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Item 1

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Deas, Williams, Wendel)
Office of the General Counsel (Trice, Murphy, Dziechciarz)

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 5/14/2019 - Consent Agenda - Proposed Agency Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Applications for Certificate of Authority to Provide Telecommunications Service on the consent agenda for approval.

DOCKET NO.	COMPANY NAME	CERT. NO.
20190035-TX	City Communications, Inc	8932
20190052-TX	CTI Fiber Services, LLC	8933
20190064-TX	Altaworx LLC	8931
20190073-TX	Mobex, Inc.	8934
20190085-TX	Hudson Fiber Network Inc	8935

The Commission is vested with jurisdiction in this matter pursuant to Section 364.335, Florida Statutes. Pursuant to Section 364.336, Florida Statutes, certificate holders must pay a minimum annual Regulatory Assessment Fee if the certificate is active during any portion of the calendar year. A Regulatory Assessment Fee Return Notice will be mailed each December to the entity listed above for payment by January 30.

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Thompson, Doehling, Ellis)
Office of the General Counsel (DuVal)

RE: Docket No. 20190088-EQ – Petition for approval of standard offer for energy purchased from cogenerators and renewable generating facilities and standard offer contract for purchase of firm capacity and energy, by Florida Public Utilities Company.

AGENDA: 05/14/19 – Consent Agenda – Proposed Agency Action – Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following on the consent agenda for approval.

DOCKET NO.	COMPANY NAME	2019 Standard Offer
20190088-EQ	Florida Public Utilities Company	Attachment A

Section 366.91(3), Florida Statutes (F.S.), requires that each investor-owned utility (IOU) continuously offer to purchase capacity and energy from renewable energy generators and small qualifying facilities. Florida Public Service Commission (Commission) Rules 25-17.200 through 25-17.310, Florida Administrative Code, implement the statute and require each IOU to file with the Commission, by April 1 of each year, a standard offer contract based on the next avoidable fossil fueled generating unit of each technology type identified in the Utility's current Ten-Year Site Plan. On April 1, 2019, Florida Public Utilities Company (FPUC) filed its standard offer contract.[1] FPUC's standard offer contract filing does not reflect any changes or revisions from the filing approved by Order No. PSC-2018-0310-PAA-EQ.[2] The Commission has jurisdiction over this matter pursuant to Sections 366.04 through 366.055, and 366.91, F.S.

[1]Document No. 03445-2019, filed April 1, 2019, in Docket No. 20190088-EQ.
[2]Order No. PSC-2018-0310-PAA-EQ, issued June 12, 2018, in Docket No. 20180091-EQ, *In re: Petition for approval of revisions to standard offer for energy purchased from cogenerators and renewable generating facilities and standard offer contract for purchases of firm capacity and energy, by Florida Public Utilities Company.*

Florida Public Utilities Company
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STANDARD OFFER RATE SCHEDULES

FOR PURCHASES FROM COGENERATORS & RENEWABLE GENERATING FACILITIES

ORIGINAL VOLUME NO. I

OF

FLORIDA PUBLIC UTILITIES COMPANY

FILED WITH

FLORIDA PUBLIC SERVICE COMMISSION

Communications concerning this Tariff should be addressed to:

Florida Public Utilities Company
1750 S. 14th Street, Ste. 200
Fernandina Beach, FL 32034

Attn: Director, Regulatory Affairs

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

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Cancels First Revised Sheet No. 3

TERRITORY SERVED

FPUC serves the following divisions:

The Northwest Florida (Marianna) Division serves various cities and towns and rural communities in Jackson, Calhoun and Liberty Counties. Currently, Gulf Power is Florida Public Utilities Company's Full Requirements Wholesale Power Supplier for the Northwest Florida Division.

The Northeast Florida (Fernandina Beach) Division serves Amelia Island, located in Nassau County. Florida Power and Light is Florida Public Utilities Company's Full Requirements Wholesale Power Supplier for the Northeast Florida Division.

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Effective:

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MISCELLANEOUS GENERAL INFORMATION

Florida Public Utilities Company was incorporated under the Laws of Florida in 1924 and adopted its present corporate name in 1927.

It is principally engaged in the distribution and sale of natural gas and electricity. Its operations are entirely within the State of Florida.

The general office of the Company is located at:

1641 Worthington Road, Suite 220
West Palm Beach, Florida 33409

Division offices are located at:

2825 Pennsylvania Avenue
Marianna, Florida 32448-4004

and

780 Amelia Island Parkway
Fernandina Beach, Florida 32034

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

Florida Public Utilities Company
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TECHNICAL TERMS AND ABBREVIATIONS

When used in the Rules and Regulations or the rate schedules in this volume, the following terms shall have the meanings defined below:

A. Applicant – any person, firm, or corporation applying for electric service from the Company at one location.

B. Avoided Cost – shall be equal to the costs avoided by the Company's respective Full Requirements Wholesale Power Suppliers for its Northwest and Northeast Florida Divisions, at the time the purchase is made, as calculated by the Full Requirements Wholesale Power Suppliers in accordance with FPSC Rules 25-17.0825 and 17.0832, F.A.C., when making equivalent purchases of energy and/or capacity from a QF or from a QS, as that term is defined at Sheet No. 22.

C. Capacity Factor – the total kilowatt hours of energy delivered to the Company during a specified period, divided by the product of: (1) the maximum kilowatt capacity contractually committed for delivery to the Company by the QF during that same specified period and (2) the sum of the total hours during that same period less those hours during which the Company was unable to accept energy and capacity deliveries from the QF.

D. Capacity Rating – the QF's maximum generating capability, expressed in kilowatts, connected to the Company's electric system.

E. Company – Florida Public Utilities Company acting through its duly authorized officers or employees within the scope of their respective duties.

F. Customer – any person, firm, or corporation purchasing electric service at one location from the Company under Rules and Regulations of the Company.

G. Energy – current delivered, expressed in kilowatt-hours.

H. Full Requirements Wholesale Power Supplier - the wholesale power supplier providing energy and capacity to FPUC under a service contract that includes a load following obligation, whereby the supplier is required to meet the demand on FPUC's distribution system as that demand fluctuates on an hour by hour basis.

I. KW or Kilowatt – one thousand (1,000) watts.

J. KWh or Kilowatt-hour – one thousand (1,000) watt-hours.

K. Month – the period between any two (2) regular readings of the QF's meters at approximately thirty (30) day intervals.

Issued by: Jeffry Householder, President

Effective: JUL 13 2017

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TECHNICAL TERMS AND ABBREVIATIONS

L. Qualifying Facility or QF - means a cogenerator, small power producer, or non-utility generator that either through self-certification to, or certification by, the Federal Energy Regulatory Commission ("FERC") meets the criteria established by the FERC pursuant to the Public Utility Regulatory Policies Act of 1978, as amended, ("PURPA") or as otherwise designated by Florida Public Service Commission ("FPSC") under Rule 25-17.080, Florida Administrative Code. For purposes of this tariff, the term shall also include a Renewable Generating Facility.

M. Power Factor – ratio of kilowatts to kilovolt-amperes.

N. Renewable Generating Facility – means an electrical generating unit or group of units at a single site, interconnected for synchronous operation and delivery of electricity to an electric utility, where the primary energy in British Thermal Units (BTUs) used for the production of electricity is from one or more of the following sources: hydrogen produced from sources other than fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, or waste heat from a commercial or industrial manufacturing process, consistent with Rules 25-17.210 and 25-17.220, Florida Administrative Code

O. Service Line – all wiring between the Company's main line or transformer terminals and the point of connection to the QF's service entrance.

P. Single Service – one set of facilities over which the QF may deliver electric power to the Company.

Q. Year – a period of three hundred sixty-five (365) consecutive days except that in a year having a date of February twenty-nine (29) such year shall consist of three hundred sixty-six (366) consecutive days.

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RULES AND REGULATIONS

Applicable to As-Available and Firm Standard Offer Rate Schedules

1. General

Company shall furnish service under its rate schedules and these Rules and Regulations as approved from time to time by the Florida Public Service Commission and in effect at the time. These Rules and Regulations shall govern all service except as specifically modified by the terms and conditions of the rate schedules or written contracts. Copies of currently effective Rules and Regulations are available at the office of the Company.

Unless otherwise specifically provided in any applicable rate schedule or in a written contract by or with Company, the term of any agreement shall become operative on the day the Qualifying Facility commences delivery of electric energy and/or capacity to the Company and shall continue for a period of one (1) year and continuously thereafter until cancelled by three (3) or more days' notice by either party.

2. Application for Service

An application for service will be required by Company from each Applicant. The application or contract for service shall be in writing. Such application shall contain the information necessary to determine the type of service desired and the conditions under which service will be rendered.

The application or depositing of any sum of money by the Applicant shall not require Company to render service until the expiration of such time as may be reasonable required by Company to determine if Applicant has complied with the provisions of these Rules and Regulations and as may reasonably be required by Company to install the required facilities.

3. Election of Rate Schedule

Optional rates are available for the purchase of electric energy by the Company from a Qualifying Facility, namely, As-Available Energy and Firm Power. These optional rates and the conditions under which they are applicable are set forth in Company's Rate Schedule SOA and Rate Schedule SOF. Upon application for service or upon request, Applicant or Qualifying Facility shall elect the applicable rate schedule best suited to his requirements. Once the Qualifying Facility has elected a rate schedule, no change shall be allowed during the remaining term of the then existing contract.

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RULES AND REGULATIONS (Continued)

4. Deposits

An initial deposit in the first year of operation may be required of a Qualifying Facility who is also a purchasing customer of the Company and whose monthly dollar value of purchases from the Company are estimated to exceed the monthly dollar value of sales to the Company. Such deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the company exceed by the greatest amount the Company estimated purchased from the Qualifying Facility. The initial deposit shall be equal to twice the amount of the difference estimated for that month and shall be paid upon interconnection. For each year thereafter, a review of actual sales and purchases between the Qualifying Facility and the Company shall be made to determine the actual month of maximum difference. The deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.

In lieu of a cash deposit, a Qualifying Facility may,
(a) Furnish a satisfactory guarantor to secure payment of bills for the service requested, with such guarantor required to be a customer of the Company with a satisfactory payment record.
(b) Furnish an irrevocable letter of credit from a bank.
(c) Furnish a surety bond.

Retention by Company, prior to a final settlement, of said deposit shall not be considered as payment or part payment of any bill for service. Company shall, however, apply said deposit against unpaid bills for service. In such case, Qualifying Facility shall be required to restore deposit to original amount within 30 days.

Company shall pay interest on deposits annually at the rate of two per cent (2%) per annum. No Qualifying Facility shall be entitled to receive interest on his deposit until and unless the deposit has been in existence for a continuous period of six months; then he shall be entitled to receive interest from the day of placement of deposit. Deposits shall cease to bear interest upon discontinuance of service.

Upon discontinuance of service, the deposit and accrued interest shall be credited against the final account and the balance, if any, shall be returned promptly to the qualifying Facility, but in no event later than fifteen (15) days after service is discontinued.

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RULES AND REGULATIONS (Continued)

5. Metering

Company shall specify the type of meter or meters that shall be installed to properly measure purchases of capacity and energy from Qualifying Facility. The cost of such meters and their installation shall be borne by the Qualifying Facility. Time-differentiated recording meters may be required by the Company when:

(a) A time record of measured capacity and/or energy purchased is required by the Company to determine the proper billing units.

When a Qualifying Facility is also a purchasing Customer of the Company, the measurement of such purchases by the Qualifying Facility shall be through a separate meter or meters apart from the meter or meters measuring sales to the Company. The cost of meters for measuring purchases by Customer shall be borne by the Company.

Before installation and periodically thereafter, each meter shall be tested and adjusted using methods and accuracy limits prescribed or approved by the Florida Public Service Commission. Periodic test and inspection intervals shall not exceed the maximum period allowed by the Florida Public Service commission.

If, on test, the meter is found to be in error in excess of the prescribed accuracy limits, fast or slow, the amount of refund or charge to the Qualifying Facility shall be determined by methods prescribed or approved by the Florida Public Service Commission.

In the event of stoppage or failure of any meter to register, Qualifying Facility may be paid for such period on an estimated basis; using data on electric energy delivered to Company in a similar period or such other data as may be reasonably obtainable to aid in determining estimated deliveries.

6. Billing and Payments

A. Meter Reading and Payment Schedules

Each Qualifying Facility's meter will be read by the Company at monthly intervals as near as possible to the last day of each calendar month. The Company will prepare the bill and render payment to the Qualifying Facility for purchases during the preceding calendar month within twenty (20) business days following the day the meter is read. Details of the billing units and the applicable rates will accompany payment.

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RULES AND REGULATIONS (Continued)

B. Selection of Billing Methodology

Qualifying Facility may elect to make either simultaneous purchases and sales or net sales to the Company. Once made, the selection of a billing methodology may be changed at the option of the Qualifying Facility, subject to the following provisions:

(1) not more frequently than once every twelve (12) month;

(2) to coincide with the next Fuel and Purchased Power Cost Recovery Factor billing period;

(3) upon at least thirty (30) days' advance written notice;

(4) upon the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such metering equipment and its installation;

(5) upon completion and approval by the Company of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such alterations; and

(6) where the election to change billing methods will not contravene the provisions of the tariff under which the Qualifying Facility receives service from the Company or any other previously agreed upon contractual provisions between the Qualifying Facility and the Company.

Should Qualifying Facility elect to make simultaneous purchases and sales, purchases of electric service by the Qualifying Facility from the Company shall be billed at the retail rate schedule under which the Qualifying Facility would receive service as a non-generating customer of the Company; sales of electricity by the Qualifying Facility to the Company shall be purchased at the Company's applicable rate for such purchases.

Should Qualifying Facility elect to make net sales, the monthly energy and capacity sales to the Company shall be purchased at the Company's applicable rate for such purchases. For those months during which Qualifying Facility is a net purchaser, purchases shall be billed at the Company's retail rate schedule under which the Qualifying Facility would receive service as a non-generating customer of the Company.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

RULES AND REGULATIONS (Continued)

Where simultaneous purchases and sales are made by Qualifying Facility, payments to Qualifying Facility may, at the option of Qualifying Facility, be shown as a credit to Qualifying Facility's bill. Details of the billing units and the applicable rates will accompany the bill to Qualifying Facility. A credit will not exceed the amount of the Qualifying Facility's bill from Company and the excess, if any, will be paid to the Qualifying Facility.

7. Interconnection and Standards

Rule 25-17.87 of the Florida Public Service Commission will apply. Copies of this rule are available upon request at the office of the Company.

8. Responsibilities of Qualifying Facilities Providing Power for Purchase by Company

Company shall have the right to enter the premises of Qualifying Facility at all reasonable hours for the purpose of making such inspection of Qualifying Facility's installation as may be necessary for the proper application of Company's rate schedules and Rules and Regulations for installing, removing, testing, or replacing its apparatus or property; for reading meters; and for the entire removal of Company's property in event of termination of service for any reason.

All property of Company installed in or upon a Qualifying Facility's premises used and useful in supplying service is placed there under the Qualifying Facility's protection. All reasonable care shall be exercised by the Qualifying Facility to prevent loss or damage to such property and, ordinary wear and tear excepted, Qualifying Facility will be held liable for any such loss of property or damage thereto and shall pay to Company the cost of necessary repairs or replacements.

Qualifying Facility will be held responsible for breaking the seals, tampering or interfering with Company's meter or meters or other equipment of Company installed on Qualifying Facility's premises, and no one except employees of Company will be allowed to make any repairs or adjustments to any meter or other piece of apparatus belonging to Company except in case of emergency.

Qualifying Facility shall not increase the capacity rating of its electric generating equipment connected to the Company's system without first notifying Company in writing and obtaining written consent.

Company shall have the right, if necessary; to construct its poles, lines and circuits on Qualifying Facility's property and to place its transformers and other apparatus on the property or within the buildings of Qualifying Facility, at a point or points convenient for such purposes, and Qualifying Facility shall provide suitable space for such installation.

Company shall have the right to require, if necessary, the installation of such remote metering equipment as may be necessary for Qualifying Facility to properly monitor Company's load at the delivery point of the Company's Full Requirements Wholesale Power Supplier on the system to which Qualifying Facility is connected. The cost of such installation shall be borne by Qualifying Facility.

9. Responsibilities and Obligations of Company

Company will use reasonable diligence to purchase electric energy and/or capacity from Qualifying Facility as may be practically and safely allowable within the limits of load and line capacity on the Company's system to which Qualifying Facility is connected. Company may interrupt its purchases hereunder, however, for the purpose of making necessary alterations and repairs, but only for such time as may be reasonable or unavoidable, and Company shall give Qualifying Facility, except in case of emergency, reasonable notice of its intention so to do, and shall endeavor to arrange such interruption so as to inconvenience Qualifying Facility as little as possible.

Whenever Company deems an emergency warrants interruption or limitation in the service being rendered, such interruption or limitation shall not constitute a breach of contract and shall not render Company liable for damages suffered thereby or excuse Qualifying Facility from further fulfillment of the contract.

Company shall not be liable to Qualifying Facility for any loss, injury, or damage from use of Qualifying Facility's equipment or from the use of electric service furnished by Company or from the connection of Company's facilities with Qualifying Facility's wiring and equipment.

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RULES AND REGULATIONS (Continued)

10. Force Majeure

Except for payment of bills due, neither the Company nor the Qualifying Facility shall be liable in damage to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraint of rules and peoples, civil disturbances, explosions, breakage or accident to machinery or electric lines, temporary failure of electric supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Qualifying Facility or any other person or concern not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

11. Discontinuance of Service

The Company reserves the right, but assumes no liability for failure so to do, to discontinue service to or from any Qualifying Facility for cause as follows:

A. Without notice,

(1) If a dangerous condition exists on Qualifying Facility's wiring or energy-generation devices.

(2) Because of a fraudulent use of the service or tampering with Company's equipment.

(3) Upon request by Qualifying Facility, subject to any existing agreement between Qualifying Facility and Company as to unexpired term of service.

B. After five (5) working days' notice in writing,

(1) For nonpayment of bill for electric service.

(2) For refusal or failure to make a deposit or increase a deposit, when requested, to assure payment of bills.

(3) For a violation of these Rules and Regulations which Qualifying Facility refuses or neglects to correct.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

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RULES AND REGULATIONS (Continued)

12. Reconnection of Service

When service shall have been disconnected for any of the reasons set forth in these Rules and Regulations, Company shall not be required to restore service until the following conditions have been met by Qualifying Facility.

A. Where service was discontinued without notice,

(1) The dangerous condition shall be removed and, if the Qualifying Facility had been warned of the condition a reasonable time before the discontinuance and had failed to remove the dangerous condition, a reconnection fee of fifty two dollars ($52.00) shall be paid.

(2) All bills for service due Company by reason of fraudulent use or tampering shall be paid, a deposit to guarantee the payment of future bills shall be made, and a reconnection fee of fifty two dollars ($52.00) shall be paid.

(3) If reconnection is requested on the same premises after discontinuance, a reconnection fee of fifty two dollars ($52.00) shall be paid.

B. Where service was discontinued with notice,

(1) Satisfactory arrangements for payment of all bills forservice then due shall be made and a reconnection fee of fifty two dollars ($52.00) shall be paid.

(2) A satisfactory guarantee of payment for all future bills shall be furnished and a reconnection fee of fifty two dollars ($52.00) shall be paid.

(3) The violation of these Rules and Regulations shall be corrected and a reconnection fee of fifty two dollars ($52.00) shall be paid.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

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RULES AND REGULATIONS (Continued)

13. Limits of Purchases/Changes

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will jeopardize the reliable, safe and proper operation of its distribution system and/or jeopardize service to existing Customers at fair and reasonable rates. Qualifying Facilities providing energy and/or capacity hereunder further recognize that the applicable avoided cost may change, from time to time, and payments hereunder will change to reflect the appropriate avoided cost. In the event that any change in applicable federal or state law renders service under this tariff uneconomic or otherwise unduly burdensome to the Company and its customers or the FPSC denies cost recovery for any purchases made pursuant to this tariff, the Company may seek relief from its obligations hereunder from the appropriate jurisdictional authority.

14. Special Contracts

The Company and a Qualifying Facility may enter into a separately negotiated contract for the purchase of capacity and/or energy which varies from the terms and conditions specified in these Rules and Regulations and rate schedules. All such contracts will be filed with the Florida Public Service Commission in accordance with its applicable rules and regulations.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

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SOA Rate Schedule

STANDARD OFFER AS AVAILABLE (SOA) RATE SCHEDULE

Availability
The Company will purchase energy offered by any Qualifying Facility with delivery to either of the two individually operated areas served by the Company, both of which are located in the northern part of Florida.

The Northwest Florida (Marianna) Division serves various cities and towns and rural communities in Jackson, Calhoun and Liberty Counties.

The Northeast Florida (Fernandina Beach) Division serves Amelia Island, located in Nassau County.

Applicability
To any Qualifying Facility located in the State of Florida and producing energy for sale to the Company on an As-Available basis. As-Available Energy is described by Florida Public Service Commission (FPSC) Rule 25-17.0825, F.A.C. and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required.

Character of Service
Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service
All service pursuant to this schedule is subject to FPSC Rules 25-17.080 through 25-17.091, Florida Administrative Code.

Rate for Purchases by the Company

1. Capacity Rates

   A. Capacity payments to Qualifying Facilities will not be paid under this Rate Schedule. Capacity payments to Qualifying Facilities may be obtained under Rate Schedule SOF, Firm Power, or pursuant to a negotiated contract.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

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Cancels First Revised Sheet No. 18

SOA Rate Schedule (Continued)

Continued from Sheet No. 17

2. Energy Rates

A. As-Available energy is purchased at a unit cost based on the Avoided Cost, as defined in this Tariff, as applicable to the relevant Company Division. Payments for As-Available Energy to the QF shall only be made for energy that the Company can utilize to meet total system load for the division to which the deliveries are made.

B. Details on Gulf Power's avoided costs, the current Full Requirements Wholesale Power Supplier for Northwest Division, can be reviewed in their Rate Schedule COG-1. Details on Florida Power and Light's avoided costs, as the current Full Requirements Wholesale Power Supplier for the Northeast Division, can be reviewed in their Renewable Energy Standard Offer Contract within their Tariff.

