a standard offer contract while FPL has a RFP pending, or, in the alternative, grant a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code. The grounds for this Petition are:

1. The name and the address of the affected agency are:

   Florida Public Service Commission
   2540 Shumard Oak Boulevard
   Tallahassee, Florida 32399-0850

2. FPL's address is 9250 West Flagler Street, Miami, FL 33174. Correspondence, notices, orders and other documents concerning this Petition should be sent to:

Charles A. Guyton
Steel Hector & Davis LLP
Suite 601
215 S. Monroe St.
Tallahassee, FL 32301
(850) 222-2300

William G. Walker, III
Vice President, Regulatory Affairs
Florida Power & Light Company
9250 W. Flagler Street
Miami, FL 33174
(305) 552-4981

3. FPL is a public utility subject to Commission jurisdiction pursuant to Chapter 366, Florida Statutes. The Commission has jurisdiction pursuant to Chapter 366.051, Florida Statutes (2000) to establish rates at which a public utility shall purchase capacity or energy from a cogenerator or small power producer, and FPL invokes that jurisdiction in filing this petition. FPL has a substantial interest in the rates it pays cogenerators for capacity.

4. Under Rule 25-17.0832(4)(a), Florida Administrative Code, FPL may petition the Commission for approval of a standard offer contract available to (1) small power producers or qualifying facilities with a primary fuel that is at least 75 percent biomass, waste, solar or other renewable resource, (2) qualifying facilities with a design capacity of 100 kW or less, or (3) municipal solid waste facilities. FPL is petitioning for approval of a standard offer contract that would be available for each such entity, even though FPL recently issued a Request For Proposal ("RFP") in which any such entity could provide an offer for firm capacity and energy. In its RFP FPL is also separately seeking energy from renewable resources.

5. The rates and the terms of a standard offer are to be based upon the need for and be equal to "the avoided cost of deferring or avoiding the construction of additional generating capacity or parts thereof by the purchasing utility." Rule 25-17.0832(4)(b), F.A.C. FPL's current Ten-Year Site Plan on file with the Commission shows combustion turbines being installed at FPL's Ft. Myers plant site in 2003. The proposed standard offer contract is

predicated upon a five (5) MW portion of the 298 MW of combustion turbine capacity coming on line on April and May 2003 like the combustion turbines planned for the Ft. Myers site. Thus, FPL's proposed standard offer contract complies with the Commission's standard offer rule. The economic and financial assumptions used in developing the standard offer contract, including the cost parameters of the combustion turbine, are included as Amended Attachment C.

6. The Commission's rule regarding standard offer contracts does not state a public utility must seek approval of a standard offer contract prior to issuing a request for proposal. However, the rule does require that prior to the issuance of a timely notice of a RFP, the open solicitation period for the standard offer must end. Rule 25-17.0832(4)(e)5, F.A.C. FPL recently issued a RFP for additional capacity, and when it issued its RFP, it had closed its standard offer contract, so it was in compliance with Rule 25-17.0832(4)(e)5, Florida Administrative Code.

7. In prior proceedings before the Commission, other utilities have read the closing of the open solicitation period requirement of Rule 25-17.0832(4)(e)5, Florida Administrative Code as requiring them (1) to issue a standard offer contract prior to issuing a RFP and (2) prohibiting them from having a standard offer contract open during a RFP. FPL does not read either the Commission's standard offer rule or the Commission's RFP rule as requiring FPL to issue a standard offer contract before issuing a RFP or prohibiting FPL from petitioning for approval of a standard offer contract that would run during its RFP. However, in an abundance of caution, FPL is seeking either a Commission determination that a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code, is unnecessary for FPL to offer a

standard offer during its capacity RFP or, in the alternative, a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code. See, paragraphs 14-21 hereafter.

8. FPL has also sought, by means of a separate petition filed on September 14, 2001, a waiver of Rule 25-17.0832(4)(e)7, Florida Administrative Code. That rule specifies that the minimum term for a standard offer contract shall be ten years. FPL is seeking approval of a standard offer contract with a minimum term of five years. Consequently, FPL seeks a waiver of the ten-year minimum term requirement of Rule 25-17.0832(4)(e)7, Florida Administrative Code. This requested waiver is consistent with the amendment recently proposed for Rule 25-17.0832(4)(e)7, Florida Administrative Code.

9. The revised standard offer contract tariff sheets for which FPL seeks Commission approval are: Second Revised Sheet No. 9.850.1, Seventh Revised Sheet No. 9.851, Fourth Revised Sheet No. 9.854, and Fourth Revised Sheet No. 9.855. The revised COG-2 tariff sheets for which FPL seeks approval are: Seventh Revised Sheet No.10.200, Eighth Revised Sheet No.10.201, Seventh Revised Sheet No.10.202, Twentieth Revised Sheet No.10.203, Twenty-third Revised Sheet No.10.204, Twelfth Revised Sheet No. 10.205, Fifteenth Revised Sheet No.10.206, Sixth Revised Sheet No. 10.212. These tariff sheets contain the same terms and conditions, other than price, that were approved by the Commission in Order No. PSC-00-1748-PAA-EI.