C. A fixed percentage factor for avoided line losses (if any) will be determined by the Company for each QF based upon the locations of the QF on the Company's distribution system and the applicable voltage level.

D. Energy payments to a QF will be reduced by: (1) the amount of any charges assessed by the Company's Full Requirements Wholesale Power Supplier to the Company pursuant to contract as a result of the delivery of energy to the Company by the QF; and (2) any additional administrative, technical, or legal costs incurred by the Company as a direct result of the delivery of energy to the Company by the QF.

3. Negotiated Rates

Upon agreement by both the Company and the Qualifying Facility, an alternate contract rate for the purchase of As-Available Energy may be separately negotiated.

Issued by: Jeffry Householder, President

Effective: JUN 5 2018

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Original Sheet No. 19

SOA Rate Schedule (Continued)

Continued from Sheet No. 18

4. Charges to Qualifying Facility

A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.

B. Interconnection Charge for Non-Variable Utility Expenses
The QF shall bear the cost required for the interconnecting the QF, including metering. The QF shall have the option of payment in full for interconnection or making equal monthly installment payments with interest over a period not exceeding 36 months toward the full cost of such interconnection. In the event that the QF elects the monthly installment option, the initial contract term of service shall not be less than the total months over which such installment payments are to be made.

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

D. Taxes and Assessments
The Qualifying Facility shall be billed monthly an amount equal to any taxes, assessments or other impositions, for which the Company is liable as a result of its purchases of As-Available Energy produced by the Qualifying Facility. In the event the Company receives a tax benefit as a result of its purchases of As-Available Energy produced by the Qualifying Facility, the Qualifying Facility shall be entitled to a refund in an amount equal to such benefit.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

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Original Sheet No. 20

SOA Rate Schedule (Continued)

Continued from Sheet No. 19

Terms of Service

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.

2. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.

3. A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.97, F.A.C., and the following:

   A. In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.

   B. For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.

4. The Company shall specify the point of interconnection and voltage level.

5. The Company will, under the provisions of this schedule, require an agreement with the Qualifying Facility upon the Company's filed Standard Interconnection Agreement for parallel operation between the Qualifying Facility and the Company. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's General Standards for Safety and Interconnection where applicable.

6. Service under this Schedule is subject to the Rules and Regulations of the Company and the Rules and Regulations of the Florida Public Service Commission.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 21

SOA Rate Schedule (Continued)

Continued from Sheet No. 20

7. The minimum term for any standard offer contract entered into pursuant to this rate schedule shall be five (5) years from the in-service date of the avoided unit up to a maximum of the life of the avoided unit for any qualifying facility that is a co-generator or small power producer with a design capacity of 100 kW or less, or ten (10) years from the in-service date of the avoided unit up to a maximum of the life of the avoided unit for a qualifying renewable generating facility.

Special Provisions

1. Special contracts deviating from the above Schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2. For a Qualifying Facility in the Company's service territory that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 22

SOF Rate Schedule

STANDARD OFFER FIRM (SOF) RATE SCHEDULE

Availability

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Small Qualifying Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by any Qualifying Facility with a design capacity of 100 KW or less or from a Renewable Generating Facility qualifying for this Schedule in accordance with Rule 25-17.250, Florida Administrative Code. For purposes of this SOF Rate Schedule only, both of these types of facilities shall also be referred to jointly herein as Qualified Seller or "QS".

The Company will purchase firm capacity and energy under this schedule offered by any Qualified Seller located within the State of Florida with delivery to either of the two individually operated areas served by the Company, both of which are located in the northern part of Florida.

The Northwest Florida (Marianna) Division serves various cities and towns and rural communities in Jackson, Calhoun and Liberty Counties.

The Northeast Florida (Fernandina Beach) Division serves Amelia Island, located in Nassau County.

Applicability

To Qualifying Facilities, with a design capacity of 100 KW or less, as specified in FPSC Rule 25-17.0832(4)(a) producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract" or to a Renewable Generating Facility producing capacity and energy for sale to the Company on a firm basis pursuant to the 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 or Renewable Generating Facility pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 23

SOF Rate Schedule (Continued)

Continued from Sheet No. 22

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

All service pursuant to this schedule is subject to FPSC Rules 25-17.080 through 25-17.091, Florida Administrative Code.

Purchases under this schedule are subject to the Company's current standards for safety and interconnection and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Qualifying Sellers that:

A. Beginning upon the date, as prescribed by the FPSC, that a Standard Offer is deemed available, execute the Company's Standard Offer Contract for the purchase of firm capacity and energy; and

B. Commit to commence deliveries of firm capacity and energy no later than the date specified by the QS's owner or representative. Such deliveries will continue for a minimum of ten (10) years from the anticipated in-service date of the Company's Avoided unit or resource up to a maximum of the life of the Company's Avoided unit or resource.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

SOF Rate Schedule (Continued)

Continued from Sheet No. 23

Rate for Purchases by the Company

1. Capacity and Energy Rates

   A. Firm Capacity and Energy are purchased at a unit cost, based on the Avoided Cost, as defined in this Tariff, for the relevant Company Division. Payments to the QS shall only be made for capacity and energy that the Company can utilize to meet its total system load for the division to which the deliveries are made.

   B. Details on Gulf Power's avoided capacity and energy costs, the current Full Requirements Wholesale Power Supplier for the Northwest Division, can be reviewed in their Rate Schedule COG-2. Details on Florida Power and Light's avoided capacity and energy costs, as the current Full Requirements Wholesale Power Supplier for the Northeast Division, can be reviewed in their Renewable Energy Standard Offer Contract within their Tariff.

   C. Payments will be made to the Qualifying Seller at the Avoided Cost for the applicable delivery division for each KW of billing capacity and kwh of energy provided - less: (1) the amount of any charges assessed by the Company's Full Requirements Wholesale Power Supplier to the Company pursuant to contract as a result of the delivery of energy to the Company by the QS; and (2) any additional administrative, technical, or legal costs incurred by the Company as a direct result of the delivery of energy to the Company by the QS.

   D. In the event that a delivery of energy and capacity by a QS does not allow the Company to avoid a capacity payment to its Full Requirements Wholesale Power Supplier, the QS will only be eligible for an Energy payment and will not receive payments for delivery of Billing Capacity.

   E. A fixed percentage factor for avoided line losses (if any) will be determined by the Company for each QF based upon the locations of the QF on the Company's distribution system and applicable voltage level.

2. Determination of Billing Capacity:

   A. The billing capacity in any month shall be based upon the KW capacity supplied by the QS during that month or a previous month valued at a rate equal to the Company's respective Full Requirements Wholesale Power Supplier's avoided cost of the same amount of capacity during the relevant period as calculated in accordance with FPSC Rule 25-17.0832, F.A.C. and reflected in the Full Requirements Wholesale Power Supplier's tariff on file with the FPSC.

Florida Public Utilities Company
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Original Sheet No. 24.1

SOF Rate Schedule (Continued)

Continued from Sheet No. 24.0

2. Determination of Billing Capacity:

   A. The billing capacity in any month shall be based upon the KW capacity supplied by the QS during that month or a previous month valued at a rate equal to the Company's respective Full Requirements Wholesale Power Supplier's avoided cost of the same amount of capacity during the relevant period as calculated in accordance with FPSC Rule 25-17.0832, F.A.C. and reflected in the Full Requirements Wholesale Power Supplier's tariff on file with the FPSC.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 25

SOF Rate Schedule (Continued)

Continued from Sheet No. 24

3. Measurement

A. The QS's capacity input shall be measured on a time-differentiated demand meter. A QS within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from a QS outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the Company's Full Requirements Wholesale Power Supplier.

4. Charges to the QS:

A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QS for the purchase of energy from the Company.

B. Interconnection Charge for Non-Variable Utility Expenses
The QS shall bear the cost required for the interconnecting the QS, including metering. The QS shall have the option of payment in full for interconnection or making equal monthly installment payments with interest over a period not exceeding 36 months toward the full cost of such interconnection. In the event that the QS elects the monthly installment option, the initial contract term of service shall not be less than the total months over which such installment payments are to be made.

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

D. Taxes and Assessments
The Qualifying Seller shall be billed monthly an amount equal to any taxes, assessments or other impositions, for which the Company is liable as a result of its purchases of Firm Capacity and Energy produced by the Qualifying Seller. In the event the Company receives a tax benefit as a result of its purchases of Firm Capacity and Energy produced by the Qualifying Seller, the Qualifying Seller shall be entitled to a refund in an amount equal to such benefit.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 26

SOF Rate Schedule (Continued)

Continued from Sheet No. 25

Term of Service

1. It shall be the QS's responsibility to inform the Company in writing of any change in the QS's electric generating capacity.

2. Any electric service delivered by the Company to the QS shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.

3. A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.97, F.A.C., and the following:

   A. In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Seller's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Qualifying Seller. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.

   B. For each year thereafter, a review of the actual sales and purchases between the Qualifying Seller and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Seller exceed the actual sales to the Company in that month.

4. The Company shall specify the point of interconnection and voltage level.

5. The Company will, under the provisions of this schedule, require an agreement with the Qualifying Seller upon the Company's filed Standard Interconnection Agreement for parallel operation between the Qualifying Seller and the Company. The Qualifying Seller shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's General Standards for Safety and Interconnection where applicable.

6. Service under this Schedule is subject to the rules and regulations of the Company and the rules and regulations of the Florida Public Service Commission.

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Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 27

SOF Rate Schedule (Continued)

Continued from Sheet No. 26

Special Provisions

1. Special contracts deviating from the above Schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2. For a Qualifying Seller in the Company's service territory that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.

3. As a means of protecting the Company's customers from the possibility of a Qualifying Seller not coming on line as provided for under an executed Standard Offer Contract and in order to provide the Company with additional and immediately available funds for its use to secure replacement and reserve power in the event that the QS fails to successfully complete construction and come on line in accord with the executed Standard Offer Contract, the Company requires that a cash completion security deposit equal to $20 per KW of the nameplate capacity of the QS's generator unit(s) at the time the Company's Standard Offer Contract is executed by the QS. At the election of the QS, the completion security deposit may be phased in such that one half of the total deposit due is paid at contract execution and the remainder within 12 months after contract execution.

   Depending on the nature of the QS's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following, at the Company's discretion, may be used as an alternative to a cash deposit as a means of securing the completion of the QS's project in accord with the executed Standard Offer Contract:

   1. an unconditional, irrevocable direct pay letter; or
   2. surety bond; or
   3. other means acceptable to the Company.

   The Company will cooperate with each QS seeking an alternative to a cash security deposit as an acceptable means of securing the completion of the QS's installation in accord with an executed Standard Offer Contract. The Company will endeavor in good faith to accommodate an equivalent to a cash security deposit which is in the best interests of both the QS and the Company's customers.

   In the case of a governmental solid waste QS, pursuant to Subsection 366.91 (3), Florida Statutes and FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company.

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Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 28

SOF Rate Schedule (Continued)

Continued from Sheet No. 27

The unsecured promise of a municipal, county, or state government that it will pay the actual damages incurred by the Company because the governmental Facility fails to come on line prior to the planned in-service date for the Avoided Unit or Resource.

4. Given the terms and conditions ultimately set in the Standard Offer Contract, additional security requirements may be specified by the Company.

5. Company may decline to execute a Standard Offer Contract and seek relief from the FPSC, in accordance with FPSC Rule 5-17.0832(c), Florida Administrative Code, if the Company perceives that the offer will exceed the load requirements on its system or it obtains material evidence showing that because the qualifying facility is not financially or technically viable, it is unlikely that the committed capacity and energy would be made available to the utility by the date specified in the standard offer.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

FLORIDA PUBLIC UTILITIES COMPANY

STANDARD OFFER CONTRACT FOR FIRM PURCHASES FROM
SMALL QUALIFYING FACILITIES AND
QUALIFYING RENEWABLE GENERATING FACILITIES
WITNESSETH:

That, in consideration of the terms and covenants hereinafter contained and incorporated herein by reference, the parties hereto agree as follows:

1. The customer has a means of generating electric energy at the following location:

   _____
   _____

   and agrees to meet Florida Public Service Commission Rule 25-17.87, Interconnection and Standards. This rule outlines the general standards for safety and interconnection to Company lines and is attached hereto as Exhibit.

2. The generating plant is described as follows:

   A. Qualifying small power producer _ or cogenerator ___.

   B. Power Source (solar, wind, steam, hydro, etc.)_____.

   C. Manufacturer's Name and Address:
   _____.
   _____.
   _____.

   D. Manufacturer's Reference Number, Type, Style, Model Number, etc.:
   _____.

   E. Manufacturers Serial Number:
   _____.

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
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Original Sheet No. 30

Continued from Sheet 29

F. Name Plate Rating:
_____.

G. Maximum Rate of Energy Delivery to Company ___ KVA.

H. Normal Rate of Energy Delivery to Company ___ KVA.

I. Firm Capacity Delivered to Company ___ KW.

J. Normal Monthly Energy Delivery to Company _____ KWH.

K. Other Pertinent Data:
_____.
_____.

3. The Qualifying Facility agrees to abide by the terms and provisions of Rate Schedule SOF, which is attached hereto as an Exhibit, and included in Company's Standard Offer Rate Schedule on file with the Florida Public Service Commission.

4. Energy and capacity (if applicable) purchased by Company from Qualifying Facility under the terms of this contract will be paid for in accordance with Rate Schedule SOF as approved by the Florida Public Service Commission, which may be modified from time to time in accordance with applicable law.

5. Standby, maintenance and supplementary power for the operation of the electric generating system and associated cogeneration plant load, if applicable, will be supplied separately under the Company's applicable filed standard rate schedules.

6. The Qualifying Facility shall pay the Company on or before the effective date of this Agreement a charge of _____(Dollars) for equipment modifications and services furnished solely due to the interconnection of the Qualifying facility's generator to the Company's system. The Qualifying Facility may, at its option, pay the above amount in _____ equal monthly installments beginning with the effective date of this Agreement. In such event Qualifying Facility agrees to pay Company by the 15th of each month _____(Dollars) per month, plus interest at the 30-day Commercial Paper Rate as published in the Wall Street Journal, on the first business day of the month.

   When Qualifying Facility has elected to make the above payment in installments, Qualifying Facility agrees to pay Company any amount which may be due Company by Qualifying facility on any account according to the terms of this Agreement, Qualifying Facility hereby waives all exemptions under the constitution and laws of the State of Florida, or any other state as to personal property and agrees to pay all costs of collecting any such amounts, including a reasonable attorney's fee if said amounts are not paid when due.

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 31

Continued from Sheet No. 30

7. The metering system for the electric generating equipment will be installed by Company at Qualifying Facility's expense. The meter(s) for purchase of energy and capacity (if applicable) will be located to measure the net output of the generator or the net surplus of energy from the Qualifying Facility's installation.

8. If at any time Qualifying Facility desires to decrease or increase the capacity to be maintained by Qualifying facility as set forth in this Agreement, Qualifying Facility shall give written notice thereof, to Company and Company shall as soon thereafter as reasonably practical, submit to Qualifying Facility a proposal outlining the rates, terms and conditions under which such changes in capacity may be rendered subject to the rules, regulations and conditions under which Company may then be operating.

9. In the event the Qualifying Facility's maximum output of capacity to the Company at any time exceeds the capacity required to be maintained by ten percent (10%) or more Qualifying Facility shall be liable for all resulting damage to Company's facilities and equipment and Company may interrupt the service without notice to Qualifying Facility but shall be under no duty to do so.

10. Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that may jeopardize the safe and proper operation of its distribution system and/or alterations in its contractual requirements of supply from its Full Requirements Wholesale Power Supplier that may jeopardize service to existing Customers and/or existing Qualifying Facilities. Therefore, from time to time, Company, upon prior notice to Qualifying Facility may decline to accept Energy and/or Capacity delivered hereunder during any given hour, due to an emergency condition, or due to the reasons set forth below. Company shall not be obligated to purchase and may require curtailed or reduced deliveries of Energy and/or Capacity, to the extent necessary to maintain the reliability and integrity of any part of Company's system, or if Company determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to Company's customers. Company shall use commercially reasonable efforts to give Qualifying Facility as much prior notice as reasonably practicable of its intent to refuse, curtail or reduce its acceptance of Energy and/or Capacity pursuant to this Section 10 and will use commercially reasonable efforts to minimize the frequency and duration of such occurrences. Such interruptions shall not constitute a breach of this Agreement.

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Effective: NOV 11 2016

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. 1

Original Sheet No. 32.1

Continued from Sheet No. 31

11. The Company reserves the right, but assumes no liability for failure so to do, to discontinue service from the Qualifying Facility for cause as follows:

    A. Without notice if a dangerous condition exists as a result of energy delivered by the Qualifying Facility to Company.

    B. After five (5) working days' notice in writing, for a violation of the Company's Tariff Rules and Regulations which Qualifying Facility refuses or neglects to correct.

    When service has been disconnected for any of the reasons set forth in this Section 11, Company shall not be required to restore service until the following conditions have been met by the Qualifying Facility:

    A. Where service was discontinued without notice, the dangerous condition shall be removed and, if the Qualifying Facility had been warned of the condition a reasonable time before the discontinuance and had failed to remove the dangero

    B. Where service was discontinued with notice, the violation of Section 12 of this Agreement s

12. Notwithstanding any other provisions of this Agreement, Company shall have the right to terminate this Agreement, by written notice to Seller giving the reasons therefore, without cause, liability or obligation, if any approval from any Governmental Body having jurisdiction thereof necessary for Company to enter into this Agreement or to allow full recovery by Company from its customers of all payments required to be made by this Agreement shall no longer be in full force and effect, and some portion or all of such payments shall have become disqualified for such recovery in contravention of FPSC Order No. 25668, issued February 23, 1992.

13. Liability insurance in the amount of two million seven hundred fifty thousand dollars ($2,750,000.
    shall be furnished by Qualifying Facility and certified by his agent annually and upon any change

14. With the exception of Workers' Compensation, Company shall be named as an additional insured under the Qualifying Facility's Insurance. The Qualifying Facility's Insurance shall be deemed primary to any coverage maintained by Company and shall provide, to extent allowed by law, for the waiver of any rights of subrogation against the Company. Any

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

Continued from Sheet No. 32.1

deductibles or retentions shall be the sole responsibility of the Qualifying Facility. Compliance by the Qualifying Facility with the provisions herein shall not serve as a limitation of Qualifying Facility's liability. Failure to comply with all of these provisions will not serve as a waiver by the Company of any rights with regard to coverage required by this Agreement.

15. A surety bond in an amount not to exceed two hundred fifty thousand dollars ($250,000) shall be required to guarantee repayment to Company any monies that may be due Company for Interconnection costs borne by Company in Qualifying Facility's behalf. If applicable, a second surety bond in an amount not to exceed one hundred thousand dollars ($100,000) shall be required to guarantee capacity payment refunds and penalties in the event of Qualifying Facility's failure to deliver capacity in accordance with this agreement.

Florida Public Utilities Company
F.P.S.C. Standard Offer Rate Schedule
Original Volume No. I

Original Sheet No. 33

16. Qualifying Facility agrees to accept and be bound by all rules and regulations of Company in connection with the service hereby covered, which are now or may hereafter be filed with, issued or promulgated by the Florida Public Service.

17. Qualifying Facility ___is/___ is not directly interconnected to Company. If Qualifying Facility is not directly interconnected to Company amounts of energy delivered to the wheeling utility in excess the amount scheduled for delivery to Company shall be classified as inadvertent energy. Such inadvertent energy flows shall be resolved between the Qualifying Facility and the wheeling utility and will not affect the energy scheduled and delivered from the wheeling utility to the Company. Company shall only be responsible for payments for energy scheduled for delivery, delivered to, and metered at, the delivery point between the wheeling utility and the Company.

18. Whenever written notice is required to be given by either party it shall be by registered mail, return receipt required. Any period designated for notice shall commence on the date of mailing.

19. This Agreement shall become effective on the _____day of _____, and shall be in full force and effect for a period of _____ (years) and shall continue thereafter until terminated by either party by written notice sixty (60) days prior to termination. This Agreement shall be binding upon and extend to the heirs, or successors and assigns of the respective parties hereto shall not be assigned without prior written consent of Company.

20. This Agreement is to be consummated only by the written approval of Company as required below; no other contract and no other agreement, consideration or stipulation modifying or changing the tenure thereof shall be recognized or binding unless they are so approved.

21. Any notice required or permitted to be given hereunder shall be in writing and shall be: (i) personally delivered; (ii) transmitted by posted prepaid certified mail; (iii) transmitted by a recognized overnight courier service; or (iv) transmitted by electronic mail with a request for electronic receipt confirmation, to the receiving Party as follows, as elected by the Party giving such notice:

For Qualifying Facility	For Company
With a copy to:	P. Mark Cutshaw Florida Public Utilities Company 1750 S. 14th Street, Suite 200 Fernandina Beach, Florida 32034 mcutshaw@fpuc.com

Continued from Sheet No. 33

Issued by: Jeffry Householder, President

Effective: NOV 11 2016

22. All notices and other communications shall be deemed to have been duly given on: (i) the date of receipt if delivered personally; (ii) the date of receipt if transmitted by mail; (iii) the date of receipt if transmitted by courier; or (iv) the date of transmission with confirmation if transmitted by electronic mail, whichever shall first occur. Any Party may change its address or other contact information for purposes hereof by notice to the other Party.

23. Within ten (10) days of execution, Company shall submit this Agreement to the FPSC in accordance with Rule 25-17.0825(1) (b), F.A.C. Qualifying Facility and Company each agree to abide by any and all applicable regulatory rulings or orders issued by the FPSC or any other Governmental Body having jurisdiction with regard to the matters governed by this Agreement.

24. This Agreement may be executed in two (2) or more counterparts, all of which will be considered one and the same Agreement and each of which will be deemed an original.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

Attest: **FLORIDA PUBLIC UTILITIES COMPANY**

_____ By_____
Title_____

Date _____

Attest: **("QUALIFYING FACILITY")**

_____ By_____
Title_____

Date _____

Item 2

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Perez, Snyder, D. Smith, Mouring)
Division of Economics (Guffey, Draper)
Division of Engineering (P. Buys, Doehling, Thompson, Wooten, Ellis, Graves)
Office of the General Counsel (Simmons, J. Crawford, A. King)

RE: Docket No. 20190038-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Michael, by Gulf Power Company.