10. The following tariff sheets are being substituted in this amended petition for the same tariff sheets filed with the original petition: Seventh Revised Sheet No. 9.851, Fourth Revised Sheet No. 9.855, Seventh Revised Sheet No.10.202, Twentieth Revised Sheet No.10.203, Twenty-third Revised Sheet No.10.204, and Sixth Revised Sheet No. 10.212.

These tariff sheets are attached in final format in Attachment A and in legislative format in Attachment B.

11. FPL is not substituting the following revised Tariff Sheet originally filed on September 14, 2001: Fifteenth Revised Sheet No. 10.206.

12. FPL has also filed with this amended petition the following Tariff Sheet revisions that were not filed on September 14, 2001 with the original petition: Second Revised Sheet No. 9.850.1, Fourth Revised Sheet No. 9.854, Seventh Revised Sheet No.10.200, Eighth Revised Sheet No.10.201, and Twelfth Revised Sheet No. 10.205. These tariff sheets are also attached in final format in Attachment A and in legislative format in Attachment B.

13. FPL is not aware of any disputed issues of material facts.

14. This petition is not in response to a prior agency decision, so the petitioner cannot state when and how it "received notice of the agency decision."

15. FPL's standard offer contract should be approved. The Commission should rule that a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code is unnecessary for FPL to be able to offer a standard offer contract while FPL's capacity RFP is pending.

Request That A Waiver of Rule 25-17.0832(4)(e)5 Is Unnecessary

16. As previously noted, Rule 25-17.0832(4)(e)5, Florida Administrative Code, requires a utility to close its standard offer before issuing a RFP. FPL closed its standard offer well before it issued its capacity RFP. FPL's most recently approved standard offer contract was approved in September 2000 and closed in November 2000. See, Order No. PSC-00-1748-PAA-EI. Therefore, since FPL did not have a standard offer contract

solicitation period open when it issued its capacity RFP on August 13, 2001, FPL was in compliance with Rule 25-17.0832(4)(e)5, Florida Administrative Code.

17. FPL seeks a Commission determination that FPL was in compliance with Rule 25-17.0832(4)(e)5, Florida Administrative Code by not having a standard offer contract solicitation period open when it issued its RFP and that FPL may offer a standard offer contract while FPL is conducting a RFP without seeking a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code. A waiver of the rule is unnecessary because the rule simply addresses the closing of a standard offer before the issuance of a RFP, not whether a utility may initiate a standard offer after issuing a RFP. If the Commission is not inclined to so rule, in the alternative, FPL seeks a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code, and asks that the Commission grant a waiver of the rule so that it may offer a standard offer contract during its capacity RFP.

18. Section 120.542, Florida Statutes (2000), addresses the standards for waivers and variances from rules. Subsection 2 states:

> Variances and waivers shall be granted when the person or subject to the rule demonstrates that the purpose of the underlying statute will or has been achieved by other means by the person and when the application of the rule would create substantial hardship or would violate principles of fairness. For purposes of this section, "substantial hardship" means a demonstrated economic, technological, legal, or other type of hardship to the person requesting the variance or waiver.

19. One of the purposes of the statute underlying the Commission's standard offer rule is "to encourage cogeneration and small power production." *In re: Petition of Florida Power & Light Company for approval of standard offer contract,* 00 FPSC 9:458, 460 (Order No. PSC-00-1748-PAA-EI). If a waiver of Rule 25-17.0832(4)(e)5., Florida Administrative

Code, is necessary for FPL to have an open standard offer solicitation during a RFP, then the granting of such a waiver would achieve the purpose of the underlying statute by making the standard offer contract more available than it otherwise would be. Increased availability of standard offer contracts would encourage the development of cogeneration and small power production facilities.

20. If a waiver is of Rule 25-17.0832(4)(e)5, Florida Administrative Code, is required for FPL to be able to offer a standard offer contract during its pending RFP, then FPL and its customers would face substantial hardship if such a waiver were not granted. FPL needs to add substantial capacity to its system to meet its system reliability criteria in 2005 and 2006, either through securing purchased power agreements or turnkey projects pursuant to its pending RFP or through building capacity additions. If FPL is unable to complete negotiations or construction before it has a need for this capacity, its ability to meet its customers' load requirements may seriously be jeopardized, potentially compromising customers' service.

21. If a waiver is of Rule 25-17.0832(4)(e)5, Florida Administrative Code, is required for FPL to be able to offer a standard offer contract during its pending RFP, and FPL is unable to secure such a waiver, then FPL may be placed in the position of having to suspend its capacity RFP while it issues a standard offer contract and holds a brief open solicitation period. This would seriously delay FPL's efforts to timely secure 1,750 MW of capacity. Such a delay could result in jeopardizing FPL's system reliability and the service provided to FPL's customers. Moreover, it is unnecessary for the encouragement of cogeneration and small power production, as FPL's RFP is available to cogenerators and

small power producers, and FPL even has a separate part of the RFP for renewable resources such as those available for the standard offer.

22. The Commission has previously confronted the issue of whether a utility may offer a standard offer after issuing a capacity RFP and concluded, without granting a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code, that Gulf Power Company could issue a standard offer contract concurrent with its activities necessary for it to secure permitting and construct its next planned generating unit. See, *In re: Petition by Gulf Power Company for a waiver of Rule 25-17.0832(4), F.A.C., which sets forth requirements for filing a standard offer contract,* 99 FPSC 5:445, 448 (Order No. PSC-99-1091-PAA-EI). There the Commission stated that Gulf did not have to restart its RFP process if it issued a standard offer.

23. Thus, FPL seeks a determination that it does not have to seek a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code, to be able to offer a standard offer contract after initiating a RFP. No such waiver was required of Gulf Power Company, and none should be required of FPL. However, if such a waiver is required, FPL has met the criteria for granting such a waiver. The waiver would achieve the purpose of the underlying statute - the encouragement of cogeneration would be met. FPL and its customers would suffer substantial hardship - a potential compromise of system reliability and service quality associated with the delay in the RFP process - if the waiver were not granted.

WHEREFORE, FPL respectfully petitions the Commission to (1) approve FPL's revised standard offer contract and rate schedule COG-2 attached to FPl's original September

14, 2001 petition as amended by this petition and (2) rule that a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code is not required for FPL to offer a standard offer contract while FPL has a RFP pending, or, in the alternative, grant a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code.

Respectfully submitted,

STEEL HECTOR & DAVIS LLP
215 S. Monroe St., Suite 601
Tallahassee, Florida 32301-1804

Attorneys for Florida Power
& Light Company

By: Charles A. Guyton
Charles A. Guyton

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Amended Petition For Approval of Florida Power & Light Company's Standard Offer Contract And For A Ruling That A Waiver Of A Portion Of Rule 25-17.0832(4), F.A.C. Is Unnecessary was mailed this 1st day of November, 2001 to the following:

Jack Shreve, Esquire
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

Charles A. Guyton

Charles A. Guyton

ATTACHMENT A

(Continued from Sheet No. 9.850)

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

The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080 (1). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QF that FPL deems necessary to verify the Facility's Qualifying Status. On or before March 31 of each year during the term of this Contract, the QF shall provide to FPL a certificate signed by an officer of the QF certifying that the QF continuously maintained qualifying status during the prior calendar year.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., January 1, 2008, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before January 1, 2003, (or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.

3. Minimum Specifications

As required by FPSC Rule 25-17.0832 (4) (e), below are the minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") on which this Contract is based is a 5 MW portion of a 165 MW combustion turbine.
2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 5 MW (the "Subscription Limit").
3. This offer shall expire on the earlier of (i) the date the subscription limit is fully subscribed or (ii) upon the expiration of the two (2) week "Open Solicitation Period." The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the final effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).
4. The date by which firm capacity and energy deliveries from the QF to FPL shall commence is January 1, 2003 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.
5. The period of time over which firm capacity and energy shall be delivered from the QF to FPL is the five (5) year period beginning on January 1, 2003.
6. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:

(Continued on Sheet No. 9.851)

(Continued from Sheet No. 9.850.1)

	On Peak *	Off Peak
Availability	98%	98%

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

4. Sale of Electricity by the QF

4.1 Purchase by FPL

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

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

5. Committed Capacity/Capacity Delivery Date

5.1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at __________ kW, with an expected Capacity Delivery Date of January 1, 2003.

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than 30 days following FPL's acceptance of the original Standard Offer Contract and testing must be completed by 11:59 p.m., December 31, 2002. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

5.3 In addition to the first Committed Capacity Test, FPL shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPL, to be granted in FPL's sole discretion.

5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.

5.6 In no event shall FPL make capacity payments to the QF prior to the Capacity Delivery Date

5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after January 1, 2002 and on or before January 1, 2003 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before January 1, 2003, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by January 1, 2003 or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

(Continued on Sheet No. 9.852)

(Continued from Sheet No. 9.853 1)

9. Completion/Performance Security

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

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

9.2 The specific security instrument provided for purposes of this Contract is:
( ) unconditional, irrevocable, direct pay letter(s) of credit.
( ) Bond.
( ) cash deposit(s) with FPL.