AGENDA: 05/14/19 – Regular Agenda – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: 07/01/19 (Requested Implementation Date)

SPECIAL INSTRUCTIONS: None

Case Background

On February 6, 2019, Gulf Power Company (Gulf or Company) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover a total of $342 million for incremental restoration costs related to Hurricane Michael and to replenish its storm reserve. In its petition, Gulf asserts that as a result of Hurricane Michael, Gulf incurred total retail recoverable costs of approximately $350 million less the $48 million pre-storm balance of the storm reserve, resulting in net recoverable costs of $302 million. In addition, Gulf proposes to replenish its storm reserve to the $41 million balance as of December 31, 2016. The $342 million includes interest of $15.3 million on the unamortized storm reserve balance. Gulf filed its petition pursuant to the provisions of the Stipulation and Settlement

Agreement (SSA) approved by the Commission in Order No. PSC-2017-0178-S-EI.[1] Pursuant to Paragraph 7(a) of the SSA, Gulf can recover storm costs, not exceeding $4.00/1,000 kWh on monthly residential customer bills, on an interim basis, beginning 60 days following the filing of a petition for recovery. In addition, pursuant to Paragraph 7(b), Gulf may petition the Commission to allow for a charge greater than $4.00/1,000 kWh, or a period longer than 12 months, if costs exceed $100 million in a calendar year. In its petition, Gulf has requested an interim storm restoration recovery charge of $8.00/1,000 kWh on a residential bill, effective with the first billing cycle for April 2019. On March 13, 2019, Gulf requested that the Commission suspend the 60-day timeframe set forth in the SSA, and requested that the Commission approve the storm restoration recovery charge to become effective with the first billing cycle in July 2019. The Company estimates that the proposed recovery charge will need to be in effect for approximately 60 months.

The Office of Public Counsel's intervention in this docket was acknowledged in Order No. PSC-2019-0087-PCO-EI, issued March 6, 2019.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes.

[1] Order No. PSC-2017-0178-S-EI, issued May 16, 2017, in Docket No. 160186-EI, *In re: Petition for rate increase by Gulf Power Company;* and Docket No. 160170-EI, *In re: Petition for approval of 2016 depreciation and dismantlement studies, approval of proposed depreciation rates and annual dismantlement accruals and Plant Smith Units 1 and 2 regulatory asset amortization, by Gulf Power Company*.

Discussion of Issues

Issue 1: Should the Commission authorize Gulf to implement an interim storm restoration recovery charge?

Recommendation: Yes. The Commission should authorize Gulf to implement an interim storm restoration recovery charge, subject to refund. Once the total actual storm costs are known, Gulf should be required to file documentation of the storm costs for Commission review and true up of any excess or shortfall. (Perez, Mouring)

Staff Analysis: As stated in the Case Background, Gulf filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover a total of $342 million for the incremental restoration costs related to Hurricane Michael and to replenish its storm reserve. The requested recovery of $342 million represents net retail recoverable costs of approximately $302 million, plus an additional $41 million to replenish the storm reserve to the balance that existed on December 31, 2016.[2] In addition, the $342 million includes interest on the unamortized storm reserve balance of $15.3 million. Gulf has requested an interim storm restoration recovery charge of $8.00 on a monthly 1,000 kWh residential bill, effective with the first billing cycle for July 2019. The Company estimates that the proposed recovery charge will need to be in effect for approximately 60 months.

In its petition, Gulf asserts that it incurred total retail recoverable costs of approximately $350 million as a result of Hurricane Michael. Gulf represented that this amount was calculated in accordance with the Incremental Cost and Capitalization Approach (ICCA) methodology prescribed in Rule 25-6.0143, Florida Administrative Code (F.A.C.). The net retail recoverable costs of $302 million were determined by reducing the $350 million total costs by the pre-storm storm reserve balance of $48 million. The SSA also allows Gulf to request the replenishment of its storm reserve to the $41 million balance that existed on December 31, 2016.

The approval of an interim storm restoration recovery charge is preliminary in nature and is subject to refund pending a further review once the total actual storm restoration costs are known. After the actual costs are reviewed for reasonableness and prudence, and are compared to the actual amount recovered through the interim storm restoration recovery charge, a determination will be made whether any over/under recovery has occurred. The disposition of any over/under recovery, and associated interest, would be considered by the Commission at a later date.

Based on a review of the information provided by Gulf in its petition, staff recommends that the Commission authorize Gulf to implement an interim storm restoration recovery charge, subject to refund. Once the total actual storm costs are known, Gulf should be required to file documentation of the storm costs for Commission review and true up of any excess or shortfall.

[2] See Document No. 00640-2019 Exhibit C, Page 1 (Gulf Petition).

Issue 2: Should the Commission approve Gulf's proposed interim storm restoration recovery tariffs as shown in Attachment A to the recommendation?

Recommendation: Yes, the Commission should approve Gulf's proposed interim storm restoration recovery tariffs as shown in Attachment A to the recommendation. The proposed tariffs should become effective with the first billing cycle of July 2019. (Guffey, Draper)

Staff Analysis: In its March 13, 2019 letter to the Commission, Gulf proposed to begin applying the interim storm restoration recovery charge to customer bills with the first billing cycle of July 2019, and to include the charge in the non-fuel energy charge on customer bills. The proposed approximate 60-month recovery period would be subject to modification based upon the Commission's final decision regarding actual charges. In support of its rate calculations, Gulf provided Exhibit E to the petition.

Exhibit E illustrates the computation of the proposed interim storm restoration recovery charges for each rate class. Gulf represented that it followed the methodology for allocation of storm costs among rate classes consistent with the cost of service study filed in its 2016 rate case (Docket No. 20160186-EI).[3] Staff reviewed Gulf's calculations and believes the allocation methodology to be reasonable. The storm restoration costs are weighted to reflect storm restoration costs by function such as distribution and transmission (92 percent and 7 percent, respectively).

Application of the allocation methodology for the residential customer rate class results in a proposed interim storm recovery charge of 0.8 cents per kilowatt hour (kWh), which equates to $8.00 on a 1,000 kWh residential electric bill. The proposed interim charges for all rate classes are presented in Twenty-Second Revised Sheet No. 6.25, included in Exhibit F to Gulf's petition. Revised Exhibit F also includes Table of Contents to add the interim storm restoration recovery charge. The proposed tariff sheets are included in Attachment A to this recommendation.

In its response to staff's first data request, Gulf provided customer notifications for staff review and stated that the customers will be notified by media news releases, Company website, bill inserts, and by telephone to the Company's largest commercial customers.

Based on its review of the information provided by Gulf, staff recommends the Commission approve Gulf's proposed interim storm restoration recovery tariffs, subject to refund, as shown in Attachment A to the recommendation. The proposed tariffs should become effective with the first billing cycle of July 2019.

[3] Section E – Cost of Service and Rate Design Schedules Volume Two in Docket No. 20160186-EI, *In re: Petition for an increase in rates by Gulf Power Company.*

Issue 3: What is the appropriate security to guarantee the amount collected subject to refund through the interim storm restoration recovery charge?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking. (Hightower, D. Buys)

Staff Analysis: Staff recommends that all funds collected subject to refund be secured by a corporate undertaking. The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed Gulf's financial statements to determine if the Company can support a corporate undertaking to guarantee the funds collected for recovery of incremental storm restoration costs related to Hurricane Michael. Gulf's 2015, 2016, and 2017 financial statements were used to determine the financial condition of the Company. Gulf's financial performance demonstrates adequate levels of liquidity, ownership equity, profitability, and interest coverage to guarantee the potential refund.

Staff believes Gulf has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of $68 million is acceptable. This brief financial analysis is only appropriate for deciding if the Company can support a corporate undertaking in the amount proposed and should not be considered a finding regarding staff's position on other issues in this proceeding.

Issue 4: Should this docket be closed?

Recommendation: No, this docket should remain open pending final reconciliation of actual recoverable Hurricane Michael storm costs with the amount collected pursuant to the interim storm restoration recovery charge, and the calculation of a refund or additional charge if warranted. (Simmons)

Staff Analysis: No, this docket should remain open pending final reconciliation of actual recoverable Hurricane Michael storm costs with the amount collected pursuant to the interim storm restoration recovery charge, and the calculation of a refund or additional charge if warranted.

EXHIBIT F
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Gulf Power

~~Thirtieth~~ Thirty-First Revised Sheet No. ii
Canceling ~~Twenty Ninth~~ Thirtieth Revised Sheet No. ii

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1 of 4	~~April 17, 2018~~

ISSUED BY: ~~S. W. Connally, Jr.~~ Charles S. Boyett

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Gulf Power

Section No. VI
~~Thirty-First~~Thirty-Second Revised Sheet No. 6.1
Canceling ~~Thirtieth~~Thirty-First Revised Sheet No. 6.1

PAGE	EFFECTIVE DATE
1 of 2	~~July 1, 2009~~

Designation	URSC	Classification	Sheet No.
RS	RS	Residential Service	6.3
GS	GS	General Service - Non-Demand	6.5
GSD	GSD	General Service - Demand	6.7
LP	GSLD	Large Power Service	6.10
PX	GSLD1	Large High Load Factor Power Service	6.13
OS	SL, OL, OL1, OL2	Outdoor Service	6.16
STORM		Interim Storm Restoration Recovery	6.25
BB		Budget Billing (Optional Rider)	6.32
CR		Cost Recovery Clause - Fossil Fuel and Purchased Power	6.34
PPCC		Purchased Power Capacity Cost Recovery Clause	6.35
ECR		Environmental Cost Recovery Clause	6.36
		Billing Adjustments and Payment of Bills	6.37
ECC		Cost Recovery Clause - Energy Conservation	6.38
FLAT-1		Residential/Commercial FlatBill	6.39
GSTOU		General Service Time-of-Use Conservation (Optional)	6.42
GSDT	GSDT	General Service - Demand Time-of-Use Conservation (Optional)	6.45
LPT	GSLDT	Large Power Service - Time-of-Use Conservation (Optional)	6.49
PXT	GSLDT1	Large High Load Factor Power Service - Time-of-Use Conservation (Optional)	6.53
SBS		Standby and Supplementary Service	6.57
ISS		Interruptible Standby Service	6.67

ISSUED BY: ~~Susan Story~~Charles S. Boyett

EXHIBIT F
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Gulf Power

Section No. VI
~~Twenty-First~~Twenty-Second Revised Sheet No. 6.25
Canceling ~~Twentieth~~Twenty-First Revised Sheet No. 6.25

RATE SCHEDULE STORM
INTERIM STORM RESTORATION RECOVERY

PAGE	EFFECTIVE DATE
1 of 1	~~July 1, 2009~~

APPLICABILITY:

Applicable to each filed retail rate schedule under which a Customer receives service.

DETERMINATION OF INTERIM STORM RESTORATION RECOVERY SURCHARGE

The Interim Storm Restoration Recovery Surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricane Michael, as well as funds to replenish the Company's storm reserve. The factor is applicable to the Energy Charge under the Company's various rate schedules.

Interim Storm Cost Recovery Surcharge factors are shown below:

Rate Schedule	¢/kWh
RS, RSVP, RSTOU	0.800
GS	0.920
GSD, GSDT, GSTOU	0.453
LP, LPT	0.302
PX, PXT, RTP, SBS	0.229
OS-I/II	2.661
OS-III	2.661

Service under this rate schedule is subject to Rules and Regulations of the Company and the Florida Public Service Commission.

EXHIBIT F
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~~THIS PAGE IS RESERVED FOR FUTURE USE.~~

ISSUED BY: ~~Susan Story~~Charles S. Boyett

Item 3

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Davis, Cibula) S.M.C
Division of Economics (Draper, Merryday, Guffey) EJD HM JSH

RE: Docket No. 20180143-EI – Petition to initiate rulemaking to revise and amend portions of Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses, by Florida Power & Light Company, Gulf Power Company, and Tampa Electric Company.

AGENDA: 05/14/19 – Regular Agenda – Rule Proposal – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

RULE STATUS: Proposal May Be Deferred

SPECIAL INSTRUCTIONS: None

Case Background

Rule 25-6.0426, Florida Administrative Code, (F.A.C.), addresses the recovery of economic development expenses for public electric utilities. The rule implements Section 288.035, Florida Statutes (F.S.), which requires the Commission to adopt rules for the recovery of economic development expenses by public utilities, including the sharing of expenses by shareholders.

On July 30, 2018, Florida Power & Light Company (FPL), Gulf Power Company (Gulf), and Tampa Electric Company (TECO) (collectively, petitioners) filed a joint petition to initiate rulemaking to amend Rule 25-6.0426, F.A.C. In their petition, the petitioners requested that the Commission amend the rule to increase the cap on recoverable economic development expenses on a phased-in basis through 2023.

On August 2, 2018, the Office of Public Counsel (OPC) filed a notice of intervention which was acknowledged by Order No. PSC-2018-0420-PCO-EI. Staff and OPC issued interrogatories and production of documents to the petitioners, Duke Energy Florida (DEF), and Florida Public Utilities Company (FPUC). The Commission granted the petition to initiate rulemaking and noticed the development of the rule in the September 7, 2018 edition of the Florida Administrative Register, Vol. 44, No. 175.

A rule development workshop was held on January 16, 2019, to obtain stakeholder comment on potential amendments to the rule. FPL, Gulf, TECO, and OPC participated in the workshop and filed post-workshop written comments. On March 14, 2019, the petitioners, Duke, and FPUC responded to staff's data request regarding the Statement of Estimated Regulatory Cost (SERC).

This recommendation addresses whether the Commission should propose the amendment of Rule 25-6.0426, F.A.C., as set forth in Attachment A to the recommendation. The rule amendments as shown in Attachment A provide for an increase in the cap of recoverable economic development expenses; however, they differ from the petitioners' proposed amendments. Attachment B to the recommendation illustrates recoverable economic development expenses for electric utilities for 2019 under the current rule, petitioners' proposed rule, OPC's proposal (based on OPC's post-workshop comments), and staff's recommended amendments. Attachment C further reflects the phased-in approach of percentage increases in the cap from 2019-2023 as proposed in the petitioners' proposed rule amendments. Attachment D includes the Statement of Estimated Regulatory (SERC) costs.

Staff's recommended rule amendments are based on the petition, the petitioners' responses to staff's and OPC's interrogatories, the presentations and comments made during the workshop, and the post-workshop written comments. The Commission has jurisdiction pursuant to Sections 120.54, 350.127, and 288.035, F.S.

Discussion of Issues

Issue 1: Should the Commission propose the amendment of Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses?

Recommendation: Yes, the Commission should propose the amendment of Rule 25-6.0426, F.A.C., as set forth in Attachment A. The Commission should certify Rule 25-6.0426, F.A.C., as a minor violation rule. (Davis, Draper, Merryday)

Staff Analysis: Staff recommends that the Commission propose the amendment of Rule 25-6.0426, F.A.C., as set forth in Attachment A. Subsection (3) of Rule 25-6.0426, F.A.C., is the only section of the rule for which amendments were offered. Subsection (3) of Rule 25-6.0426, F.A.C., places a cap on the amount of economic development expenses utilities may report for surveillance reports and earnings review calculations in between rate cases. Staff's explanation as to its recommendation for the rule amendments is set forth in more detail below.

Current Rule 25-6.0426, F.A.C.

Subsection (3) of the rule currently states:

> Prior to each utility's next rate change enumerated in subsection (6), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of:
> (a) The amount approved in each utility's last rate case escalated for customer growth since that time, or
> (b) 95 percent of the expenses incurred for the reporting period so long as such does not exceed the lesser of 0.15 percent of gross annual revenues or $3 million.

When the rule was initially adopted in 1995, the Commission established the cap on economic development expenses in paragraph (3)(b) as the lesser of 0.15 percent of gross annual revenues or $3 million.[1] The rule provided that ratepayers would be responsible for 90 percent of economic development expenses and shareholders for the remaining ten percent of economic development expenses. The Commission established the 95 percent sharing requirement when the rule was amended in 1998.

Petition to Initiate Rulemaking

The petitioners requested that subsection (3) of the rule be amended as follows:

> Prior to each utility's next rate change enumerated in subsection (6), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of:

[1] The Commission first adopted Rule 25-6.0426, F.A.C., on July 17, 1995, in Docket No. 930165-PU, *In re: Proposed Rules 25-6.0426 and 25-7.042, F.A.C., Recovery of Economic Development Expenses.* The rule has been amended twice since it was first adopted, on June 2, 1998, in Docket No. 971334-PU, *In re: Proposed Amendments to Rules 25-6.0426, F.A.C., Recovery of Economic Development Expenses, and 25-7.042, F.A.C., Recovery of Economic Development Expenses*; and on September 25, 2000, in Docket No. 000418-PU, *In re: Proposed Amendments to Rules 25-6.0426 and 25-7.042, F.A.C., Recovery of Economic Development Expenses*.

> (a) The amount approved in each utility's last rate case escalated for customer growth since that time, or
> (b) 95 percent of the expenses incurred for the reporting period so long as such does not exceed the greater ~~lesser~~ of 0.15 percent of gross annual revenues or $3 million. Beginning on January 1, 2020, the amounts reported for surveillance reports and earnings review calculations shall not exceed the greater of $3 million or 95 percent of the following percentages of gross annual revenues: January 1, 2020 – 0.175 percent; January 1, 2021 – 0.2 percent; January 1, 2022 – 0.225 percent; and, January 1, 2023 and beyond – 0.25 percent.

Attachment C illustrates the phased-in approach of percentage increases in the cap from 2019-2023 as proposed in the petitioners' proposed rule amendments. The petitioners stated that although Rule 25-60.426, F.A.C., is intended to promote economic development in Florida, the rule in its current form has become unduly restrictive. The $3 million expense cap set forth in the rule has not changed since 1995. For a large utility like FPL, according to the petitioners, the current rule has limited FPL's recoverable economic development expenses to a flat $3 million per year in each and every year since the rule's inception over 20 years ago.

The petitioners asserted that the impact of the utilities' recoverable economic development expenses has steadily eroded since the rule was first established in 1995, with the expense cap decreasing by approximately 65 percent since 1995 due to inflation. The petitioners further explained that both the restrictive impact of the cap on large utilities and the steady erosion of the real value of the cap could be substantially avoided by the above-requested amendments. The petitioners stated in their post-workshop comments that these rule amendments are needed to encourage utilities to broaden economic development in Florida by allowing recovery of economic development expenses at levels commensurate with the economic size and reach of each utility.

According to the petitioners, the suggested rule amendments are not projected to have any adverse impacts to their general body of ratepayers. The petitioners contend that customers will see no rate increases as a result of the proposed rule amendments between rate cases and that the revenue increases from new and expanding business will allow for long-term fixed costs to be spread over a larger customer base, thereby benefiting existing customers.

During the staff workshop, FPL explained that the current $3 million cap creates tension between funding for economic development staffing and other economic development activities, such as rate discounts. FPL stated in its post-workshop comments that the proposed amendments to the rule "will gradually increase the level of funding for promotion of economic development for FPL from the current $3 million to approximately $27 million by 2023." It asserted that this will "permit FPL to continue expanding its promotion of economic development in Florida" and "increase the funding available for economic development activities of all Florida investor-owned utilities." This increase includes funding for staff in FPL's Office of Economic Development which "will provide an enhanced staff focus in the following areas: (1) business development; (2) competitiveness; and (3) capacity building."

Both Gulf and TECO stated in their post-workshop comments that they are not currently spending up to the existing cap limits. Both utilities also stated that they have no immediate plans to increase their involvement in economic development activities should the cap be increased. However, both utilities asserted that given the amount of time since the rule has been amended and due to the increasing importance of fostering economic development in Florida, it is appropriate to amend the rule to put the utilities in a posture to respond to and address changing conditions in the economic development marketplace.

OPC's Comments

OPC stated in its post-workshop comments that it does not "categorically object to some level of increase in the amount allowed in the Rule as long as shareholders bear some of the increased costs that assumedly will contribute to their return." OPC pointed out that all the utilities stated at the workshop that the utilities contribute no more than the five percent required under paragraph (3)(b) of the rule. OPC stated that it is concerned with "maintaining the appropriate balance between customer and shareholder responsibility regarding the amount spent on economic development and the amount paid by customers."

In regard to the utilities' request to change the word "lesser" to "greater" in paragraph (3)(b) of the rule, OPC asserted that the rule should remain the same. Instead, OPC suggested that the rule be amended to increase the $3 million cap to $10 million.

OPC stated it is concerned that use of the word "greater" instead of the limiting language "lesser" would "allow for increases in the amount that can be spent on economic development with no dollar amount 'cap' in the future." It is concerned that there is a lack of evidence warranting the level of increase requested by the utilities. It further stated that the utilities did not "show that they were either foregoing economic development opportunities due to lack of funding or that they were spending more than five percent of shareholder monies on the costs for economic development opportunities that would otherwise be foregone."

OPC asserted that the limitations in the rule are necessary because 95 percent of the costs are flowed through to the customers and the majority of the utilities have not been spending the allowable amounts under the current rule. It further asserted that "[a]llowing the cap to increase from $3 million to $10 million is a 333 percent increase which would allow all utilities to significantly increase spending for economic development above what they are currently spending."

Staff's Recommended Amendments to the Rule

Based on the petition, the petitioners' responses to staff's and OPC's interrogatories, the presentations and comments made during the workshop, and the post-workshop written comments, staff believes that Rule 25-6.0426, F.A.C., should be revised to further encourage utilities to promote continued economic development. Therefore, as reflected in Attachment A, staff recommends that Section (3) of Rule 25-6.0426, F.A.C., be amended as follows:

> Prior to each utility's next rate change enumerated in subsection (6), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of:

> (a) The amount and level of sharing approved in each utility's last rate case escalated for customer growth since that time, or
> (b) 95 percent of the total economic development expenses incurred for the reporting period so long as the total economic development expenses do ~~such does~~ not exceed the greater ~~lesser~~ of 0.15 percent of jurisdictional gross annual revenues or $5~~3~~ million.