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

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

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

9.6 If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before January 1, 2003 (irrespective of any extension that may be granted by FPL under Section 5.7) , FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before January 1, 2003, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to $15.00 per kW (for the number of kW set forth in Section 5.1).

9.7 In the event that FPL requires the QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security. In the event that FPL does not require the QF to perform a Committed Capacity Test or if the QF successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the QF shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

(Continued on Sheet No. 9.854.1)

(Continued from Sheet No. 9.854.1)

12. Default

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

(a) The QF fails to maintain the "qualifying" status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;

(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;

(c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;

(d) The QF fails to comply with any of the provisions of Section 9.0 hereof;

(e) The QF fails to comply with any of the provisions of Section 10.0 hereof;

(f) The QF ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 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;

(g) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;

(h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19.

(i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than July 1, 2002;

(j) The QF fails to comply with any of the provisions of Section 19.3 hereof;

(k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;

(l) The occurrence of an event of default by the QF under the Interconnection Agreement;

(m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;

(n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or

(o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.856)

RATE SCHEDULE COG-2
APPENDIX A
TO THE STANDARD OFFER CONTRACT
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS OR 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 Small Power Producer or Other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 kw or less, or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Qualifying Facility specified in FPSC Rule_25-17.0832 (4), and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 5 MW subscription limit is not exceeded and, in any event, no later than the expiration of the two (2) week Open Solicitation Period. The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the final effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).

APPLICABLE

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

CHARACTER OF SERVICE

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

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 specified in FPSC Rule 25-17.0832 (4)

B. Execute a Standard Offer Contract prior to the expiration of the 2-week Open Solicitation Period.

C. Commit to commence deliveries of firm capacity and energy no later than January 1, 2003, and to continue such deliveries through December 31, 2007;

D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (5 MW) to be exceeded; and

E. Are not currently under contract with the Company or with any other entity for the Facility's output.

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 a 5 MW portion of a 165 MW combustion turbine with an in-service date of January 1, 2003. Appendix I 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 five (5) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through December 31, 2007). 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 I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

Adjustment to Capacity Payment

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

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

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of January 1, 2003, calculated in accordance with FPSC Rule 25-17.0832 F.A.C., as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

Option B - Fixed Value of Deferral Payments - Early Capacity

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as one year prior to the anticipated in-service date of the Company's Avoided Unit; provided, however, that under no circumstances may payments begin before the QF is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QF and calculated as shown on Appendix I.

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 exemplary payment schedule is based on a contract term which extends five (5) 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 $/kW/MONTH
COMPANY'S 2003 COMBUSTION TURBINE AVOIDED UNIT (5 MW)
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year	Option A Normal Payment Starting 01/01/2003	Option B Fixed Value of Deferral Payments - Early Capacity 01/01/2003
2001	$0.00	-0-
2002	-0-	2.69
2003	3.37	2.75
2004	3.47	2.81
2005	3.55	2.87
2006	3.62	2.94
2007	3.70	3.00

Option C - Fixed Value of Deferral Payment - Levelized Capacity
Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of 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 I. 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 I.

Option D - Fixed Value of Deferral Payment - Early Levelized Capacity
Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of 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 I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the QF, payments for early levelized capacity shall commence at any time after the specified early capacity date and before the anticipated in-service date of the Company's Avoided Unit, provided that the QF is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract.

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN $kW/MONTH
2003 COMBUSTION TURBINE AVOIDED UNIT (5 MW) LEVELIZED CAPITAL
AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year	Option C Levelized Payment Starting 01/01/ 2003	Option D (Early O&M) Fixed Value of Deferral Payments - Early Levelized Capacity 01/01/2003
2001	0.00	-0-
2002	-0-	2.83
2003	3.53	2.83
2004	3.53	2.83
2005	3.54	2.83
2006	3.54	2 84
2007	3.54	2.84

B. **Energy Rates**

(1) **Payments Prior to January 1, 2003**

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

The calculation of payments to the QF shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the 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, 2003

The calculation of payments to the QF for energy delivered to FPL on and after January 1, 2003 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of energy (kWhs) delivered to FPL from the Facility during that hour.

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPL, the firm energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly fuel price in $/mmBTU as determined from gas prices reported in Gas Daily under the heading "Citygate, Pooling Point Prices, Florida gates via FGT"; and (b) an average annual heat rate of 10,430 BTU per kilowatt hour; plus (c) an additional .086¢ per kilowatt hour in mid 2000 dollars for variable operation and maintenance expenses which will be escalated based on the actual Consumer Price Index. 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 .0014¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April 1, 2002 – September 30, 2002	4.58	3.55	3.86
October 1, 2002 – March 31, 2003	3.25	2.94	3.04
April 1, 2003 – September 30, 2003	3.99	3.22	3.45
October 1, 2003 – December 31, 2003	3.72	3.24	3.39

A MW block size ranging from 2 MW to 9 MW has been used to calculate the estimated As-Available energy cost.

ESTIMATED UNIT FUEL COST

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

$/MMBTU

2001	2002	2003	2004	2005	2006	2007
4.73	3.82	3.85	3.91	3.96	4.02	4.07

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	1.0236
Secondary Voltage Delivery	1.0523

(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. **Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., January 1, 2003.)

B. **Availability and Capacity Factor**

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

METERING REQUIREMENTS

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 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.

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; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QF selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QF or 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

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

A. **Customer Charges:**

Rate Schedule	Customer Charge($)	Rate Schedule	Customer Charge($)
GS-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

(Continued on Sheet No. 10.206)

APPENDIX II
TO RATE SCHEDULE COG-2
CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:

			Value
VAC_m	=	Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$3.28
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.5932
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of yearn;	\$379.93
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;	\$1.43
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.2%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.4%
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
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.	2003

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly capacity payments to be made to the QF starting as early as one year prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	\$2.60
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.2%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.4%
n	=	year for which early capacity payments to a QF are to begin;	Jan, 2002
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 5 years;	\$171.22
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing one year prior to the in-service date of the Company's Avoided Unit,	6
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years.	\$6.47

ATTACHMENT B

(Continued from Sheet No. 9.850)

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

The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080 (1). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QF that FPL deems necessary to verify the Facility's Qualifying Status. On or before March 31 of each year during the term of this Contract, the QF shall provide to FPL a certificate signed by an officer of the QF certifying that the QF continuously maintained qualifying status during the prior calendar year.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., January 1, ~~2007~~ 2008, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before January 1, ~~2002~~ 2003, (or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.

3. Minimum Specifications

As required by FPSC Rule 25-17.0832 (4) (e), below are the minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") on which this Contract is based is a 5 MW portion of a 165 MW combustion turbine.
2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 5 MW (the "Subscription Limit").
3. This offer shall expire on the earlier of (i) the date the subscription limit is fully subscribed or (ii) upon the expiration of the two (2) week "Open Solicitation Period." The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the final effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).
4. The date by which firm capacity and energy deliveries from the QF to FPL shall commence is January 1, ~~2002~~ 2003 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.
5. The period of time over which firm capacity and energy shall be delivered from the QF to FPL is the five (5) year period beginning on January 1, ~~2002~~ 2003.
6. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:

(Continued on Sheet No. 9.851)

(Continued from Sheet No. 9.850.1)

	On Peak *	Off Peak
Availability	98%	98%

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

4. Sale of Electricity by the QF

4.1 Purchase by FPL

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

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

5. Committed Capacity/Capacity Delivery Date

5.1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at _________ kW, with an expected Capacity Delivery Date of January 1, ~~2002~~ 2003.

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than 30 days following FPL's acceptance of the original Standard Offer Contract and testing must be completed by 11:59 p.m., December 31, ~~2001~~ 2002 The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5 1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

5.3 In addition to the first Committed Capacity Test, FPL shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPL within seven (7) days of the conclusion of such test On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5 1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPL, to be granted in FPL's sole discretion.

5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.

5 6 In no event shall FPL make capacity payments to the QF prior ~~the~~ to the Capacity Delivery Date.

5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after January 1, ~~2001~~ 2002 and on or before January 1, ~~2002~~ 2003 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before January 1, ~~2002~~ 2003, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by January 1, ~~2002~~ 2003 or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

(Continued on Sheet No. 9.852)

(Continued from Sheet No. 9.853.1)

9. Completion/Performance Security

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

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

9.2 The specific security instrument provided for purposes of this Contract is:
( ) unconditional, irrevocable, direct pay letter(s) of credit.
( ) Bond.
( ) cash deposit(s) with FPL.

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

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

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

9.6 If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before January 1, ~~2002~~ 2003 (irrespective of any extension that may be granted by FPL under Section 5.7) , FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before January 1, ~~2002~~ 2003, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to $15.00 per kW (for the number of kW set forth in Section 5.1).

9.7 In the event that FPL requires the QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security. In the event that FPL does not require the QF to perform a Committed Capacity Test or if the QF successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the QF shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

(Continued on Sheet No. 9.854.1)

(Continued from Sheet No. 9.854.1)

12. Default

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

(a) The QF fails to maintain the "qualifying" status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;
(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;
(c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;
(d) The QF fails to comply with any of the provisions of Section 9.0 hereof;
(e) The QF fails to comply with any of the provisions of Section 10.0 hereof;
(f) The QF ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 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;
(g) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;
(h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19.
(i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than July 1, ~~2001~~ 2002;
(j) The QF fails to comply with any of the provisions of Section 19.3 hereof;
(k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;
(l) The occurrence of an event of default by the QF under the Interconnection Agreement;
(m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;
(n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or
(o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.856)

RATE SCHEDULE COG-2
APPENDIX A
TO THE STANDARD OFFER CONTRACT
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS OR 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 Small Power Producer or Other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 kw or less, or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Qualifying Facility specified in FPSC Rule_25-17.0832 (4), and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 5 MW subscription limit is not exceeded and, in any event, no later than the expiration of the two (2) week Open Solicitation Period. The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the final effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).