Attachment B to the recommendation illustrates recoverable economic development expenses for electric utilities for 2019 under the current rule, the petitioners' proposed rule, OPC's proposal (based on OPC's post-workshop comments), and staff's recommended amendment as shown in Attachment A to the recommendation. Attachment C essentially illustrates the phased-in approach of the petitioners' proposed annual cap increases from 2019-2023. Staff does not favor a phased-in approach of cap increases for the reasons discussed below. Instead, staff recommends a more moderate approach described as follows.

First, staff recommends that the Commission amend paragraph (3)(b) of the rule to change the word "lesser" to "greater" and to retain the current 0.15 percent ceiling. This amendment allows economic development expenses to increase commensurate with a utility's size, addressing the petitioners' concerns that the current rule is unduly restrictive for large utilities such as FPL (when measured in operating revenues). This will result in the ability of larger utilities to increase economic development expenses over time as operating revenues grow.

Additionally, staff's proposed language would allow smaller utilities to increase their economic development expenses. Under the current "lesser" language, 0.15 percent of revenues is the economic development expense cap for Gulf and FPUC because 0.15 percent of jurisdictional operating revenues falls below the current $3 million cap, as shown in Column 2 of Attachment B. Under staff's proposed amendment, changing "lesser" to "greater" will increase the allowed expenditures for Gulf and FPUC to the dollar cap in the rule, which would be $5 million as reflected in Column 6 of Attachment B.

Second, staff recommends that the Commission amend paragraph (3)(b) to increase the $3 million cap to $5 million to address the effects of inflation since 1995. Staff used the Consumer Price Index for all Urban Consumers (CPI-U) to bring $3 million in 1995 dollars to a present value of $4.95 million. This figure was rounded to $5 million for simplification. Adjusting the cap from $3 million to $5 million, in conjunction with changing "lesser" to "greater," would allow all electric utilities to expand their economic development spending as shown in Column 6 of Attachment B. Staff notes that OPC's proposal, as shown in Column 5 of Attachment B, does not provide for an increase in economic development expenses for TECO, Gulf, and FPUC.

Finally, staff is recommending three minor modifications to the rule to provide clarity to the rule. Staff recommends that the phrase "and the level of sharing" be added to paragraph (3)(a) of the rule. The current language may create uncertainty as to the percentage of economic development expenses approved in a utility's last rate case subject to sharing between shareholders and ratepayers, if the Commission does not specifically address it. Section 288.035, F.S., states the "Commission shall adopt rules for the recovery of economic development expenses by public utilities, including the sharing of expenses by shareholders." Therefore, this clarifies that the level of sharing by the Commission in a rate case shall be utilized for surveillance purposes.

Staff also recommends that paragraph (3)(b) be amended to add the phrase "total economic development expenses" to clarify that the cap prescribed by paragraph (3)(b) includes a 5 percent shareholder contribution.[2] The amount reported for surveillance reports and earnings review calculations reflects only the 95 percent ratepayer contribution.

Staff further recommends that subsection (3)(b) be amended to add the word "jurisdictional" to clarify that the cap is derived from jurisdictional gross annual revenues, as opposed to system gross annual revenues. Jurisdictional revenues are derived from retail customers, which are under the Commission's jurisdiction. System revenues include retail as well as wholesale customers, which are under federal jurisdiction. Staff believes this clarification is needed after communications with the utilities revealed different understandings of the term "gross annual revenues."

The petitioners proposed phased-in increases to the percentage cap, from 0.175 percent in 2020 to 0.25 percent in 2023, as shown in Columns 2 and 5 of Attachment C of the recommendation. In the staff workshop, the petitioners communicated that, if the rule is amended as the petition proposes, the utilities are unlikely to immediately increase spending up to the caps. This reflects the petitioners' stated belief that spending should gradually increase to a higher percentage over time. Staff believes having 0.15 percent revenue cap (as in the current rule), rather than 0.25 percent, better mitigates potential rate increases resulting from a larger increase in spending allowed under the phased-in approach. Further, the utilities did not adequately demonstrate the need to increase the existing percentage of revenues cap. Therefore, staff does not believe the petitioners' phased-in increases to the percentage cap are warranted. If, with experience, the petitioners determine that the proposed amendments limit economic development activities, then this can be addressed in a rate case or further rule amendments may be proposed.

Minor Violation Rule Certification

Pursuant to Section 120.695, F.S., beginning July 1, 2017, for each rule filed for adoption the agency head shall certify whether any part of the rule is designated as a rule the violation of which would be a minor violation. Rule 25-6.0426, F.A.C., is currently listed on the Commission's website as a rule for which a violation would be minor because violation of the rule would not result in economic or physical harm to a person or have an adverse effect on the public health, safety, or welfare or create a significant threat of such harm. The amendments to the rule would not change its status as a minor violation rule. Thus, staff recommends that the Commission certify Rule 25-6.0426, F.A.C., as a minor violation rule.

Statement of Estimated Regulatory Costs

Pursuant to Section 120.54, F.S., agencies are encouraged to prepare a statement of estimated regulatory costs (SERC) before the adoption, amendment, or repeal of any rule. The SERC is appended as Attachment D to this recommendation. The SERC analysis also includes whether the rule is likely to have an adverse impact on growth, private sector job creation or employment, or private sector investment in excess of $1 million in the aggregate within five years of implementation.

[2] The 5 percent shareholder contribution was approved in Docket No. 971334-PU.

The SERC concludes that the rule will not likely directly or indirectly increase regulatory costs in excess of $200,000 in the aggregate in Florida within one year after implementation. Further, the SERC concludes that the rule will not likely have an adverse impact on economic growth, private sector job creation or employment, private sector investment, business competitiveness, productivity, or innovation in excess of $1 million in the aggregate within five years of implementation. Thus, the rule does not require legislative ratification pursuant to Section 120.541(3), F.S. In addition, the SERC states that the rule will not have an adverse impact on small business and will have no impact on small cities or counties. No regulatory alternatives were submitted pursuant to paragraph 120.541(1)(a), F.S. None of the impact/cost criteria established in paragraph 120.541(2)(a), F.S., will be exceeded as a result of the recommended revision.

Customer Bill Impacts

The SERC includes an analysis of customer bill impacts of the rule amendment as shown in Attachment D, page 24. As explained in the SERC, estimated customer bill impacts for residential and small commercial customers are projected by the petitioners, Duke, and FPUC to be minimal. In addition, the customers will see no rate increases as a result of an increase in economic development spending between rate cases. Finally, the petitioners assert in their responses to staff's SERC data requests, that any new load resulting from economic development activities allows the petitioners to spread fixed costs over a greater customer base, putting downward pressure on rates for all customers.

Conclusion

Staff agrees with the petitioners that the current cap is unduly restrictive, especially for a large utility like FPL, and that inflation since 1995 has eroded the value of the $3 million cap. However, staff also believes that while the Commission should continue to encourage economic development, the Commission should consider moderation in the increase of recoverable economic development expenses. Based on the foregoing, staff recommends that the Commission propose the amendment of Rule 25-6.0426, F.A.C., as set forth in Attachment A. This more moderate approach when compared to the petitioners' request will provide the petitioners with the opportunity for increased economic development spending to the benefit of the State of Florida. In addition, the Commission should certify Rule 25-6.0426, F.A.C., as a minor violation rule.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no requests for hearing or comments are filed, the rule may be filed with the Department of State, and this docket should be closed.

Staff Analysis: If no requests for hearing or comments are filed, the rule may be filed with the Department of State, and the docket should be closed.

25-6.0426 Recovery of Economic Development Expenses.

(1) Pursuant to Section 288.035, F.S., the Commission shall allow a public utility to recover reasonable economic development expenses subject to the limitations contained in subsections (3) and (4), provided that such expenses are prudently incurred and are consistent with the criteria established in subsection (7).

(2) Definitions.

(a) "Economic Development" means those activities designed to improve the quality of life for all Floridians by building an economy characterized by higher personal income, better employment opportunities, and improved business access to domestic and international markets.

(b) "Economic development organization" means a state, local, or regional public or private entity within Florida that engages in economic development activities, such as city and county economic development organizations, chambers of commerce, Enterprise Florida, the Florida Economic Development Council, and World Trade Councils.

(c) "Trade show" means an exhibition at which companies, organizations, communities, or states advertise or display their products or services, in which economic development organizations attend or participate to identify potential industrial prospects, to provide information about the locational advantages of Florida and its communities, or to promote the goods and services of Florida companies.

(d) "Prospecting mission" means a series of meetings with potential industrial prospects at their business locations with the objectives of convincing the prospect that Florida is a good place to do business and offers unique opportunities for that particular business, and encouraging the prospect to commit to a visit to Florida if a locational search is pending or in progress.

(e) "Strategic plan" means a long-range guide for the economic development of a community

or state that focuses on broad priority issues, is growth-oriented, is concerned with fundamental change, and is designed to develop and capitalize on new opportunities.

(f) "Recruitment" means active efforts to encourage specific companies to expand or begin operations within Florida.

(3) Prior to each utility's next rate change enumerated in subsection (6), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of:

(a) The amount and level of sharing approved in each utility's last rate case escalated for customer growth since that time, or

(b) 95 percent of the total economic development expenses incurred for the reporting period so long as the total economic development expenses do ~~such does~~ not exceed the greater ~~lesser~~ of 0.15 percent of jurisdictional gross annual revenues or $5~~3~~ million.

(4) At the time of each utility's next rate case and for subsequent rate proceedings enumerated in subsection (6) the Commission will determine the level of sharing of prudent economic development costs and the future treatment of these expenses for surveillance purposes.

(5) Each utility shall report its total economic development expenses as a separate line item on its income statement schedules filed with the earnings surveillance report required by Rule 25-6.1352, F.A.C. Each utility shall make a line item adjustment on its income statement schedule to remove the appropriate percentage of economic development expenses incurred for the reported period consistent with subsections (3) and (4).

(6) Requests for changes relating to recovery of economic development expenses shall be considered only in the context of a full revenue requirements rate case or in a limited scope proceeding for the individual utility.

(7) All financial support for economic development activities given by public utilities to

state and local governments and organizations shall be pursuant to a prior written agreement. Recoverable economic development expenses shall be limited to the following:

(a) Expenditures for operational assistance, including:

1. Planning, attending, and participating in trade shows;

2. Planning, conducting, and participating in prospecting missions designed to encourage the location in Florida of domestic and foreign companies;

3. Providing financial support to economic development organizations to assist with their economic development operations;

4. Providing financial support to economic development programs or initiatives identified or developed by Enterprise Florida, Inc.;

5. Participating in joint economic development efforts, including public-private partnerships, consortia, and multi-county regional initiatives;

6. Participating in downtown revitalization and rural community developmental programs.

7. Supporting state and local efforts to promote small and minority-owned business development efforts; and

8. Supporting state and local efforts to promote business retention and expansion activities.

(b) Expenditures for assisting state and local governments in the design of strategic plans for economic development activities, including:

1. Making financial contributions to state and local governments to assist strategic planning efforts; and

2. Providing technical assistance, data, computer programming, and financial support to state and local governments in the design and maintenance of information systems used in strategic planning activities.

(c) Expenditures of marketing and research services, including;

1. Assisting state and local governments and economic development organizations in

marketing specific sites for business and industry development or recruitment;

2. Assisting state and local governments and economic development organizations in responding to inquiries from business and industry concerning the development of specific sites within the utility's service area;

3. Providing technical assistance, data, computer programming, and financial support to state and local governments in the design and maintenance of geographic information systems, computer networks, and other systems used in marketing and research activities;

4. Providing financial support to economic development organizations to assist with their research and marketing activities;

5. Sponsoring publications, conducting direct mail campaigns, and providing advertising support for state and local economic development efforts;

6. Participating in cooperative marketing efforts with economic development organizations;

7. Helping state and local businesses identify suppliers, markets, and sources of financial assistance;

8. Helping economic development organizations identify specific industries and companies for targeting and recruitment;

9. Working with economic development organizations to identify businesses in need of help for expansion, going out of business, or at risk of leaving the area;

10. Providing site and facility selection assistance, including lists of commercial or industrial sites, computer databases, toll-free telephone numbers, maps, photographs, videos, and other activities in cooperation with economic development organizations; and

11. Supporting state and local efforts to promote exports of goods and services, and other international business activities.

Rulemaking Authority 288.035(3), 350.127(2) FS. Law Implemented 288.035 FS. History–

New 7-17-95, Amended 6-2-98, 9-25-00,_____

Attachment B

Docket No. 20180143-EI - Economic Development Rule - Staff Proposal [1]

Utility	(1) 0.15% of revenues[2]	(2) Current Rule: Lesser of 0.15% of revenues or $3M cap	(3) 2018 economic development expenses	(4) Petition: Greater of 0.15% or $3M (for 2019)[3]	(5) OPC's Proposal: Lesser of 0.15% of revenues or $10M cap[4]	(6) Staff Recommendation: Greater of 0.15% of revenues or $5M[5]
FPL	$16.89M	$3.00M	$2.96M	$16.89M	$10.00M	$16.89M
Duke	$7.18M	$3.00M	$1.22M	$7.18M	$7.18M	$7.18M
TECO	$2.89M	$2.89M	$0.25M	$3.00M	$2.89M	$5.00M
Gulf	$1.96M	$1.96M	$2.12M[6]	$3.00M	$1.96M	$5.00M
FPUC	$0.16M	$0.16M	$0.02M	$3.00M	$0.16M	$5.00M

[1] Amounts shown are total expenses. 95% of the amounts shown would be reported pursuant to Rule 25-6.0426(3)(b), F.A.C.

[2] Based on 2019 jurisdictional operating revenues as shown in 2019 Forecasted Earnings Surveillance Report.

[3] The petition also includes a phased-in increase to the gross annual revenue percentage cap from 0.175% in 2020 to 0.25% in 2023. See Attachment C of the recommendation.

[4] Based on OPC's Post Workshop Comments filed on February 18, 2019.

[5] To recognize inflation, allow utilities to recover expenses commensurate with size, and consider moderation in the increase of recoverable economic development expenses.

[6] This number reported by Gulf exceeds the cap under the current rule because Gulf is using 0.15% of system operating revenues to calculate their cap. Staff is proposing to clarify that the cap should be based on jurisdictional operating revenues.

Attachment C

Docket No. 20180143-EI - Economic Development Rule - Depicting Petition's Phased-In Increases Through 2023[1]

Utility	(1) 0.15% of revenues 2019	(2) 0.175% of revenues 2020	(3) 0.20% of revenues 2021	(4) 0.225% of revenues 2022	(5) 0.25% of revenues 2023
FPL	$16.89M	$19.71M	$22.52M	$25.34M	$28.16M
Duke	$7.18M	$8.37M	$9.57M	$10.77M	$11.96M
TECO	$2.89M	$3.37M	$3.85M	$4.33M	$4.82M
Gulf	$1.96M	$2.28M	$2.61M	$2.93M	$3.26M
FPUC	$0.16M	$0.18M	$0.21M	$0.23M	$0.26M

[1] All amounts are based on 2019 jurisdictional operating revenues (listed below) as shown in 2019 Forecasted Earnings Surveillance Reports filed with the Commission in March 2019. The amounts do not take into account any changes in operating revenues during the years 2020 through 2023.

FPL - $11,262,471,000
Duke - $4,784,713,156
TECO - $1,926,402,252
Gulf - $1,303,847,310
FPUC - $103,852,574

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 16, 2019

TO: Lauren Davis, Senior Attorney, Office of the General Counsel

FROM: Sevini K. Guffey, Public Utility Analyst II, Division of Economics S.K.G.

RE: Docket No. 20180143-EI: Petition to initiate rulemaking to revise and amend portions of Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses, by Florida Power & Light Company, Gulf Power Company, and Tampa Electric Company.
Statement of Estimated Regulatory Costs (SERC) for Proposed Amendments to Rule 25-6.0426, F.A.C.

Current Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses, applicable to investor-owned electric utilities, limits each utility's recoverable economic development expenses between rate cases to the greater of: (a) the amount approved in each utility's last rate case escalated for customer growth, or (b) 95 percent of the expenses incurred for the reporting period not to exceed the lesser of 0.15 percent of gross annual revenues or $3 million.

On July 30, 2018, Florida Power & Light Company, Gulf Power Company, and Tampa Electric Company (collectively, petitioners) filed a joint petition to initiate rulemaking to amend Rule 25-6.0426, F.A.C. The petitioners requested that Rule 25-6.0426(3)(b), F.A.C., be revised to change the annual cap to the greater of 0.15 percent of gross annual revenues, rather than the lesser of 0.15 percent of gross annual revenues, or $3 million. The petitioners also requested that the current limitation to 0.15 percent of gross annual revenues should increase to 0.175 percent in 2020, 0.2 percent in 2021, 0.225 percent in 2022, and 0.25 percent in 2023 and beyond.

A noticed workshop to solicit input on the requested rule revisions and alternatives presented by staff was conducted by Commission staff on January 16, 2019. Prior to the workshop, staff provided the utilities questions to be addressed at the workshop. Additionally, the utilities and the Office of Public Counsel submitted post-workshop written comments on February 15 and on February 18, 2019. Information provided in the petition, responses to data requests, comments that either were received during the workshop or were filed subsequently were incorporated into staff's recommended rule revisions. Specifically, Commission staff recommends that the Commission propose the following revisions to subsection (3) of Rule 25-6.0426, F.A.C.:

(a) The amount and level of sharing approved in each utility's last rate case escalated for customer growth since that time, or

(b) 95 percent of the total economic development expenses incurred for the reporting period so long as ~~such does~~ the total economic development expenses do not exceed the ~~lesser~~ greater of 0.15 percent of jurisdictional gross annual revenues or ~~$3 million~~ $5 million.

Staff's amendments to subsection (3) of Rule 25-6.0426, F.A.C., are being recommended to allow for an increase in economic development spending. On March 7, 2019, staff issued a SERC data request to the petitioners and other investor-owned electric utilities for which responses were received on March 14, 2019.

The attached SERC addresses the considerations required pursuant to Section 120.541, Florida Statutes (F.S.). None of the impact/cost criteria established in paragraph 120.541(2)(a), F.S., will be exceeded as a result of the recommended revision. Specifically, the SERC concludes that the rule will not likely directly or indirectly increase regulatory costs in excess of $200,000 in the aggregate in Florida within one year after implementation. Further, the SERC concludes that the rule will not likely have an adverse impact on economic growth, private sector job creation or employment, private sector investment, business competitiveness, productivity, or innovation in excess of $1 million in the aggregate within five years of implementation. Thus, the rule does not require legislative ratification pursuant to Section 120.541(3), F.S. In addition, the SERC states that the rule will not have an adverse impact on small business and will have no impact on small cities or counties. No regulatory alternatives were submitted to staff's proposed rule revisions pursuant to paragraph 120.541(1)(a), F.S.

cc: SERC File

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS
Rule 25-6.0426, F.A.C.

1. Will the proposed rule have an adverse impact on small business? [120.541(1)(b), F.S.] (See Section E., below, for definition of small business.)

Yes ☐ No ☒

If the answer to Question 1 is "yes", see comments in Section E.

2. Is the proposed rule likely to directly or indirectly increase regulatory costs in excess of $200,000 in the aggregate in this state within 1 year after implementation of the rule? [120.541(1)(b), F.S.]

Yes ☐ No ☒

If the answer to either question above is "yes", a Statement of Estimated Regulatory Costs (SERC) must be prepared. The SERC shall include an economic analysis showing:

A. Whether the rule directly or indirectly:

(1) Is likely to have an adverse impact on any of the following in excess of $1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)1, F.S.]

Economic growth	Yes ☐ No ☒
Private-sector job creation or employment	Yes ☐ No ☒
Private-sector investment	Yes ☐ No ☒

(2) Is likely to have an adverse impact on any of the following in excess of $1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)2, F.S.]

Business competitiveness (including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets)	Yes ☐ No ☒
Productivity	Yes ☐ No ☒
Innovation	Yes ☐ No ☒

1

(3) Is likely to increase regulatory costs, including any transactional costs, in excess of $1 million in the aggregate within 5 years after the implementation of the rule? [120.541(2)(a)3, F.S.]

Yes ☐ No ☒

The recommended rule revisions are not likely to increase regulatory cost; they only provide the utilities with an opportunity to increase their allowable economic development expenses reported for surveillance reports pursuant to subsection (3)(b) of Rule 25-6.0426, F.A.C.

Staff submitted a SERC data request to the utilities the rule revisions apply to. Based upon the information provided in the response to the data request, staff believes that none of the impact/cost criteria established in Section 120.541(2)(a), F.S., will be exceeded as a result of the recommended revisions.

B. A good faith estimate of: [120.541(2)(b), F.S.]

(1) The number of individuals and entities likely to be required to comply with the rule.

This rule is applicable to the five investor-owned electric utilities. The recommended rule revisions do not impose any new requirements on the electric utilities; they only provide the utilities with an opportunity to increase their allowable economic development expenses reported for surveillance reports pursuant to subsection (3)(b) of Rule 25-6.0426, F.A.C.

(2) A general description of the types of individuals likely to be affected by the rule.

The potentially affected entities include five investor-owned utilities in Florida and their retail customers, which includes residential, commercial, and industrial customers. The responses to staff's SERC data request indicate that Florida's economy as a whole could benefit from the proposed rule revisions.

Specifically, FPL stated that its Office of Economic Development has worked with 160 companies pledging to create over 28,000 jobs. From 2012-2017, FPL contends that its economic development efforts have resulted in more than $84 billion in positive economic impact in Florida with capital investment in the 35 counties served by FPL. This has resulted in $44 billion impact on Florida's Gross Regional Production; (1) employment impact of 220,000 full-time jobs (direct, indirect and induced), and an additional 281,724 construction jobs, (2) over $25 billion labor income, and (3) approximately $2.8 billion in additional state and local taxes.

Gulf Power, in its responses to staff's SERC data request, stated that the company anticipates the draft rule amendments will enable the company to develop programs to enhance workforce readiness, increase national and international awareness and branding, and certify new commercial and industrial sites. These programs would

enhance Florida's ability to attract and retain new and existing businesses with the goal of increasing economic growth, private sector job creation, and investment, while placing downward pressure on rates for all customers.

TECO also stated that the draft rule would benefit Florida's economic growth, private sector job creation and investment.

C. A good faith estimate of: [120.541(2)(c), F.S.]

(1) The cost to the Commission to implement and enforce the rule.

☒ None. To be done with the current workload and existing staff.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

(2) The cost to any other state and local government entity to implement and enforce the rule.

☒ None. The rule will only affect the Commission.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

(3) Any anticipated effect on state or local revenues.

☐ None.

☐ Minimal. Provide a brief explanation.

☒ Other. Provide an explanation for estimate and methodology used.

In response to staff's SERC data request, FPL stated that its economic activities have resulted in approximately $2.8 billion in additional state and local taxes. FPL further stated that the utility anticipates an increased level of funding for the promotion of economic development would allow FPL to continue to contribute to the development of a greater tax base in the future.

Gulf Power, in its responses to staff's SERC data request, stated the company believes as the economy grows through economic development activities, state and local tax revenues should also increase. As new and expanding customer

base grows, franchise fee revenues remitted to local governments would also increase. TECO stated that the draft rule would benefit Florida's economic growth, private sector job creation, and investment.

D. A good faith estimate of the transactional costs likely to be incurred by individuals and entities (including local government entities) required to comply with the requirements of the rule. "Transactional costs" include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule. [120.541(2)(d), F.S.]

☐ None. The rule will only affect the Commission.

☐ Minimal.

☒ Other. Provide an explanation for estimate and methodology used.

The recommended rule revisions are not likely to increase transactional costs; they only provide the utilities with an opportunity to increase their allowable economic development expenses reported for surveillance reports pursuant to subsection (3)(b) of Rule 25-6.0426, F.A.C.

E. An analysis of the impact on small businesses, and small counties and small cities: [120.541(2)(e), F.S.]

(1) "Small business" is defined by Section 288.703, F.S., as an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than $5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As to sole proprietorships, the $5 million net worth requirement shall include both personal and business investments.

☐ No adverse impact on small business.

☐ Minimal. Provide a brief explanation.

☒ Other. Provide an explanation for estimate and methodology used.

In response to staff's SERC data request, FPL stated that supporting small businesses is a focus of FPL's economic development program. FPL, via its website offers Small Business Tool which is designed specifically for small businesses providing market intelligence for every business in Florida. Additionally, the tool provides assistance in (1) writing a business plan, (2)

identifying new customers, (3) identifying new locations for expansion, and (4) targetted advertising efforts to maximize market penetration. FPL also partners with Florida's Small business Development Network known as SCORE, University of Central Florida's GrowFL, and Prospera, an economic development non-profit organization for minority entrprenuers.

In response to staff's SERC data request, Gulf Power stated that it is of the opinion that small businesses and other customers will benefit by the rule amendments. Although the proposed rule amendments would result in modest utility bill increases, over time, Gulf believes that benefits associated with such expenditures, both for new and existing businesses will far outweigh the costs.

(2) A "Small City" is defined by Section 120.52, F.S., as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. A "small county" is defined by Section 120.52, F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

☐ No impact on small cities or small counties.

☐ Minimal. Provide a brief explanation.

☒ Other. Provide an explanation for estimate and methodology used.

The impact on "small cities" and "small counties" as defined by Section 120.52, F.S., is difficult to estimate. However, any additional economic development activities may benefit small cities and small counties.

F. Any additional information that the Commission determines may be useful. [120.541(2)(f), F.S.]

☐ None.

In response to staff's SERC data request, FPL stated that the modifications to Rule 25-6.0426, F.A.C., will encourage utilities to promote new economic development investment, will expand Florida's economic base, allow utilities to conduct additional outreach, and continue to build a sustainable pipeline for potential new projects. FPL also contends that modifications to the rule are anticipated to yield increased economic development benefits to the state.

Staff submitted a data request to the utilities regarding potential bill impacts of the proposed rule revisions. While the utilities provided calculations of estimated bill impacts, it is important to note that the utilities stated that adding new load will mitigate future bill increases by spreading fixed costs over a larger customer

base and, therefore, will be beneficial to all customers by placing downward pressure on utility rates determined in a rate case. Furthermore, the five investor-owned utilities are currently under rate case settlements and any increased economic development spending would not impact base rates for the duration of the settlements.

The estimated monthly bill impacts calculated by the utilities, as shown in Table 1 below, assume the utilities' economic development expenses are at the cap and do not consider any offsetting larger customer base. Finally, staff notes that the proposed rule revisions address economic development expenses reported for surveillance reports pursuant to subsection (3)(b) of Rule 25-6.0426, F.A.C. Subsections (4) and (6) of Rule 25-6.0426, F.A.C., provide for the Commission to determine the level of sharing, future treatment of economic development expenses, and potential changes related to the recovery of economic development expenses in the context of a rate case.

Table 1
Estimated Monthly Bill Impacts

Electric IOU	Residential 1,000 kWh	Small Commercial 1,500 kWh
FPL	$0.12	$0.18
DEF	$0.20	$0.28
Gulf	$0.24	$0.36
TECO	$0.13	$0.19
FPUC	No impact	No impact

Source: Responses to Staff's First SERC Data Request

G. A description of any regulatory alternatives submitted and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule. [120.541(2)(g), F.S.]

☒ No regulatory alternatives were submitted.

☐ A regulatory alternative was received from FPSC staff and is attached to the SERC memorandum.

☐ Adopted in its entirety.

☐ Rejected. Describe what alternative was rejected and provide a statement of the reason for rejecting that alternative.

Note: No regulatory alternatives were submitted to staff's proposed rule revisions pursuant to paragraph 120.541(1)(a), F.S.

Item 4

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Deas, Fogleman, Wendel) S.D. AF BMW CH
Office of the General Counsel (DuVal) MD TT

RE: Docket No. 20190058-TX – Petition for relinquishment of eligible telecommunications carrier status, by Cox Florida Telcom, L.P. d/b/a Cox Communications d/b/a Cox Business d/b/a Cox.

AGENDA: 05/14/19 – Regular Agenda – Proposed Agency Action- Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Polmann

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On March 6, 2019, Cox Florida Telcom, L.P. d/b/a Cox Communications d/b/a Cox Business d/b/a Cox (Cox) filed a petition with the Florida Public Service Commission (Commission) for relinquishment of its Eligible Telecommunications Carrier (ETC) designation in Florida effective August 1, 2019. Cox has been a Competitive Local Exchange Carrier in Florida since 2005. On May 31, 2012, Cox filed an application for designation as an ETC in the state of Florida for purposes of receiving Lifeline support in its non-rural service areas. On June 15, 2012, Cox filed a separate application for designation as an ETC in its rural service areas. On September 28, 2012, and October 17, 2012, the Commission issued orders granting Cox's applications for ETC designation, respectively.[1]

[1] Order Nos. PSC-12-0500-PAA-TP and PSC-12-0552-PAA-TP.

ETC designation is a requirement for telecommunications carriers to receive federal Universal Service Funds for the Lifeline program. The Lifeline program enables low-income households to obtain and maintain telephone service by providing qualifying households with discounts on their monthly telephone bills. Since the inception of the Lifeline program there have been a variety of changes. However, Cox asserts that the most significant change which has led to its request for ETC relinquishment was the Federal Communications Commission's transition plan that will essentially eliminate the Lifeline discount for standalone voice service after December 1, 2021.[2]

Cox states their number of Lifeline customers in Florida has been declining. At the beginning of 2019, Cox had 498 Lifeline customers, which is only .07 percent of the Lifeline customers in Florida. Cox contends that the declining trend in Lifeline customers and the upcoming decrease in federal Lifeline support for voice service have led to its request for relinquishment.

The Commission is vested with jurisdiction in this matter pursuant to Sections 364.10, Florida Statutes, 47 U.S.C. §214 (e)(4) and 47 C.F.R. §54.205.

[2] FCC 16-38, WC Docket No.11-42, Lifeline and Link Up Reform Modernization, Third Report and Order, released on April 27, 2016, https://docs.fcc.gov/public/attachments/FCC-16-38A1.pdf

Discussion of Issues

Issue 1: Should the Commission approve Cox's request to relinquish its ETC designation in Florida?

Recommendation: Yes. The Commission should approve Cox's request to relinquish its ETC designation in Florida. (Deas, Fogleman, Wendel, DuVal)

Staff Analysis: Federal rules allow an ETC to relinquish its ETC designation pursuant to 47 C.F.R. §54.205(a), which provides that:

> A state commission shall permit an eligible telecommunications carrier to relinquish its designation as such a carrier in any area served by more than one eligible telecommunications carrier. An eligible telecommunications carrier that seeks to relinquish its eligible telecommunications carrier designation for an area served by more than one eligible telecommunications carrier shall give advance notice to the state commission of such relinquishment.

In approving a relinquishment state commissions must require the remaining ETCs to ensure that existing customers will continue to be served. 47 C.F.R. §54.205(b), provides that:

> Prior to permitting a telecommunications carrier designated as an eligible telecommunications carrier to cease providing universal service in an area served by more than one eligible telecommunications carrier, the state commission shall require the remaining eligible telecommunications carrier or carriers to ensure that all customers served by the relinquishing carrier will continue to be served, and shall require sufficient notice to permit the purchase or construction of adequate facilities by any remaining eligible telecommunications carrier. The state commission shall establish a time, not to exceed one year after the state commission approves such relinquishment under this section, within which such purchase or construction shall be completed.

In its petition, Cox identified all of the designated ETCs currently serving in its service territory (Attachment A). A data request was sent to each of the ETCs identified in Cox's petition asking each provider to verify that it is a designated ETC in Cox service areas. ETCs were also asked to confirm that they currently provide or are capable of providing Lifeline service to customers in those areas. Staff analyzed and reviewed the responses to verify that the customers in the relinquished areas would continue to be served. Based on staff's review and analysis, staff determined that in Cox's service areas, customers will continue to be served by one or more ETC.[3]

In its petition, Cox has asserted that its Lifeline customers will receive adequate notice to select another ETC to continue receiving the Lifeline discount. The first notice will be sent to

[3]Specifically, staff understands that the following ETCs will continue to offer Lifeline in Cox's territory in whole or in part: AT&T Florida, CenturyLink, Consolidated Communications of Florida Company, Phone Club, Windstream, Assurance wireless, Access wireless, SafeLink wireless, and T-Mobile wireless.

customers, via U.S. Mail, at least 60 days prior to the effective date of the relinquishment. A second notice will be sent out via bill messages at least 30 days prior to the effective date of relinquishment. Both notices will explain that Cox will no longer offer a Lifeline discount. If the customer does not choose another Lifeline provider, they have the option of being transitioned to Cox Voice service at a new promotional rate of $9.99 per month for 12 months. Cox's notice will also provide a list of Lifeline providers that may offer service in the customers' service area. Cox plans to stop enrolling customers in the Lifeline program 30 days prior to its relinquishment.

After reviewing Cox's petition and the responses to the ETC data requests, staff has verified there will be one or more ETCs remaining in Cox's service territory. Therefore, Lifeline service will continue to be available to customers residing within the relinquishment area if Cox's petition is granted. Staff believes Cox has met 47 C.F.R. §54.205 requirements to relinquish its ETC designation in its service territory. Therefore, staff recommends that the Commission should approve Cox's petition for relinquishment of its ETC designation.

Issue 2: Should this docket be closed?

Recommendation: Yes, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a Consummating Order. (DuVal)

Staff Analysis: At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a Consummating Order.

FL - ETCs per Zip	AT&T (L)	C-LINK (L)	FairPoint Commun-ications (L)	FRONTIER COMM (L)	GLOBAL CONNECTION OF AMERICA (L)	Phone Club Corporation (L)	WIND-STREAM (L)	ACCESS (W)	ASSURANCE (W)	SAFELINK (W)	T-MOBILE (W)
32439		X						X	X	X	
32459		X						X	X	X	
32501	X				X			X	X	X	
32502	X				X			X	X	X	
32503	X				X			X	X	X	X
32504	X				X			X	X	X	X
32505	X				X			X	X	X	X
32506	X				X			X	X	X	X
32507	X				X			X	X	X	X
32508	X							X	X	X	
32509	X							X	X	X	
32511	X							X	X		
32514	X				X			X	X	X	X
32526	X				X			X	X	X	X
32531	X	X	X					X	X	X	
32533	X			X	X			X	X	X	X
32534	X				X			X	X	X	
32536		X						X	X	X	
32539		X						X	X	X	
32541		X						X	X	X	
32542	X							X	X	X	
32544								X	X	X	
32547		X						X	X	X	X
32548		X						X	X	X	X
32550		X						X	X	X	X
32561	X							X	X	X	
32563	X				X			X	X	X	X
32566	X					X		X	X	X	X
32567		X	X						X	X	
32569		X						X	X	X	X
32578		X						X	X	X	X
32579		X						X	X	X	X
32580		X						X	X	X	
32601	X				X			X	X	X	X
32603	X							X	X	X	X
32605	X				X			X	X	X	X
32606	X				X			X	X	X	X
32607	X				X			X	X	X	X
32608	X				X	X		X	X	X	X
32609	X				X		X	X	X	X	
32612								X	X	X	X
32615	X						X	X	X	X	X
32616							X	X	X	X	
32617		X					X	X	X	X	
32618	X				X			X	X	X	X
32641	X				X			X	X	X	
32653	X				X		X	X	X	X	
32667	X				X		X	X	X	X	
32669	X							X	X	X	
34470		X						X	X	X	X
34471		X						X	X	X	X
34472		X						X	X	X	
34474		X						X	X	X	
34475		X						X	X	X	X
34476		X						X	X	X	

34479		x	x	x	x	x	x
34480		x	x	x	x	x	
34481	x	x	x	x	x	x	x
34482	x	x	x	x	x	x	x
34488	x		x	x	x	x	x
36561	x		x	x	x	x	x

Item 5

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Deas, Fogleman, Wendel)
Office of the General Counsel (DuVal)

RE: Docket No. 20190059-TX – Request for cancellation of Certificate of Authority No. 7830, effective May 14, 2019, and request for relinquishment of eligible telecommunications carrier (ETC) designation in Florida, by Global Connection Inc. of America (of Georgia).

AGENDA: 05/14/19 – Regular Agenda –Proposed Agency Action- Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On March 11, 2019, Global Connection Inc. of America (of Georgia) (Global) filed a petition with the Florida Public Service Commission (Commission) for cancellation of its Certificate of Authority No. 7830 and relinquishment of its Eligible Telecommunications Carrier (ETC) designation in Florida effective May 14, 2019. Global has been a competitive local exchange carrier (CLEC) in Florida since June 28, 2001. On September 15, 2011, the Commission designated Global as an ETC in parts of AT&T Florida's service territory.[1] ETC designation is a requirement for telecommunications carriers to receive federal Universal Service Funds for the Lifeline program. The Lifeline program enables low-income households to obtain and maintain

[1] Order No. PSC-11-0389-PAA-TX

Lifeline program. The Lifeline program enables low-income households to obtain and maintain telephone service by providing households with discounts on their monthly telephone bills.

As of March 2019, Global only had three Lifeline customers in Florida.[2] Global stated in its petition that Global is exiting the wireline telecommunications market in Florida. As a result, Global is requesting relinquishment of its ETC designation in Florida.

The Commission is vested with jurisdiction in this matter, pursuant to Section 364.10, Florida Statutes (F.S.), 47 U.S.C §214(e)(4), and 47 C.F.R. §54.205.

[2] Based on the Universal Service Administrative Company's disbursements to Global in Florida as of March 2019.

Discussion of Issues

Issue 1: Should the Commission approve Global's request to relinquish its ETC designation in Florida and acknowledge its notice of cancellation of CLEC Certificate No. 7830?

Recommendation: Yes. The Commission should approve Global's request to relinquish its ETC designation in Florida and acknowledge its notice of cancellation of CLEC Certificate No. 7830. (Deas, Fogleman, Wendel, Duval)

Staff Analysis: An ETC may relinquish its ETC designation pursuant to 47 C.F.R. §54.205(a), which provides that:

> A state commission shall permit an eligible telecommunications carrier to relinquish its designation as such a carrier in any area served by more than one eligible telecommunications carrier. An eligible telecommunications carrier that seeks to relinquish its eligible telecommunications carrier designation for an area served by more than one eligible telecommunications carrier shall give advance notice to the state commission of such relinquishment.

In approving a relinquishment, state commissions must require the remaining ETCs to ensure that existing customers will continue to be served. 47 C.F.R. §54.205(b), provides that:

> Prior to permitting a telecommunications carrier designated as an eligible telecommunications carrier to cease providing universal service in an area served by more than one eligible telecommunications carrier, the state commission shall require the remaining eligible telecommunications carrier or carriers to ensure that all customers served by the relinquishing carrier will continue to be served, and shall require sufficient notice to permit the purchase or construction of adequate facilities by any remaining eligible telecommunications carrier. The state commission shall establish a time, not to exceed one year after the state commission approves such relinquishment under this section, within which such purchase or construction shall be completed.

In its petition, Global identified its service area by wire centers (Attachment A). Staff sent data requests to each ETC in Global's service area asking each provider to verify that they were currently providing Lifeline service to customers or capable of providing service to customers in Global's service area. Staff reviewed the responses to verify that customers in Global's service area would continue to be served. Based on staff's review and analysis, staff determined that customers in Global's service area will continue to have Lifeline service available from one or more ETCs.[3]

[3]Specifically, staff understands that the following ETCs will continue to offer Lifeline in Global's territory in whole or in part: AT&T Florida, WOW, Phone Club, Tele Circuit Network, SafeLink wireless, Assurance wireless, and T-Mobile wireless.

Global asserts a notice will be sent to all affected customers via first class mail 45 days prior to discontinuance of service. The notice will explain that Global will no longer provide wireline local exchange service in Florida. If customers do not choose another provider before the last service date their service will be terminated. Global also states it will provide customers a list of providers operating in Global's service area.

After reviewing Global's petition and the responses to the ETC data request, staff has verified there will be one or more ETCs remaining in Global's service area. Therefore, Lifeline service will continue to be available to customers residing within the relinquishment area if Global's petition is granted. Staff believes Global has met the 47 C.F.R. §54.205 requirements to relinquish its ETC designation in its service area. In addition, Global is requesting cancellation of its CLEC Certificate No. 7830, effective May 14, 2019. Global has met the requirements of Section 364.335(3), F.S., by providing notice in writing of its request for voluntary cancellation of its certificate and has submitted all Regulatory Assessment Fees. Therefore, staff recommends that the Commission should approve Global's petition for relinquishment of its ETC designation and acknowledge cancellation of its CLEC Certificate No. 7830.

Issue 2: Should this docket be closed?

Recommendation: Yes, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a Consummating Order. (DuVal)

Staff Analysis: At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a Consummating Order.

Item 6

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Andrews, Mouring) MA ALM
Office of the General Counsel (Dziechciarz, Weisenfeld) RAD AJW TLT

RE: Docket No. 20180061-EI – Petition for limited proceeding to recover incremental storm restoration costs, by Florida Public Utilities Company.

AGENDA: 05/14/19 – Regular Agenda – Motion for Reconsideration – Oral Argument Requested; Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On February 28, 2018, Florida Public Utilities Company (FPUC or Company) filed its petition for Limited Proceeding to Recover Incremental Storm Restoration Costs. FPUC requested to recover approximately $2 million for the incremental restoration costs related to several hurricanes and tropical storms named by the National Hurricane Center during the 2016 and 2017 hurricane seasons, and to replenish its storm reserve subject to true-up.

The Office of Public Counsel (OPC) intervened in this docket on March 22, 2018. On August 14, 2018, Order No. PSC-2018-0404-PCO-EI was issued establishing hearing dates and procedures to be followed. On November 26, 2018, a prehearing conference was held. On December 4, 2018, Order No. PSC-2018-0567-PHO-EI (Prehearing Order) was issued to outline the procedures to be used at the December 11, 2018 hearing. On December 7, 2018, OPC filed a

Motion for Reconsideration of the Decision in Prehearing Order No. PSC-2018-0567-PHO-EI to Strike All or Part of Issues 7 and 10 (Prehearing Motion). On December 11, FPUC filed a Response in Opposition to OPC's Prehearing Motion.

A formal hearing was held on December 11, 2018. At the hearing, the Commission voted to deny OPC's Prehearing Motion, and to accept and approve the parties' proposed stipulations. By Order No. PSC-2019-0114-FOF-EI (Final Order), issued on March 26, 2019, the Commission found that FPUC prudently incurred $426,261 in net recoverable storm restoration costs, and that the appropriate amount to recover these costs and to replenish FPUC's storm reserve is $1,927,648.

On April 3, 2019, OPC filed a timely Motion for Reconsideration of Order No. PSC-2019-0114-FOF-EI (Posthearing Motion). In the Posthearing Motion, OPC requested that the Commission reconsider its decisions: (1) authorizing FPUC's recovery for additional compensation related to its Inclement Weather Exempt Employee Compensation Policy (Inclement Weather Policy); and (2) striking, in whole or in part, Issues 7 and 10. On April 5, 2019, OPC filed a Request for Oral Argument on its Posthearing Motion (Request). On April 10, 2019, FPUC filed a Response in Opposition to Citizens' Motion to Reconsider Portions of Order No. PSC-2019-0114-FOF-EI and Response to Separate Request for Oral Argument (Response in Opposition).

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, 366.06, and 366.076, Florida Statutes (F.S.), and Rules 25-6.0143, 25-6.0431, and 25-6.044, Florida Administrative Code (F.A.C.).

Discussion of Issues

Issue 1: Should the Commission grant OPC's Request for Oral Argument?

Recommendation: No. The Commission should deny OPC's Request for Oral Argument. However, if the Commission decides that oral argument would aid in its understanding and disposition of OPC's Posthearing Motion, staff recommends that the Commission allow three minutes per side. (Dziechciarz, Weisenfeld)

Staff Analysis:

OPC's Request for Oral Argument

OPC requested the opportunity to present oral argument on its Posthearing Motion pursuant to Rule 25-22.058, F.A.C.[1] OPC asserts that oral argument will aid the Commission in comprehending and evaluating points that were overlooked in the Final Order. More specifically, OPC contends that oral argument will aid the Commission in understanding that the classification of employees as it relates to overtime pay is a necessary consideration for the application of Rule 25-6.0143, F.A.C. Although the Request was not filed concurrently with OPC's Posthearing Motion, OPC asks that its Request be considered timely.