APPLICABLE

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

CHARACTER OF SERVICE

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

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 specified in FPSC Rule 25-17.0832 (4)

B. Execute a Standard Offer Contract prior to the expiration of the 2-week Open Solicitation Period.

C. Commit to commence deliveries of firm capacity and energy no later than January 1, ~~2002~~ 2003, and to continue such deliveries through December 31, ~~2006~~ 2007;

D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (5 MW) to be exceeded; and

E. Are not currently under contract with the Company or with any other entity for the Facility's output.

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 a 5 MW portion of a 165 MW combustion turbine with an in-service date of January 1, ~~2002~~ 2003. Appendix I 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 five (5) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through December 31, ~~2006~~ 2007). 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 I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

Adjustment to Capacity Payment

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

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

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of January 1, ~~2002~~ 2003, calculated in accordance with FPSC Rule 25-17.0832 F.A.C., as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

Option B - Fixed Value of Deferral Payments - Early Capacity

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as one year prior to the anticipated in-service date of the Company's Avoided Unit; provided, however, that under no circumstances may payments begin before the QF is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QF and calculated as shown on Appendix I.

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 exemplary payment schedule is based on a contract term which extends five (5) 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 $/kW/MONTH
COMPANY'S ~~2002~~ 2003 COMBUSTION TURBINE AVOIDED UNIT (5 MW)
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year	Option A Normal Payment Starting 01/01/~~2002~~ 2003	Option B Fixed Value of Deferral Payments - Early Capacity 01/01/~~2001~~ 2003
2001	$0.00	~~2.64~~ -0-
2002	~~3.32~~ -0-	2.69
2003	~~3.40~~ 3.37	2.75
2004	3.47	2.81
2005	3.55	~~2.88~~ 2.87
2006	~~3.63~~ 3.62	2.94
2007	3.70	3.00

Option C - Fixed Value of Deferral Payment - Levelized Capacity
Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of 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 I. 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 I.

Option D - Fixed Value of Deferral Payment - Early Levelized Capacity
Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of 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 I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the QF, payments for early levelized capacity shall commence at any time after the specified early capacity date and before the anticipated in-service date of the Company's Avoided Unit, provided that the QF is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract.

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN $kW/MONTH
~~2002~~ 2003 COMBUSTION TURBINE AVOIDED UNIT (5 MW) LEVELIZED CAPITAL
AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year	Option C Levelized Payment Starting 01/01/ ~~2002~~ 2003	Option D (Early O&M) Fixed Value of Deferral Payments - Early Levelized Capacity 01/01/~~2001~~ 2003
2001	0.00	~~2.77~~ -0-
2002	~~3.46~~ -0-	~~2.77~~ 2.83
2003	~~3.46~~ 3.53	~~2.77~~ 2.83
2004	~~3.46~~ 3.53	~~2.77~~ 2.83
2005	~~3.47~~ 3.54	~~2.78~~ 2.83
2006	~~3.47~~ 3.54	~~2.78~~ 2.84
2007	3.54	2.84

B. Energy Rates

(1) Payments Prior to January 1, ~~2002~~ 2003

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

The calculation of payments to the QF shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the 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, ~~2002~~ 2003**

The calculation of payments to the QF for energy delivered to FPL on and after January 1, ~~2002~~ 2003 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of energy (kWhs) delivered to FPL from the Facility during that hour.

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPL, the firm energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly fuel price in $/mmBTU as determined from gas prices reported in Gas Daily under the heading "Citygate, Pooling Point Prices, Florida gates via FGT"; and (b) an average annual heat rate of 10,430 BTU per kilowatt hour; plus (c) an additional .086¢ per kilowatt hour in mid 2000 dollars for variable operation and maintenance expenses which will be escalated based on the actual Consumer Price Index. 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 .0014¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April 1, ~~2000~~ 2002 – September 30, ~~2000~~ 2002	~~3.54~~ 4.58	~~3.11~~ 3.55	~~3.22~~ 3.86
October 1, ~~2000~~ 2002 – March 31, ~~2001~~ 2003	~~2.72~~ 3.25	~~2.52~~ 2.94	~~2.57~~ 3.04
April 1, ~~2001~~ 2003 – September 30, ~~2001~~ 2003	~~2.99~~ 3.99	~~2.73~~ 3.22	~~2.80~~ 3.45
October 1, ~~2001~~ 2003 – ~~March 31, 2002~~ December 31, 2003	~~3.02~~ 3.72	~~2.88~~ 3.24	~~2.92~~ 3.39

A MW block size ranging from 2 MW to 9 MW has been used to calculate the estimated As-Available energy cost.