FPUC's Response to OPC's Request

FPUC notes that OPC's Request for Oral Argument was not timely filed pursuant to Rule 25-22.0022, F.A.C. FPUC further contends that the issues that are the subject of OPC's Posthearing Motion were thoroughly argued and briefed during the hearing process, and thus oral argument is not likely to provide additional, revelatory insight for the Commission. FPUC suggests that in the event that the Commission determines oral argument would be helpful, the time should be limited to no more than three minutes per side.

Analysis

Rule 25-22.0022(1), F.A.C., states:

> Oral argument must be sought by separate written request filed concurrently with the motion on which argument is requested, or no later than 10 days after exceptions to a recommended order are filed. Failure to timely file a request for oral argument shall constitute waiver thereof.

OPC's Request was not filed concurrently with the Posthearing Motion on which the oral argument was requested. OPC filed its Posthearing Motion on April 3, 2019, and the Request was filed on April 5, 2019. Staff recommends that OPC's Request be denied both because it was not filed timely (and therefore waived), and because staff believes that the pleadings are clear on their face. However, staff notes that pursuant to Rule 25-22.0022(3), F.A.C., the Commission has the sole discretion to grant or deny oral argument. Therefore, if the Commission decides that oral argument would aid in its understanding and disposition of the underlying matter, staff recommends that the Commission allow three minutes per side.

[1] OPC erroneously cited Rule 25-22.058, F.A.C., which was repealed on January 1, 2007. The Oral Argument Rule is Rule 25-22.0022, F.A.C.

Conclusion

The Commission should deny OPC's Request for Oral Argument; however, if the Commission decides that oral argument would aid in its understanding and disposition of OPC's Posthearing Motion, staff recommends that the Commission allow three minutes per side.

Issue 2: Should the Commission grant OPC's Posthearing Motion to reconsider the decision to authorize FPUC's recovery of $69,632 pursuant to Rule 25-6.0143, F.A.C.?

Recommendation: No. OPC's Posthearing Motion to reconsider the decision to authorize FPUC's recovery of $69,632 pursuant to Rule 25-6.0143, F.A.C., should be denied because it does not meet the required standard for a motion for reconsideration. OPC has failed to identify a point of fact or law that was overlooked or that the Commission failed to consider in rendering Order No. PSC-2019-0114-FOF-EI. (Dziechciarz, Weisenfeld)

Staff Analysis:

By Final Order No. 2019-0114-FOF-EI, issued on March 26, 2019, the Commission authorized FPUC to recover $69,632 in costs incurred under FPUC's Inclement Weather Policy pursuant to Rule 25-6.0143, F.A.C. Rule 25-6.0143(1)(f)2., F.A.C., states:

> The types of storm related costs prohibited from being charged to the reserve under the ICCA methodology include, but are not limited to, the following: ... Bonuses or any other special compensation for utility personnel not eligible for overtime pay[.]

In the Final Order, the Commission found that:

> We interpret the prohibition on recovery for bonuses or any other special compensation under Rule 25-6.0143, F.A.C., as prohibition on giving bonuses or other incentives on a discretionary basis, with no guidelines regarding the distribution or amount of the additional compensation received ... [T]he "extra compensation" is not a "special" compensation or a bonus, but rather an additional supplemental compensation for eligible employees, who have performed beyond their regular duties. Thus ... the "extra compensation" in this case is not a prohibited cost, but an incremental cost. Rule 25-6.0143(1)(d), F.A.C., allows utilities to charge for "costs that are incremental to costs normally charged to non-cost recovery clause operating expenses in the absence of a storm."

Standard of Review

The appropriate standard of review in a motion for reconsideration is whether the motion identifies a point of fact or law that was overlooked or that the Commission failed to consider in rendering its Final Order. Stewart Bonded Warehouse, Inc. v. Bevis, 294 So. 2d 315 (Fla. 1974); Diamond Cab Co. v. King, 146 So. 2d 889 (Fla. 1962); and Pingree v. Quaintance, 394 So. 2d 161 (Fla. 1st DCA 1981). In a motion for reconsideration, it is not appropriate to reargue matters that have already been considered. Sherwood v. State, 111 So. 2d 96 (Fla. 3d DCA 1959), citing State ex. rel. Jaytex Realty Co. v. Green, 105 So. 2d 817 (Fla. 1st DCA 1958).

OPC's Posthearing Motion for Reconsideration

OPC asserts that the purpose of a motion for reconsideration is to bring to the attention of the administrative agency some point that it overlooked or failed to consider when it rendered its order in the first instance. Thus, OPC argues that the Commission has misinterpreted the

language of Rule 25-6.0143, F.A.C., by finding that the additional compensation of $69,632 contemplated by FPUC's Inclement Weather Policy is not a bonus or special compensation, but rather an additional supplemental compensation that is permissible for storm cost recovery under the Rule. OPC alleges that the Commission was incorrect to focus its analysis on whether the additional compensation was discretionary.

OPC submits that the language of Rule 25-6.0143, F.A.C., does not focus on the discretionary nature of the payment, but rather on the classification of the employee as it relates to eligibility for overtime pay. OPC also contends that the Commission's definition of a bonus as a discretionary payment appears to ignore how bonuses are treated under the Fair Labor Standards Act. Because of this, OPC asserts that the question before the Commission is not whether the additional compensation is a "bonus," but rather: (1) whether the employee who received additional compensation was ineligible for overtime pay, and (2) whether the additional compensation was "special compensation." OPC contends that the payments under FPUC's Inclement Weather Policy constituted "special compensation" to employees who were ineligible for overtime, and therefore the payments should be disallowed.

OPC asserts that FPUC acknowledged that the employees who receive compensation under the Inclement Weather Policy are ineligible for overtime pay. OPC argues that because the Inclement Weather Policy was designed for "exempt employees," they are necessarily ineligible for overtime, and thus the payments are prohibited by Rule 25-6.0143(f)2., F.A.C. OPC argues that this fact contradicts the Commission's treatment of the payments and requires reconsideration.

OPC further asserts that the Commission's definition of "special compensation" renders the word "bonus" in Rule 25-6.0143(f)2., F.A.C., superfluous. OPC argues that the rules of statutory construction dictate that a deciding body must give the words of a rule or statute their plain meaning, and that significance and effect must be given to every word or phrase in the rule. OPC argues that since "special compensation" is not defined in the Florida Administrative Code, it is helpful to review the definition in the dictionary. According to Merriam-Webster's online dictionary, "special" is defined as "being other than the usual: additional, extra."

OPC concludes that therefore "special compensation" constitutes any compensation beyond a salaried employee's regular or ordinary salary. To support this argument, OPC cites to case law that discusses the relationship between salary, overtime, fixed compensation, and irregular compensation. OPC concludes that storm payments to employees who are ineligible for overtime pay are either part of the employee's standard compensation, or are a kind of special compensation, both of which are excluded under Rule 25-6.0143(f)2., F.A.C.

FPUC's Response in Opposition

FPUC asserts in its Response in Opposition that OPC's Posthearing Motion must be denied, because it fails to identify any mistake of fact or law in the Commission's decision, or anything that was overlooked in rendering the decision. FPUC contends that OPC simply disagrees with the Commission's conclusions, which is not sufficient to meet the standard required for reconsideration.

FPUC argues that OPC's assertion that the Commission gave undue weight to the discretionary aspect of the payments under FPUC's Inclement Weather Policy overlooks the fact that the Commission considered what constitutes "special compensation" and "bonus" payments with respect to exempt employees. FPUC notes that the Commission recognized that a supplemental payment recognized in an employee's base salary package does not necessarily constitute "special compensation," a "bonus," or "base rate recoverable regular payroll."

FPUC contends that after consideration the Commission disagreed with, and therefore rejected, OPC's argument that the supplemental compensation should be disallowed. The Commission found that the Inclement Weather Policy requires that FPUC supplement the compensation for employees who are not eligible for overtime when they perform storm-related work that exceeds their normal hours and job functions. Accordingly, FPUC argues that because this supplemental compensation is part of the standard pay and benefits package for all employees who fall under the Inclement Weather Policy, it is neither "special," nor is it a "bonus" that can be awarded at FPUC's discretion. FPUC further contends that OPC's argument constitutes a re-argument, which is not proper in the context of a motion for reconsideration.

FPUC also notes that OPC's argument that the supplemental compensation should be excluded from storm cost recovery because it is part of the standard compensation package for exempt employees (and thus should be recovered, if at all, through base rates recoverable through payroll) is untimely. FPUC contends that this argument fails to meet the standard for reconsideration because it improperly expands the actual language of Rule 25-6.0143, F.A.C., and assumes a dichotomy not contemplated in the Rule. OPC's argument that the supplemental compensation should be excluded because it is part of the standard compensation package does not identify a mistake of fact or law in the Commission's analysis, but instead asks the Commission to reconsider its interpretation of Rule 25-6.0143, F.A.C., which is not appropriate. FPUC also notes that there is no evidence in the record to support that the supplemental compensation should be categorized as "base rate recoverable through payroll."

FPUC argues that Rule 25-6.0143, F.A.C., does not require that payments made to exempt employees must, in all circumstances under the Rule, either be excluded from recovery as part of the employees' standard compensation package, or excluded as "special compensation" or bonus payments. Rather, FPUC argues, Rule 25-6.0143, F.A.C., clarifies that payroll already being recovered through base rates cannot also be eligible for recovery as a storm cost, and that bonuses or other discretionary incentives likewise cannot be recovered as a storm cost. FPUC argues that Rule 25-6.0143, F.A.C., does not preclude recovery of other categories of compensation, such as non-discretionary, supplemental compensation that is not otherwise recovered through base rates. FPUC reiterates that OPC failed to identify a mistake of fact or law that could serve as the basis for reconsideration.

Analysis

In its Posthearing Motion, OPC failed to meet the standard of review for a motion for reconsideration because it did not cite to any point of fact or law that was overlooked by the Commission in rendering its decision to allow FPUC to recover the supplemental compensation under Rule 25-6.0143, F.A.C. Instead, OPC improperly uses its Posthearing Motion to reargue the merits of matters that have already been considered.

Regarding the recovery of supplemental compensation as established in FPUC's Inclement Weather Policy, OPC takes issue with how the Commission used the non-discretionary nature of the compensation to facilitate its analysis in interpreting Rule 25-6.0143, F.A.C. OPC also cites to the Fair Labor Standards Act, Merriam-Webster's online dictionary, Black's Law Dictionary, and several cases (none of which are authoritative) to support its contention that FPUC's supplemental compensation is "special," and thus prohibited from storm cost recovery. OPC conflates its submission of dictionary definitions and terms from case law with actual points of fact or law that the Commission failed to consider. Nowhere in its Posthearing Motion does OPC note a point of fact or law that was overlooked by the Commission in rendering its decision on this matter. In fact, OPC cites to the Commission's analysis in its Posthearing Motion, thus showing that the Commission carefully considered whether the payments were discretionary (to ascertain if they were "bonuses"), and whether the payments were contemplated on a standard basis in a standard manner (to ascertain if they were "special"). OPC merely disagrees with the Commission's interpretation of "special compensation," and is asking the Commission to review and reweigh the evidence, which is not a proper basis for reconsideration.

Conclusion

Staff recommends that OPC did not meet the standard of review for reconsideration in its Posthearing Motion to reconsider the decision to authorize FPUC's recovery of $69,632 pursuant to Rule 25-6.0143, F.A.C. OPC failed to identify a point of fact or law that was overlooked or that the Commission failed to consider in rendering Order No. PSC-2019-0114-FOF-EI.

Issue 3: Should the Commission grant OPC's Posthearing Motion for reconsideration of the denial of the Prehearing Motion to reconsider the decision to strike, in whole or in part, Issues 7 and 10?

Recommendation: No. Staff recommends that Final Order No. 2019-0114-FOF-EI, issued on March 26, 2019, already disposed of OPC's Prehearing Motion, and therefore the Commission should not entertain this facet of OPC's Posthearing Motion. (Dziechciarz, Weisenfeld)

Staff Analysis:

At the prehearing conference, held on November 26, 2018, OPC, FPUC, and staff discussed whether Issue 7 should be struck in part, and whether Issue 10 should be struck in its entirety.

> Issue 7 was phrased:
> In connection with the restoration service associated with electric power outages affecting customers as a result of Hurricanes Matthew and Irma, were the contractor rates ***of up to $509 per hour*** that FPUC paid for storm recovery activities reasonable and prudent, in incurrence and amount? If not, what amount should be approved? (emphasis added)
>
> Issue 10 was phrased:
> As a result of the evidence in this case, what action, if any, should the Florida Public Service Commission take to ensure contractor rates charged to utilities are reasonable and prudent?

In Prehearing Order No. PSC-2018-0567-PHO-EI, issued on December 4, 2018, the prehearing officer memorialized the decision she made at the prehearing conference to exclude the words "of up to $509 per hour" from Issue 7, and to strike Issue 10 in its entirety. On December 7, 2018, OPC submitted its Prehearing Motion to reconsider this decision. At the hearing, held on December 11, 2018, the Commission denied OPC's Prehearing Motion, and found that the Prehearing Motion failed to identify a point of fact or law that the prehearing officer overlooked or failed to consider. By Final Order No. PSC-2019-0114-FOF-EI, issued on March 26, 2019, the Commission disposed of OPC's Prehearing Motion.

Rule

Rule 25-22.060(1)(a), F.A.C., states:

> Any party to a proceeding who is adversely affected by an order of the Commission may file a motion for reconsideration of that order. The Commission will not entertain any motion for reconsideration of any order that disposes of a motion for reconsideration.

OPC's Posthearing Motion for Reconsideration

OPC requests that the Commission "reconsider its prehearing decision to strike, in whole or in part, Issues 7 and 10." OPC asserts that Issue 7 was reworded and Issue 10 was stricken, both without explanation. OPC argues that without legal justification provided, OPC cannot

assert a point of law or fact that was overlooked or misapprehended, and that the Commission's decision to withhold the explanation precludes a successful argument against the action.

FPUC's Response in Opposition

FPUC argues that a motion for reconsideration of a decision that disposes of a motion for reconsideration should not be entertained pursuant to Rule 25-22.060(1)(a), F.A.C. FPUC also argues that OPC is still unable to point to a mistake of fact or law related to the exclusion of the phrase "of up to $509 per hour" from Issue 7. FPUC notes that exclusion of the phrase had no material impact on the issues addressed in this docket, nor did it hinder OPC's ability to make its arguments.

Similarly, with the exclusion of Issue 10 from the Prehearing Order, FPUC argues that OPC has failed to identify a proper basis for reconsideration. FPUC notes that the hearing transcript clearly reflects that the Commission considered OPC's Prehearing Motion, but decided that OPC had not identified a mistake of fact or law in the prehearing officer's decision and thus, accordingly, OPC's Prehearing Motion was denied. FPUC argued that the Commission also identified that this docket was not the appropriate vehicle for addressing a broad policy question with potential impacts that extend beyond the parties to this proceeding.

Analysis

Regarding the Commission's decision to deny OPC's Prehearing Motion, Rule 25-22.060(1)(a), F.A.C., states that the Commission will not entertain any motion for reconsideration of any order that disposes of a motion for reconsideration. OPC argues that it is seeking clarification of the Commission's decision on this point because no explanation was given. However, at the prehearing conference, in which OPC participated, the prehearing officer clearly articulated that the language to be stricken from Issue 7 was an effort to reduce bias, and Issue 10 was stricken because it was not appropriate for this docket.[2] The Final Order disposed of OPC's Prehearing Motion regarding Issues 7 and 10, and therefore staff does not recommend that the Commission entertain this facet of OPC's Posthearing Motion.

Conclusion

Staff recommends that OPC's Posthearing Motion be denied. The Final Order disposed of OPC's Prehearing Motion to reconsider the prehearing officer's decision regarding Issues 7 and 10, and therefore staff does not recommend that the Commission entertain this facet of OPC's Posthearing Motion.

[2] Staff notes that the reasons for re-phrasing Issue 7 and striking Issue 10 were discussed at length by the prehearing officer at the prehearing conference – the transcript of which is available for OPC's review. With respect to Issue 7, the prehearing officer reasoned that the language "of up to $509 per hour" rendered the issue language biased, and that the Commission has not seen such language "in an impartial technical, evidentiary hearing." The prehearing officer further explained to the parties that, "when you have a final issue list, it has to be impartial. And it has to be able to convey a sentiment that will provide balance to the proceedings." The prehearing officer concluded that striking the phrase "of up to $509 per hour" would still permit OPC to make the same argument within Issue 7 had the phrase been left in, while removing bias from the wording. Regarding Issue 10, the prehearing officer found that this docket is not the appropriate forum to consider whether contractor rates charged to utilities are reasonable and prudent. She explained that removal of Issue 10 was appropriate, given that the Commission has limited jurisdiction related to price gouging and profiteering.

Issue 4: Should the docket be closed?

Recommendation: Yes, this docket should be closed after the time for filing an appeal has run. (Dziechciarz, Weisenfeld)

Staff Analysis: Yes, this docket should be closed after the time for filing an appeal has run.

Item 7

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Smith II, Buys, Cicchetti)
Office of the General Counsel (Brownless)

RE: Docket No. 20190069-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 7.44% to 6.46%, effective January 1, 2019, by Duke Energy Florida, LLC d/b/a Duke Energy.

AGENDA: 05/14/19 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Duke Energy Florida LLC's (DEF or the Company) current Allowance for Funds Used During Construction (AFUDC) rate of 7.44 percent was approved in Order No. PSC-10-0604-PAA-EI[1] and reaffirmed in Order No. PSC-13-0598-FOF-EI.[2] On March 21, 2019, DEF filed a request to decrease its AFUDC rate from 7.44 percent to 6.46 percent, effective January 1, 2019. The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Section 366.04, 366.05, and 366.06, F.S.

[1] Order No. PSC-10-0604-PAA-EI, issued October 4, 2010, in Docket No. 100134-EI, *In re: Review of Progress Energy Florida, Inc.'s current allowance for funds used during construction.*
[2] Order No. PSC-13-0598-FOF-EI, issued November 12, 2013, in Docket No. 130208-EI, *In re: Petition for limited proceeding to approve revised and restated stipulation and settlement agreement by Duke Energy Florida, Inc. d/b/a Duke Energy.*

Discussion of Issues

Issue 1: Should the Commission approve DEF's request to decrease its AFUDC rate from 7.44 percent to 6.46 percent?

Recommendation: Yes. The appropriate AFUDC rate for DEF is 6.46 percent based on a 13-month average capital structure for the period ended December 31, 2018. (Smith II)

Staff Analysis: DEF has requested a decrease in its AFUDC rate from 7.44 percent to 6.46 percent. Rule 25-6.0141(2), Florida Administrative Code (F.A.C.), Allowance for Funds Used During Construction, provides the following guidance:

> (2) The applicable AFUDC rate shall be determined as follows:
>
> (a) The most recent 13-month average embedded cost of capital, except as noted below, shall be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the utility's last rate case.
>
> (b) The cost rates for the components in the capital structure shall be the midpoint of the last allowed return on common equity, the most recent 13-month average cost of short term debt and customer deposits and a zero cost rate for deferred taxes and all investment tax credits. The cost of long term debt and preferred stock shall be based on end of period cost. The annual percentage rate shall be calculated to two decimal places.

In support of its requested AFUDC rate of 6.46 percent, DEF provided its calculations and capital structure as Schedules A and B attached to its request. Staff reviewed the schedules and determined that the proposed rate was calculated in accordance with Rule 25-6.0141(2), F.A.C. The requested decrease in the AFUDC rate is due principally to a decrease of 63 basis points in the weighted cost of long term debt and a decrease of 15 basis points in the weighted cost of common equity. Customer deposits are 13 basis points lower and short-term debt is 6 basis points lower. DEF used the midpoint return on equity of 10.50 percent, which was approved by the Commission in Order No. PSC-10-0131-FOF-EI.[3]

Based on its review, staff believes that the requested decrease in the AFUDC rate from 7.44 percent to 6.46 percent is appropriate, consistent with Rule 25-6.0141, F.A.C., and recommends it be approved.

[3] Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, in Docket No. 090079-EI, *In re: Petition for increase in rates by Progress Energy Florida, Inc.* & Docket No. 090144-EI, *In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc.*

Issue 2: What is the appropriate monthly compounding rate to achieve the requested 6.46 percent annual AFUDC rate?

Recommendation: The appropriate monthly compounding rate to maintain an annual rate of 6.46 percent is 0.523400 percent. (Smith II)

Staff Analysis: DEF requested a monthly compounding rate of 0.523400 percent to achieve an annual AFUDC rate of 6.46 percent. In support of the requested monthly compounding rate of 0.523400 percent, DEF provided its calculation as Schedule C attached to its request. Rule 25-6.0141(3), F.A.C., provides a formula for discounting the annual AFUDC rate to reflect monthly compounding. The rule also requires that the monthly compounding rate be calculated to six decimal places.

Staff reviewed the Company's calculations and determined that they comply with the requirements of Rule 25-6.0141(3), F.A.C. Therefore, staff recommends that a discounted monthly AFUDC rate of 0.523400 percent be approved.

Issue 3: Should the Commission approve DEF's requested effective date of January 1, 2019, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective as of January 1, 2019, for all purposes. (Smith II)

Staff Analysis: DEF's proposed AFUDC rate was calculated using a 13-month average capital structure for the period ended December 31, 2017. Rule 25-6.0141(5), F.A.C., provides that:

> The new AFUDC rate shall be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

The Company's requested effective date of January 1, 2019, complies with the requirement that the effective date does not precede the period used to calculate the rate, and therefore should be approved.

Issue 4: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Brownless)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

Item 8

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Hightower, Buys, Cicchetti)
Office of the General Counsel (Schrader)

RE: Docket No. 20190087-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 5.97% to 6.22%, effective January 1, 2019, by Florida Power & Light Company.

AGENDA: 05/14/19 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Florida Power & Light Company's (FPL or the Company) current Allowance for Funds Used During Construction (AFUDC) rate of 5.97 percent was approved on May 11, 2018, by Order No. PSC-2018-0247-PAA-EI.[1] On April 2, 2019, FPL filed the required schedules and requested an increase in its AFUDC rate from 5.97 percent to 6.22 percent, effective January 1, 2019. The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

[1]Order No. PSC-2018-0247-PAA-EI, issued May 11, 2018, in Docket No. 20180038-EI, *In re: Request for approval of change of allowance for funds during construction (AFUDC), by Florida Power and Light Company*, consummated by Order No. PSC-2018-0348-CO-EI, issued July 16, 2018.

Discussion of Issues

Issue 1: Should the Commission approve FPL's request to increase its AFUDC rate from 5.97 percent to 6.22 percent?

Recommendation: Yes. The appropriate AFUDC rate for FPL is 6.22 percent based on a 13-month average capital structure for the period ended December 31, 2018. (Hightower)

Staff Analysis: FPL requested an increase in its AFUDC rate from 5.97 percent to 6.22 percent. Rule 25-6.0141(2), F.A.C., Allowance for Funds Used During Construction, provides the following guidance:

> (2) The applicable AFUDC rate shall be determined as follows:
>
> (a) The most recent 13-month average embedded cost of capital, except as noted below, shall be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the utility's last rate case.
>
> (b) The cost rates for the components in the capital structure shall be the midpoint of the last allowed return on common equity, the most recent 13-month average cost of short-term debt and customer deposits and a zero cost rate for deferred taxes and all investment tax credits. The cost of long-term debt and preferred stock shall be based on end of period cost. The annual percentage rate shall be calculated to two decimal places.

In support of the requested AFUDC rate of 6.22 percent, FPL provided its calculations and capital structure in Schedules A and B attached to its request. Staff reviewed the schedules and determined that the proposed rate was calculated in accordance with Rule 25-6.0141(2), F.A.C. The requested increase in the AFUDC rate is principally due to an increase in the weighted cost of long-term debt which increased by 17 basis points. The weighted cost of common equity also increased by 6 basis points due to an increase in the equity ratio. FPL used the midpoint return of equity of 10.55 percent, which was approved by the Commission in Order No. PSC-16-0560-AS-EI.[2]

Based on its review, staff believes that the requested decrease in the AFUDC rate from 5.97 percent to 6.22 percent is appropriate, consistent with Rule 25-6.0141, F.A.C., and recommends that the Commission approve it.

[2]Order No. PSC-16-0560-AS-EI, issued December 15, 2016, in Docket No. 160021-EI, *In re: Petition for rate increase by Florida Power & Light Company.*

Issue 2: What is the appropriate monthly compounding rate to achieve the requested 6.22 percent annual AFUDC rate?

Recommendation: The appropriate monthly compounding rate to maintain an annual rate of 6.22 percent is 0.504118 percent. (Hightower)

Staff Analysis: FPL requested a monthly compounding rate of 0.504118 percent to achieve an annual AFUDC rate of 6.22 percent. In support of the requested monthly compounding rate of 0.504118 percent, FPL provided its calculations in Schedule C attached to its request. Rule 25-6.0141(3), F.A.C., provides a formula for discounting the annual AFUDC rate to reflect monthly compounding. The rule also requires that the monthly compounding rate be calculated to six decimal places.

Staff reviewed the Company's calculations and determined that they comply with the requirements of Rule 25-6.0141(3), F.A.C. Therefore, staff recommends that the Commission approve a discounted monthly AFUDC rate of 0.504118 percent.

Issue 3: Should the Commission approve FPL's requested effective date of January 1, 2019, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective as of January 1, 2019, for all purposes. (Hightower)

Staff Analysis: FPL's proposed AFUDC rate was calculated using a 13-month average capital structure for the period ended December 31, 2018. Rule 25-6.0141(5), F.A.C., provides that:

> The new AFUDC rate shall be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

The Company's requested effective date of January 1, 2019, complies with the requirement that the effective date does not precede the period used to calculate the rate, and therefore the effective date should be approved.[3]

[3]Due to changes made to Section 366.93, F.S., during the 2013 Legislative Session, Rule 25-6.0423, F.A.C., was amended in January 2014 to provide that for the purposes of nuclear or integrated gasification combined cycle power plant cost recovery, carrying costs pursuant to the rule shall be calculated using the utility's most recently approved pretax AFUDC rate at the time an increment of cost recovery is sought. Prior to the amendment, the rule had provided that for power plant need petitions submitted on or before December 31, 2010, the associated carrying costs would be computed based on the pretax AFUDC rate in effect on June 12, 2007. Therefore, staff recommends that a single AFUDC rate should be effective for all purposes, including for computing carrying costs for cost recovery sought pursuant to Section 366.93, F.S.

Issue 4: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Schrader)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

Item 9

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Knoblauch, Graves, Salvador)
Division of Economics (Wu)
Office of the General Counsel (Weisenfeld, Murphy)

RE: Docket No. 20180231-EI – Petition for approval of the big bend south gypsum storage area closure project for cost recovery through the environmental cost recovery clause, by Tampa Electric Company.

AGENDA: 05/14/19 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On December 26, 2018, Tampa Electric Company (TECO or Company) petitioned the Florida Public Service Commission (Commission) to approve the Big Bend South Gypsum Storage Area (SGSA) Closure Project for cost recovery through the Environmental Cost Recovery Clause (ECRC), as governed by Section 366.8255, Florida Statutes (F.S.). TECO asserts that the SGSA must be closed in order to comply with the provisions of the United States Environmental Protection Agency's (EPA) Coal Combustion Residual (CCR) Rule.[1]

[1] 40 CFR Part 257

On April 17, 2015, the EPA published the CCR Rule, which provides the requirements for the safe disposal of CCR in landfills and surface impoundments. CCR is a byproduct of coal combustion at electric utilities and independent power producers. The effective date of the CCR Rule was October 19, 2015, and the Rule is self-implementing.

On October 15, 2015, TECO requested approval from the Commission of its first phase of the CCR Compliance Program, which the Company developed to comply with the CCR Rule. The Commission approved this first phase on February 9, 2016.[2] On December 22, 2017, the Commission approved a second phase of the Company's CCR Program, which involved the closure of its Big Bend Economizer Ash & Pyrites Ponds.[3]

In the instant docket, TECO is requesting cost recovery for the closure of the SGSA through the ECRC. The SGSA was utilized to house gypsum generated from the Company's flue gas desulfurization (FGD) systems. TECO's FGD systems were implemented to meet both the requirements of the Clean Air Act Amendments of 1990 and a Consent Decree entered into in 2000, and were approved by the Commission through the ECRC.[4] On September 26, 2012, the Commission approved the construction of a new Big Bend Station Gypsum Storage Facility, also referred to as the East Gypsum Storage Area (EGSA).[5] At the time, the EGSA was constructed because the existing SGSA was no longer able to accommodate all of the gypsum that was produced due to a decline in the demand for gypsum.

The ECRC is a statutory mechanism which allows investor-owned electric utilities to periodically seek recovery outside of base rates for their proposed environmental compliance costs. The Commission has interpreted the ECRC to permit recovery for prudently incurred costs legally required for a utility to comply with a governmentally imposed mandate.[6] The Commission has also denied recovery for costs a utility has incurred as a voluntary undertaking not needed for compliance with any governmental mandate.[7]

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[2]Order No. PSC-16-0068-PAA-EI, issued February 9, 2016, in Docket No. 20150223-EI, *In re: Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company.*

[3]Order No. PSC-2017-0483-PAA-EI, issued December 22, 2017, in Docket No. 20170168-EI, *In re: Petition for approval of the second phase of CCR program for cost recovery through the environmental cost recovery clause, by Tampa Electric Company.*

[4]Order No. PSC-96-1048-FOF-EI, issued August 14, 1996, in Docket No. 19960688-EI, *In re: Petition for approval of certain environmental compliance activities for purposes of cost recovery by Tampa Electric Company.*

[5]Order No. PSC-12-0493-PAA-EI, issued September 26, 2012, in Docket No. 20110262-EI, *In re: Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company.*

[6]Order No. PSC-94-0044-FOF-EI, issued January 12, 1994, in Docket No. 19930613-EI, *In re: Petition to establish an environmental cost recovery clause pursuant to Section 366.0285, Florida Statutes by Gulf Power Company.*

[7]Order No. PSC-94-0044-FOF-EI, issued January 12, 1994, in Docket No. 19930613-EI, *In re: Petition to establish an environmental cost recovery clause pursuant to Section 366.0285, Florida Statutes by Gulf Power Company*, and Order No. PSC-11-0080-PAA-EI, issued January 31, 2011, in Docket No. 20100404-EI, *In re: Petition by Florida Power & Light Company to recover Scherer Unit 4 Turbine Upgrade costs through environmental cost recovery clause of fuel recovery clause.*

When interpreting the meaning of a statute, the Commission must employ a "plain meaning" analysis, looking at the ordinary meaning of the words as written.[8] Statutes implemented by the Commission must be narrowly construed; recovery of costs under a clause is only permissible for costs arising from activities enumerated in the clause.[9] The Commission has jurisdiction over the instant matter pursuant to Section 366.8255, F.S.

[8]See *Citizens of State v. Graham*, 191 So. 3d 897, 901 (Fla. 2016).
[9]*Id.*

Discussion of Issues

Issue 1: Should the Commission approve Tampa Electric Company's petition for approval of the Big Bend South Gypsum Storage Area Closure Project for cost recovery through the Environmental Cost Recovery Clause?

Recommendation: No. Staff does not recommend approval for cost recovery of the Big Bend South Gypsum Storage Area Closure Project through the Environmental Cost Recovery Clause. The Commission has not made a prudency determination on the Big Bend Modernization Project. Furthermore, the necessity of the Closure Project was triggered by Tampa Electric Company's business decision to change its operation, and not by a change in environmental regulation. Tampa Electric Company may request cost recovery for the Closure Project utilizing traditional methods of cost recovery in the future. (Knoblauch, Salvador, Wu)

Staff Analysis: The EPA's CCR Rule sets forth the minimum criteria for the safe disposal of CCR in landfills and surface impoundments.[10] CCR is generated at sites where electric utilities use the combustion of coal as an energy source for fueling steam generating units. TECO's Big Bend Units 1-4 are four pulverized coal-fired steam units that can also be fired with natural gas. The CCR Rule applies to new and existing active landfills and surface impoundments for the purpose of solid waste management of CCR.

In its petition, TECO stated that it plans to cease the combustion of coal in Big Bend Units 1 and 2, resulting in a reduction of gypsum being produced for beneficial reuse. The Company further asserted that the EGSA has sufficient capacity to store the amount of gypsum now being generated; therefore, the SGSA will no longer be needed. In response to staff's first data request, TECO explained that "the SGSA was formerly a beneficial reuse storage area that was exempt from the CCR Rule. As a result of the storage area no longer being used for beneficial reuse, it now is defined as a CCR Landfill under the rule." The CCR Rule provides that CCR Landfills are subject to several requirements, one of which is groundwater monitoring and corrective action.[11]

Historic groundwater monitoring results showed elevated levels of contaminants in the vicinity of the SGSA. Section 257.96 of the CCR Rule states that following a violation of a groundwater protection standard, there must be "an assessment of corrective measures to prevent further releases, to remediate any releases and to restore affected area to original conditions." Given the historic groundwater monitoring results and the proximity of the bottom of the SGSA to the water table, TECO asserts that it is prudent to close the SGSA.

After considering the alternatives, TECO opted to remove all gypsum from the SGSA and to close the storage area, rather than employing a "cap and close method" which would not address groundwater concerns. The selected alternative includes excavation and preparation of CCR material for reprocessing, sale, or disposal, additional reprocessing equipment and materials, truck fees, transportation and disposal in permitted landfill, site restoration, and post-closure groundwater monitoring.

[10] 40 CFR Part 257
[11] 40 CFR Part 257.95 and Part 257.96

As shown in Attachment A, the estimated cost for the SGSA Closure Project is approximately $15.7 million. As of the date of its petition, the Company has incurred approximately $5 million in closure expenses associated with the project. TECO explained that the estimated costs are based on an engineering analysis performed by consultants.

ECRC Eligibility

Pursuant to Section 366.8255(2), F.S., electric utilities may petition the Commission to recover "projected environmental compliance costs" that are required by environmental laws or regulations. Environmental laws or regulations include "all federal, state or local statutes, administrative regulations, orders, ordinances, resolutions, or other requirements that apply to electric utilities and are designed to protect the environment."[12] If the Commission approves a utility's petition for cost recovery through the ECRC, only prudently incurred costs may be recovered.[13]

The Commission has interpreted Section 366.8255, F.S., to prescribe three criteria for recovery of environmental compliance costs through the clause. Pursuant to Order No. PSC-94-0044-FOF-EI, these criteria are:

1. All expenditures will be prudently incurred after April 13, 1993.
2. The activities are legally required to comply with a governmentally imposed environmental regulation that was created, became effective, or whose effect was triggered after the company's last test year upon which rates are based.
3. None of the expenditures are being recovered through some other cost recovery mechanism or through base rates.[14]

While staff agrees that the closure of the SGSA necessitates compliance with the CCR Rule, there are two concerns regarding the eligibility of the SGSA Closure Project for recovery through the ECRC. Staff's first concern is that determining the prudence of the project is premature at this time. As stated in TECO's petition, the Company plans to cease combustion of coal in Units 1 and 2 as part of its Big Bend Modernization Project. TECO's Ten Year Site Plan states that the Big Bend Modernization Project will be completed in 2023. The Company states in its petition that "given the reduction in the amount of coal to be burned at the station in the future, the SGSA is no longer needed and will not be used to store gypsum for beneficial reuse." It is this decision to close the SGSA, tied to the Modernization Project, which resulted in a change of status under the CCR Rule. In view of the SGSA's connection to the Big Bend Modernization Project, staff recommends that it would be more appropriate to determine prudence of the SGSA closure expenditures at the same time that the Commission reviews the costs and benefits associated with the Big Bend Modernization Project.

Similarly, staff's second concern stems from the fact that TECO's operational changes are voluntary business decisions. TECO asserts in its petition that in 2014, the Company installed a

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[12]Section 366.8255(1)(c), F.S.
[13]Section 366.8255(2), F.S.
[14]See Order No. PSC-94-0044-FOF-EI, issued January 12, 1994, in Docket No. 19930613-EI, *In re: Petition to establish an environmental cost recovery clause pursuant to Section 366.0825, Florida Statutes by Gulf Power Company.*

natural gas pipeline to Big Bend Station, which resulted in a decrease in the amount of coal burned. In 2018, TECO stated that it planned to cease coal combustion in Big Bend Units 1 and 2. In response to staff's second data request, TECO stated that these recent "operational changes did result in a reduction in flue gas desulfurization ("FGD") gypsum production at the facility, thus eliminating any need to continue operating the SGSA as a beneficial use storage area." Given the Company's operational changes at the Big Bend Power Station, less gypsum is being produced and the SGSA is no longer needed. Since the SGSA will no longer be needed as a beneficial reuse storage area, the area is subject to the CCR Rule. Therefore, regardless of the merits of the decision to close the SGSA, the necessity of the SGSA Closure Project was triggered by TECO's own voluntary business decision to change its operation, and not due to a change in environmental regulation.

Staff recommends that the purpose of the ECRC is to provide a mechanism for cost recovery for environmental compliance costs incurred outside of a utility's planning or control. Order No. PSC-94-1207-FOF-EI provides an overview of the purpose of the ECRC and states in part:

> Section 366.8255, Florida Statutes, provides a mechanism for reasonably expeditious recovery of the costs utilities prudently expend to comply with environmental laws and regulations. Those laws and regulations may change with some frequency, and a utility may not be able to anticipate the changes, or the costs it would incur to comply with them, in every instance. We can also envision a situation where an environmental emergency would require a utility to incur costs that it did not anticipate before it could ask for our approval.
>
> We will have to review such extraordinary circumstances as they arise. Some changes to environmental laws and regulations can be anticipated well in advance of the change. Some emergencies can be avoided by prudent management and maintenance of facilities. The same is true of the operation of environmental projects. The key will be whether the utility could reasonably have anticipated the changes and the costs, or not. The utility will have the burden to show that it could not.[15]

The closure of the SGSA is not being done in response to an emergency condition, or in response to an environmental requirement that TECO did not anticipate. In fact, the closure of the SGSA is completely up to TECO to decide. Based on the above, staff recommends that the SGSA Closure Project does not meet the second criterion of eligibility as outlined in Order No. PSC-94-0044-FOF-EI.

While staff recommends that the costs associated with the SGSA Closure Project are not eligible for recovery through the ECRC because the necessity of the SGSA Closure Project was triggered by TECO's own voluntary business decision to change its operation, TECO is not foreclosed from seeking recovery of these costs in the future. Typically, a utility accrues carrying costs on long-term construction projects by applying a Commission-approved allowance for funds used during construction (AFUDC) rate. The AFUDC allows the utility to accrue and later capitalize

[15]Order No. PSC-94-1207-FOF-EI, issued October 3, 1994, in Docket No. 19940094-EI, *In re: Environmental Cost Recovery Clause.*

as plant, the carrying costs of construction projects in progress. When the plant is placed into service, the utility seeks recovery of said investment through a return on the capitalized plant investment and through depreciation expense in its next base rate proceeding. This traditional method of recovery for the costs associated with the SGSA Closure Project is available to TECO.

Conclusion

The prudence of the Big Bend Modernization Project has not yet been reviewed by the Commission. Additionally, the closure of the SGSA was not triggered by a new environmental regulation, but was due to operational changes made by TECO. For these reasons, staff recommends that the Commission should not approve TECO's petition for cost recovery through the ECRC at this time.

Issue 2: If the Commission does not approve staff's recommendation in Issue 1, should the Commission limit its approval of eligible cost recovery to those projected costs at the time TECO filed its petition for cost recovery on December 26, 2018?

Recommendation: If the Commission approves the staff recommendation in Issue 1, then this issue is moot. If the Commission does not approve staff's recommendation in Issue 1, then yes, staff recommends that only the costs incurred after the Commission's vote in this docket should be eligible for cost recovery through the Environmental Cost Recovery Clause. At a minimum, the costs that had already been incurred by the Company at the time of its filing should be excluded for cost recovery through the ECRC. (Knoblauch, Salvador, Wu)

Staff Analysis: Section 366.8255(2), F.S., states that an electric utility may petition the Commission for cost recovery through the ECRC for proposed environmental compliance activities and projected environmental costs. In Order No. PSC-94-1207-FOF-EI the Commission determined that:

> Environmental compliance cost recovery, like cost recovery through other cost recovery clauses, should be prospective. Section 366.8255(2), Florida Statutes, is clear: a utility's petition for cost recovery must describe proposed activities and projected costs, not costs that have already been incurred. Utilities may recover the costs of environmental compliance projects after the Commission has had the opportunity to review and approve cost recovery for the projects. Utilities may not recover costs incurred in past periods for activities not yet approved. This is the general rule for environmental compliance cost recovery that we wish to make clear here.[16]

The Commission did opine that there may be exceptions to these requirements in the event of "certain extraordinary circumstances" as determined by the facts of the specific case.

In response to staff's data request, TECO stated that a closure plan for the SGSA was submitted to the Florida Department of Environmental Protection on February 14, 2018, which was approved on March 1, 2018. TECO asserted that it "concluded a thorough evaluation of the SGSA's regulatory status in late November 2018," at which time it determined that the SGSA was subject to the CCR Rule.[17] The Company filed its petition for the SGSA Closure Project on December 26, 2018, which included approximately $5 million in costs that had already been incurred. It does not appear there are any extraordinary circumstances for including these previously incurred costs.

Attachment A provides the costs identified by TECO for the SGSA Closure Project. If the Commission does not approve staff's recommendation in Issue 1, staff recommends that at a minimum, the costs that had already been incurred by the Company at the time of its filing should be excluded for cost recovery through the ECRC. As previously noted, TECO is not foreclosed from seeking recovery of these previously incurred costs through the more traditional

[16]Order No. PSC-94-1207-FOF-EI, issued October 3, 1994, in Docket No. 19940094-EI, *In re: Environmental Cost Recovery Clause* (emphasis original).
[17]Document No. 03064-2019

method of recovery. Table 2-1 shows the estimated residential customer bill impact associated with the projected SGSA closure activities, excluding the amount already expended of $5,024,683.

Table 2-1
Monthly Bill Impact

	$ / 1,000 kWh	$ / 1,200 kWh
2020	0.54	0.65
2021	< 0.01	< 0.01
2022	< 0.01	< 0.01
2023	< 0.01	< 0.01

Source: Document No. 03064-2019

Conclusion

If the Commission does not approve staff's recommendation in Issue 1, staff recommends that only the costs incurred after the Commission's vote in this docket should be eligible for cost recovery through the ECRC.

Issue 3: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon the issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action Order. (Weisenfeld, Murphy)

Staff Analysis: If no timely protest to the proposed agency action is filed within 21 days, this docket should be closed upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action Order.

Estimated and Actual Costs for
Tampa Electric Company's South Gypsum Storage Area Closure Project

Activity	Total Project		Costs To Date		Remaining Project Costs	
	O&M ($)	Capital ($)	O&M ($)	Capital ($)	O&M ($)	Capital ($)
Excavation and Preparation of CCR Material for Reprocessing, Sale, or Disposal	4,817,932	-	2,066,386	-	2,751,546	-
Additional Reprocessing Equipment & Maintenance	1,093,100	-	845,081	-	248,019	-
Truck Fees	1,898,496	-	617,525	-	1,280,971	-
Transportation and Disposal in Permitted Landfill	3,645,489	-	1,495,691	-	2,149,798	-
Site Restoration	4,105,875	-	-	-	4,105,875	-
Post-Closure Groundwater Monitoring	100,000	-	-	-	100,000	-
Total	15,660,892	-	5,024,683	-	10,636,209	-

Source: Document No. 07671-2018

Item 10

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Thompson, Doehling, Ellis)
Office of the General Counsel (Weisenfeld)

RE: Docket No. 20190077-EQ – Petition for approval of revisions to standard offer contract and rate schedule COG-2, by Tampa Electric Company.

AGENDA: 05/14/19 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously consider Docket No. 20190084-EQ.