ESTIMATED UNIT FUEL COST

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

$/MMBTU

~~2000~~	2001	2002	2003	2004	2005	2006	2007
~~3.13~~	~~3.04~~ 4.73	~~2.99~~ 3.82	~~2.99~~ 3.85	~~3.06~~ 3.91	~~3.13~~ 3.96	~~3.22~~ 4.02	4.07

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	~~1.0209~~ 1.0236
Secondary Voltage Delivery	~~1.0459~~ 1.0523

(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. **Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., January 1, ~~2002~~ 2003.)

B. **Availability and Capacity Factor**

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

METERING REQUIREMENTS

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 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.

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; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QF selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QF or 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

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

A. **Customer Charges:**

Rate Schedule	Customer Charge($)	Rate Schedule	Customer Charge($)
GS-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

(Continued on Sheet No. 10.206)

APPENDIX II
TO RATE SCHEDULE COG-2
CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:

			Value
VAC_m	=	Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	~~$3 32~~ 3.28
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year,	~~1.5933~~ 1.5932
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of yearn;	$~~372.11~~ 379 93
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;	$~~1.40~~ 1.43
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.2%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit,	2.4%
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
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.	~~2002~~ 2003

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly capacity payments to be made to the QF starting as early as one year prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	~~$ 2 64~~ $2 60
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2 2%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.4%
n	=	year for which early capacity payments to a QF are to begin;	Jan, ~~2001~~ 2002
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 5 years,	~~$161.06~~ $171.22
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing one year prior to the in-service date of the Company's Avoided Unit;	6
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years.	~~$6.31~~ $6 47

AMENDED ATTACHMENT C

Attachment C

FPL's history and forecast of summer and winter peak demand, energy use, fuel prices, generating capacity, reserve margins, and generating capacity additions can be found in FPL's 2000 Ten Year Site Plan, filed with the Florida Public Service Commission on April 2, 2001.

The Economic and Financial Assumptions associated with the Standard Offer Contract are included in the pages that follow.

Florida Power & Light Company
Standard Offer Contract
Economic Assumptions

AFUDC RATE

8.86%

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0%
Equity	55.0%

DISCOUNT RATE

7.78%

RATE OF RETURN

Debt	6.25%
Preferred	0%
Equity	11.0%

BOOK DEPRECIATION LIFE

30 Years

INCOME TAX RATE

State	5.5%
Federal	35.0%
Effective	38.575%

TAX DEPRECIATION LIFE

20 years

OTHER TAXES & INS.

1.75%

Florida Power & Light Company
Standard Offer Contract

Economic Escalation Assumptions

Year	General Inflation %	Plant Construction Cost %	Fixed O & M Cost %	Variable O & M Cost %
Inflation	2.4%	2.2%	2.4%	2.4%

Florida Power & Light Company
Standard Offer Contract
Unit Information

Plant Name (Type): Combustion Turbine
Net Capacity (MW): 5 MW Portion of a 165 MW Combustion Turbine
Book Life (Yrs): 30

Installed Cost (In-Service Year 2003)

Total Installed Cost ($/kW)*	379.93
Direct Construction Cost ($/kW-00)	338.37
AFUDC Amount ($/kW)	30.37
Escalation ($/kW)	11.19
Fixed O & M ($/kW-yr) (in-service year)	1.43
Variable O & M (cents/kwh)	.0885
Assumed Capacity Factor	Approx. 10%
K Factor	1.5932

*Total Installed Cost = Direct Construction Cost
+ AFUDC + Escalation

Florida Power & Light Company
Standard Offer Contract
Financial Assumptions
for the Development of K Factor

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0%
Equity	55.0%

RATE OF RETURN

Debt	6.25%
Preferred	0
Equity	11.0%
Tax Rate	38.575%
AFUDC	8.86%
Discount Rate	7.78%
Book Life	30 years
In-Service Year	2003

CONSTRUCTION SPENDING CURVE

Year	% Construction Expenditures*
-2	45%
-1	55%

*To be applied to direct construction costs.

Florida Power & Light Company

Fixed Charge Calculations For Development of K Factor
Unit Type: Combustion Turbine
(Thousands of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Year	Calendar Year	Electric Plant In-Service	Debt	Preferred	Equity	Taxes	Deferred Taxes	Total Debt Preferred Equity & Taxes	Straight Line Depreciation	Property Taxes & Insurance	Total Fixed Charges	Present Worth Fixed Charges	Cumulative Present Worth Fixed Charges
1	2003	$60,599	$1,753	$0	$3,770	$2,316	$123	$7,962	$2,090	$1,097	$11,149	$11,149	$11,149
2	2004	$58,509	$1,679	$0	$3,612	$1,398	$942	$7,630	$2,090	$1,097	$10,817	$10,036	$21,186
3	2005	$56,419	$1,596	$0	$3,432	$1,413	$814	$7,255	$2,090	$1,097	$10,441	$8,989	$30,174
4	2006	$54,330	$1,516	$0	$3,260	$1,423	$696	$6,895	$2,090	$1,097	$10,081	$8,052	$38,227
5	2007	$52,240	$1,439	$0	$3,095	$1,429	$586	$6,549	$2,090	$1,097	$9,735	$7,215	$45,442
6	2008	$50,150	$1,365	$0	$2,936	$1,430	$485	$6,216	$2,090	$1,097	$9,403	$6,466	$51,908
7	2009	$48,061	$1,294	$0	$2,783	$1,428	$391	$5,896	$2,090	$1,097	$9,083	$5,795	$57,703
8	2010	$45,971	$1,225	$0	$2,636	$1,422	$305	$5,588	$2,090	$1,097	$8,774	$5,194	$62,897
9	2011	$43,882	$1,158	$0	$2,491	$1,345	$291	$5,285	$2,090	$1,097	$8,472	$4,653	$67,550
10	2012	$41,792	$1,091	$0	$2,347	$1,255	$291	$4,984	$2,090	$1,097	$8,171	$4,164	$71,714
11	2013	$39,702	$1,024	$0	$2,203	$1,164	$291	$4,683	$2,090	$1,097	$7,869	$3,721	$75,435
12	2014	$37,613	$957	$0	$2,059	$1,074	$291	$4,381	$2,090	$1,097	$7,568	$3,320	$78,755
13	2015	$35,523	$890	$0	$1,915	$983	$291	$4,080	$2,090	$1,097	$7,266	$2,958	$81,713
14	2016	$33,434	$823	$0	$1,771	$893	$291	$3,778	$2,090	$1,097	$6,965	$2,631	$84,343
15	2017	$31,344	$756	$0	$1,627	$802	$291	$3,477	$2,090	$1,097	$6,664	$2,335	$86,679
16	2018	$29,254	$689	$0	$1,483	$712	$291	$3,175	$2,090	$1,097	$6,362	$2,069	$88,747
17	2019	$27,165	$622	$0	$1,339	$622	$291	$2,874	$2,090	$1,097	$6,061	$1,828	$90,576
18	2020	$25,075	$556	$0	$1,195	$531	$291	$2,573	$2,090	$1,097	$5,759	$1,612	$92,188
19	2021	$22,986	$489	$0	$1,051	$441	$291	$2,271	$2,090	$1,097	$5,458	$1,417	$93,605
20	2022	$20,896	$422	$0	$907	$351	$291	$1,970	$2,090	$1,097	$5,157	$1,243	$94,848
21	2023	$18,806	$362	$0	$779	$796	($236)	$1,702	$2,090	$1,097	$4,888	$1,093	$95,941
22	2024	$16,717	$317	$0	$683	$1,262	($762)	$1,500	$2,090	$1,097	$4,687	$972	$96,913
23	2025	$14,627	$280	$0	$602	$1,212	($762)	$1,332	$2,090	$1,097	$4,519	$870	$97,783
24	2026	$12,538	$243	$0	$522	$1,162	($762)	$1,164	$2,090	$1,097	$4,351	$777	$98,560
25	2027	$10,448	$205	$0	$442	$1,111	($762)	$996	$2,090	$1,097	$4,183	$693	$99,253
26	2028	$8,358	$168	$0	$361	$1,061	($762)	$828	$2,090	$1,097	$4,015	$617	$99,870
27	2029	$6,269	$131	$0	$281	$1,010	($762)	$660	$2,090	$1,097	$3,847	$549	$100,419
28	2030	$4,179	$93	$0	$201	$960	($762)	$492	$2,090	$1,097	$3,678	$487	$100,906
29	2031	$2,090	$56	$0	$120	$909	($762)	$324	$2,090	$1,097	$3,510	$431	$101,337
30	2032	$0	$19	$0	$40	$859	($762)	$156	$2,090	$1,097	$3,342	$381	$101,717

In-Service Cost	$62,688
Present Worth of Fixed Charges	$101,717
Less Equity Penalty	$1,842
Adjusted Present Worth of Fixed Charges	$99,876
Value of K	1.5932

Petition of
Florida Power & Light Company
For Approval of a Standard Offer Contract
Attachment C
Page 6 of 6