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires that each investor-owned utility (IOU) continuously offer to purchase capacity and energy from renewable energy generators and small qualifying facilities. Florida Public Service Commission (Commission) Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statute and require each IOU to file with the Commission, by April 1 of each year, a standard offer contract based on the next avoidable fossil fueled generating unit of each technology type identified in the utility's current Ten-Year Site Plan. On April 1, 2019, Tampa Electric Company (TECO) filed a petition for approval of its revised standard offer contract and rate schedule COG-2 based on its 2019 Ten-Year Site Plan. The Commission has jurisdiction over this standard offer contract pursuant to Sections 366.04 through 366.055 and 366.91, F.S.

Discussion of Issues

Issue 1: Should the Commission approve the revised standard offer contract and associated rate schedule COG-2 filed by Tampa Electric Company?

Recommendation: Yes. The provisions of TECO's revised standard offer contract and associated rate schedule COG-2, as filed on April 1, 2019, conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. (Thompson)

Staff Analysis: Rule 25-17.250, F.A.C., requires that TECO, an IOU, continuously make available a standard offer contract for the purchase of firm capacity and energy from renewable generating facilities (RF) and small qualifying facilities (QF) with design capacities of 100 kilowatts (kW) or less. Pursuant to Rule 25-17.250(1) and (3), F.A.C., the standard offer contract must provide a term of at least 10-years, and the payment terms must be based on the utility's next avoidable fossil-fueled generating unit identified in its most recent Ten-Year Site Plan or, if no avoided unit is identified, its next avoidable planned purchase. TECO has identified a 245 MW natural gas-fueled CT as its next planned generating unit in its 2019 Ten-Year Site Plan. The projected in-service date of the unit is January 1, 2023.

The RF/QF operator may elect to make no commitment as to the quantity or timing of its deliveries to TECO, and to have a committed capacity of zero (0) MW. Under such a scenario, the energy is delivered on an as-available basis and the operator receives only an energy payment. Alternatively, the RF/QF operator may elect to commit to certain minimum performance requirements based on the identified avoided unit, such as being operational and delivering an agreed upon amount of capacity by the in-service date of the avoided unit, and thereby becomes eligible for capacity payments in addition to payments received for energy. The standard offer contract may also serve as a starting point for negotiation of contract terms by providing payment information to an RF/QF operator, in a situation where one or both parties desire particular contract terms other than those established in the standard offer.

In order to promote renewable generation, the Commission requires each IOU to offer multiple options for capacity payments, including the options to receive early or levelized payments. If the RF/QF operator elects to receive capacity payments under the normal or levelized contract options, it will receive as-available energy payments only until the in-service date of the avoided unit (in this case January 1, 2023), and thereafter begin receiving capacity payments in addition to the energy payments. If either the early or early levelized option is selected, then the operator will begin receiving capacity payments earlier than the in-service date of the avoided unit. However, payments made under the early capacity payments options tend to be lower in the later years of the contract term because the net present value (NPV) of the total payments must remain equal for all contract payment options.

Table 1 contains estimates of the annual payments for each payment option available under the revised standard offer contract to an operator with a 50 MW renewable facility operating at a capacity factor of 80 percent, which is the minimum capacity factor required under the contract to qualify for full capacity payments. Normal and levelized capacity payments begin in 2023, reflecting the projected in-service date of the avoided unit (January 1, 2023).

Table 1 – Estimated Annual Payments to a 50 MW Renewable Facility (80 Percent Capacity Factor)

Year	Energy Payment	Capacity Payment (By Type)			
		Normal	Levelized	Early	Early Levelized
	$(000)	$(000)	$(000)	$(000)	$(000)
2020	9,852	-	-	2,062	2,378
2021	9,101	-	-	2,105	2,383
2022	9,234	-	-	2,150	2,388
2023	9,712	2,799	3,169	2,195	2,393
2024	9,662	2,858	3,175	2,242	2,398
2025	10,401	2,918	3,182	2,289	2,404
2026	10,881	2,980	3,189	2,337	2,409
2027	11,450	3,043	3,196	2,386	2,415
2028	12,422	3,107	3,203	2,437	2,420
2029	13,419	3,172	3,211	2,488	2,426
2030	14,035	3,239	3,218	2,541	2,432
2031	14,688	3,308	3,226	2,594	2,438
2032	15,321	3,377	3,234	2,649	2,444
2033	16,174	3,449	3,242	2,705	2,451
2034	17,003	3,522	3,250	2,762	2,457
2035	17,520	3,596	3,258	2,821	2,464
2036	18,925	3,672	3,267	2,880	2,471
2037	19,243	3,749	3,276	2,941	2,477
2038	20,403	3,828	3,285	3,003	2,484
2039	20,918	3,909	3,294	3,066	2,492
Total	280,364	56,525	54,873	50,654	48,625
NPV (2020$)	164,768	27,392	27,392	27,392	27,392

Source: TECO's second revised response to staff's first data request.[1]

[1]Document No. 03971-2019, filed April 26, 2019, in Docket No. 20190077-EQ.

The type-and-strike format versions of the revised standard offer contract and associated rate schedule COG-2 are included as Attachment A to this recommendation. All of the changes made to TECO's tariff sheets are consistent with the avoided unit. Revisions include updates to calendar dates and payment information which reflect the current economic and financial assumptions for the avoided unit.

Conclusion

The provisions of TECO's revised standard offer contract and associated rate schedule COG-2, as filed on April 1, 2019, conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. Staff recommends that the revisions to the rate schedule and standard offer contract be approved.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, TECO's standard offer contract may subsequently be revised. (Weisenfeld)

Staff Analysis: This docket should be closed upon the issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, TECO's standard offer contract may subsequently be revised.

TAMPA ELECTRIC

ORIGINAL SHEET NO. 8.202

STANDARD OFFER CONTRACT FOR THE PURCHASE OF CONTRACTED CAPACITY AND ASSOCIATED ENERGY FROM A RENEWABLE GENERATING FACILITY OR A SMALL QUALIFYING FACILITY

This standard offer contract ("Contract") is made and entered into this ___ day of _____, _____ by and between _____, the owner and/or operator of a Facility, as defined below, hereinafter referred to as the "Capacity and Energy Provider" or "CEP" and Tampa Electric Company, a private utility corporation organized under the laws of the State of Florida (hereinafter referred to as the "Company"). The following documents are attached to this Contract and incorporated herein by reference: Appendix I, Evaluation Procedure for Standard Offer Contracts; Appendix II, COG -2 Standard Offer Contract Rate for Purchase of Contracted Capacity and Associated Energy, including all attached appendices thereto; and Appendix III, Interconnection Agreement. The CEP and the Company are also identified hereinafter individually, as a "Party" and collectively, as the "Parties". This Contract may also be referred to herein as the "Standard Offer Contract."

WITNESSETH:

WHEREAS, the CEP is the owner and/or operator of a Facility; and

WHEREAS, the CEP desires to sell Contracted Capacity and Associated Energy, as those terms are defined below; and

WHEREAS, the Company desires to purchase Contracted Capacity and Associated Energy in accordance with Chapter 366.91 F.S. and Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.310, Florida Administrative Code (F.A.C.) and the Company's Rate Schedule COG-2; and

WHEREAS, the CEP has signed an Interconnection Agreement with the transmission service provider that serves the CEP's Facility, as defined below; and

WHEREAS, such Interconnection Agreement is attached and incorporated hereto as Appendix III; and

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.204
CANCELS ORIGINAL SHEET NO. 8.204

WHEREAS, the Florida Public Service Commission ("FPSC") has approved the form of this Contract for the purchase of Contracted Capacity and Associated Energy from the CEP;

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein and other good and valuable considerations the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions:**

   a. **Actual Capacity:** "Actual Capacity" shall mean the amount of Anticipated Capacity, as defined below, that can be made available to the Company at the Delivery Point and which the CEP has confirmed: (1) through performance testing prior to the Commercial In-Service Date, as defined below: and (2) at any time thereafter upon the Company's request.

   b. **Anticipated Capacity:** "Anticipated Capacity" shall mean the amount of capacity that the CEP intends to make available to the Company at the Delivery Point in _____ kW or in _____ MW from the Facility beginning on or before _____, the in-service date of the Designated Avoided Unit, as defined below.

   c. **Associated Energy:** "Associated Energy" shall mean the energy generated at the Facility, as defined below, by the generating source designated to supply Contracted Capacity and which is delivered to the Company at the Delivery Point, as defined below.

   d. **Company Transmission Service:** "Company Transmission Service" shall mean the network transmission service required through the Company's transmission system to deliver Associated Energy from the Delivery Point to the Company's native load customers.

   e. **Construction Commencement Date:** "Construction Commencement Date" shall mean the date on which the CEP's: (1) on-site activity is coordinated and continuous; and (2) active construction efforts are undertaken and on-going relative to the actual construction of major project features other than site preparation work; provided, however, that such date shall occur no later than _____.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.206
CANCELS ORIGINAL SHEET NO. 8.206

f. **Contracted Capacity:** "Contracted Capacity" shall mean the amount of Actual Capacity in _____ kW or in _____ MW that the CEP commits to reserve, make available and supply to the Company from its Facility on a firm, first-call, subordinate-to-no-other-entity-or-party, on-call, as-needed basis, and for which the Company commits to pay the CEP.

g. **Delivery Point:** "Delivery Point" shall mean: (1) the Interconnection Point, as described below, if the Facility is directly interconnected to the Company's transmission system; or (2) a point on the Company's transmission system, mutually agreed to by the Parties, at which the CEP shall deliver Contracted Capacity and Associated Energy via a third-party transmission service provider, if the Facility is not directly interconnected to the Company's transmission system.

h. **Designated Avoided Unit:** "Designated Avoided Unit." shall mean the generating unit, from among those units identified in the Appendices C through F to the Company's COG-2 Tariff as the Company's avoided units, selected by the CEP as the unit the CEP wishes to help avoid, or defer, and upon which capacity and energy payments to the CEP will be based. The CEP selects the Designated Avoided Unit from Appendix _____ of Rate Schedule COG-2.

i. **Eastern Prevailing Time:** "Eastern Prevailing Time" or "EPT" shall mean the time in effect in the Eastern Time Zone of the United States of America, whether Eastern Standard Time or Eastern Daylight Time.

j. **Evaluation Procedure:** "Evaluation Procedure" shall mean the procedure used by the Company to evaluate each eligible standard offer contract received by the Company as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C., and the Company's Procedure for Processing Standard Offer Contracts as defined in Rate Schedule COG-2 The criteria used to evaluate standard offer contracts are attached hereto as Appendix I.

k. **Extended Facility In-Service Date:** "Extended Facility In-Service Date" shall mean an extension of the Facility In-Service Date, as defined below, for a period not to exceed five (5) months which may be granted in accordance with Section 7 below.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.208
CANCELS ORIGINAL SHEET NO. 8.208

l. **Facility**: "Facility" shall mean the CEP's proposed generating facility described in greater detail in Section 2, below.

m. **Facility In-Service Date:** "Facility In-Service Date" shall mean the date on which the Facility is available to supply Contracted Capacity and deliver Associated Energy to the Company (also referred to in the electric power industry as the commercial in-service date or commercial operation date).

n. **FERC:** "FERC" shall mean the Federal Energy Regulatory Commission or any similar or successor governmental body exercising the same or equivalent jurisdiction.

o. **Interconnection Point:** "Interconnection Point" shall mean the plant busbar connection to the high side of the Facility's step-up transformer(s) where Contract Capacity and Associated Energy shall be delivered to the transmission service provider that serves the Facility. The Interconnection Point shall be specified in detail in the Interconnection Agreement (see Appendix III).

p. **Non-Dispatched Capacity:** "Non-Dispatched Capacity" shall mean the amount of Contracted Capacity that the Company declines to schedule or request during any given hour, due to an emergency condition, or any other condition/reason. The Company shall adjust the Dispatch Schedule, as defined below, as soon as practical to reflect the amount of Non-Dispatched Capacity, or ignore scheduled capacity levels altogether (if conditions require immediate action to protect the integrity and/or reliability of the Company's generating system and/or transmission system); however, the Company shall make reasonable efforts to minimize departures from the Dispatch Schedule.

q. **Non-Dispatched Energy:** "Non-Dispatched Energy" shall mean the energy associated with Non-Dispatched Capacity and which the Company declines to accept during any given hour, due to an emergency condition, or any other condition/reason.

r. **Qualifying Facility:** "Qualifying Facility" shall mean a cogeneration facility, or small power production facility, that satisfies the definition of, and qualifies as, a Qualifying Facility in accordance with the provisions of Subpart B of Subchapter K, Part 292 of Chapter I, Title 18, Code of Federal Regulations (C.F.R.), promulgated by the FERC, as the same may be amended from time to time, and must be "new capacity" pursuant to the Public Utilities Regulatory Policies Act of 1978 (PURPA), construction of which began on or after November 9, 1978.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.212
CANCELS ORIGINAL SHEET NO. 8.212

s. **Renewable Generating Facility:** "Renewable Generating Facility" shall mean a generating facility that satisfies the definition of, and qualifies as, a renewable generating facility in accordance with the provisions of Section 366.91, Florida Statutes and Rule 25-17.210 (1), F.A.C.

t. **Small Qualifying Facility:** "Small Qualifying Facility" shall mean a Qualifying Facility with a design capacity of 100 kW or less, as defined by subsection 25-17.080(3), F.A. C.

u. **Third-Party Transmission Services:** "Third-Party Transmission Services" shall mean the firm transmission service(s) and ancillary services required to deliver Contracted Capacity and Associated Energy from the Facility to the Company's transmission system if the Facility is not directly interconnected to the Company's transmission system.

2. **CEP's Proposed Facility**: The CEP contemplates installing and operating a Facility designed to produce a maximum of _____ kilowatts (kW) to be located at _____, which shall be and remain the specific site of the Facility providing Contracted Capacity and Associated Energy under this Contract throughout the Term, as described below, of this Contract. The Facility is designed, operated and controlled to satisfy the interconnection requirements of the Company's transmission system or the third-party transmission service provider that serves the Facility, as applicable. The Facility shall: (a) satisfy the Company's Open Access Transmission Tariff ("OATT") requirements and/or all non-FERC jurisdictional interconnection and/or transmission service agreements required by the CEP to deliver Contracted Capacity and Associated Energy to the Company, as applicable, to be designated a Company network resource and receive network transmission service from the Company; (b) be fully dispatchable in the manner set forth in Appendix __ of Rate Schedule COG-2; and (c) be an existing Renewable Generating Facility or a Small Qualifying Facility or a Renewable Generating Facility or a Small Qualifying Facility that the CEP proposes to construct and operate.

3. **Term:** The "Term" of this Contract shall commence immediately upon its execution by the Parties and shall terminate at 12:01 A.M. on the later of: (a) the last day of the tenth year following the in-service date of the avoided unit, or (b)_____(a date selected by the CEP provided that such date is no later than the day after the last day of the life of the avoided unit identified in Section 1h above).

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.214
CANCELS ORIGINAL SHEET NO. 8.214

4. **Company's Capacity and Energy Purchase Commitment**: The Company agrees to purchase all Contracted Capacity and Associated Energy, excluding Non-Dispatched Energy, generated at the Facility and provided to the Company at the Delivery Point by the CEP pursuant to this Contract, excluding the amount of capacity and energy consumed by the Facility's station service equipment (such as generator auxiliaries, emissions control and monitoring equipment, fuel handling equipment, etc.) and all transmission system losses incurred by the CEP to effect delivery of Contracted Capacity and Associated Energy to the Delivery Point.

5. **Non-Dispatched Capacity and Non-Dispatched Energy Restriction:** To the extent that there is Non-Dispatched Capacity and Non-Dispatched Energy during a given hour, such Non-Dispatched Capacity and Non-Dispatched Energy shall not be made available or sold by the CEP, or otherwise used in any way or disposed of, without the Company's prior written consent.

6. **Responsibilities for Interconnection Service, Third-Party Transmission Service and Company Transmission Service:** It is the responsibility of the CEP to request and secure the required interconnection service from the transmission service provider that serves the CEP's Facility, whether a third-party transmission service provider or the Company transmission service provider. If the Facility is not located within the Company's transmission system, it is the responsibility of the CEP to request and secure the required third-party transmission service(s) required to deliver Contracted Capacity and Associated Energy to the Company's transmission system. It is the responsibility of the CEP to: (i) satisfy the third-party transmission provider's, or the Company's, OATT requirements and/or all non-FERC jurisdictional interconnection and/or transmission service agreements required by the CEP to deliver Contracted Capacity and Associated Energy to the Company, as applicable; (ii) arrange and pay to interconnect the Facility to the third-party transmission service provider; (iii) become and continue to be an eligible customer under the third-party transmission provider's OATT, or the Company's OATT, as applicable, during the Term; and (iv) request and purchase all required firm Third-Party Transmission Services and interconnection service, if applicable, in a timely manner to satisfy the provisions of this Contract.

   If the Facility is located within the Company's transmission system, it is the responsibility of the Company to request and secure the network transmission service required to deliver Contracted Capacity and Associated Energy from the Delivery Point to the Company's native load customers. It is the responsibility of the Company to request and secure network transmission service in a timely manner to satisfy the provisions of this Contract.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

TAMPA ELECTRIC

SIXTEENTH REVISED SHEET NO. 8.215
CANCELS FIFTEENTH REVISED SHEET NO. 8.215

Continued from Sheet No. 8.214

7. **Extension of Facility In-Service Date:** The CEP may request and the Company may grant, at its sole discretion, an Extended Facility In-Service Date provided, however, that the CEP shall be subject to the applicable provisions of the Completion Security subsection of the Security Guarantees section of this Contract. If the Facility In-Service Date is delayed and an Extended Facility In-Service Date has not been granted, or the Extended Facility In-Service Date is not satisfied, the CEP shall be subject to the applicable provisions of the Completion Security subsection of the Security Guarantees section of this Contract, which may be requested by the CEP and may be granted by the Company, at its sole discretion.

8. **Billing Methodology**: The billing methodology applicable to the Company's purchase, and the CEP's sale, of Contract Capacity and Associated Energy pursuant to this Contract shall be: (i) (_____) Net Billing Arrangement; or (ii) (_____) Simultaneous Purchase and Sale Arrangement, such purchases being arranged from the interconnecting utility and sales being made to the Company. Once made, the selection of a billing methodology may only be changed in accordance with FPSC Rule 25-17.082, F.A.C., and shall be in accordance with the following provisions:

   a. upon at least 30 days advance written notice to the Company; and

   b. upon installation by the Company of any additional metering equipment reasonably required to effect the change in billing methodology; and

   c. upon payment by the CEP for such metering equipment and its installation; and

   d. upon the Company's approval and completion of any alterations to the Interconnection Point that are reasonably required to effect the change in billing methodology and upon payment by the CEP for such alterations.

   The Parties agree that the CEP's obligation to generate and sell Contracted Capacity and Associated Energy from the Facility is subject to both scheduled and unscheduled outages of the Facility and the transmission service(s) required to effect delivery of same to the Delivery Point. Neither Party shall be required to compensate the other Party for Contracted Capacity and Associated Energy which from time to time may not be generated and sold by the CEP, or received and purchased by the Company, as a result of such scheduled and unscheduled outages. The Parties agree to use best efforts to minimize the duration of any scheduled or unscheduled outages which from time to time may interrupt the purchase and sale of Contracted Capacity and Associated Energy under this Contract.

Continued to Sheet No. 8.216

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.216
CANCELS FIRST REVISED SHEET NO. 8.216

Continued from Sheet No. 8.215

9. **Payment:**

a. **Associated Energy Payment:** The Company agrees to pay the CEP for Associate Energy delivered to the Company at the Delivery Point in accordance with the energy payment options, rates, and procedures contained in Rate Schedule COG-2 attached hereto as Appendix II.

i. **Standard Energy Payments**: Associated Energy payments made prior to _____, shall be based on the Company's actual avoided energy costs as defined in Appendix B of Rate Schedule COG-2.

Beginning _____, to the extent that the Designated Avoided Unit would have been operated had it been installed by the Company, the CEP's Associated Energy payments will be based on the Company's Designated Avoided Unit's energy costs as calculated in Appendix -__ of Rate Schedule COG-2, otherwise the CEP's Associated Energy payment will be based on the Company's actual avoided energy costs. The determination of which energy cost shall be applied will be made hourly.

ii. **Fixed Energy Payments:** The CEP does___ does not ___ request fixed Associated Energy payments as follows:

____Yes_____No, as to Associated Energy payments made prior to _____, which, if requested, shall be based on the Company's year-by-year projection of system incremental fuel costs prior to hourly economy energy sales to other utilities, based on normal weather and fuel market conditions, plus a fuel market volatility risk premium mutually agreed to by Tampa Electric and the CEP, which projected system incremental fuel costs will be provided by the Company within 30 days of the date of request by the CEP. The CEP and Tampa agree to the following fuel market volatility risk premium(s):_____ .

_____Yes____No, as to Associated Energy payments, calculated as follows: Subsequent to the determination of full avoided cost and subject to the provisions of paragraphs 25-17.0823(3)(a) through (d) F.A.C., a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the Company and the CEP, shall be fixed and amortized on a present value basis over this Contract commencing, at the election of the CEP, as early as the in-service date of the CEP's Facility. "Base energy costs associated with the avoided unit" means the energy costs

Continued to Sheet No. 8.218

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009

TAMPA ELECTRIC

ORIGINAL SHEET NO. 8.218

of the avoided unit to the extent that the Designated Avoided Unit would have been operated.

The stream of Fixed Energy Payments to the CEP, calculated as stated above, will be provided by the Company within 30 days of the date of request by the CEP.

b. **Contracted Capacity Payment:**

i. **Dispatch Requirements:** In order to receive a Contracted Capacity Payment for each calendar month that the Facility is to be dispatched, the CEP must meet or exceed both the minimum Monthly Availability and Monthly Capacity Factor requirements.

ii. **Commencement of Contracted Capacity Payments:** The CEP elects to receive, and the Company agrees to commence calculating, Contracted Capacity payments in accordance with this Contract starting with the first Monthly Period following _____.

iii. **Contracted Capacity Payment Options:** The following five (5) options are available to the CEP for payment of Contracted Capacity delivered by the CEP:

1. Value of Deferral Capacity Payments;
2. Early Capacity Payments;
3. Levelized Capacity Payments;
4. Early Levelized Capacity Payments; or
5. Other Contracted Capacity Payment Option agreed upon by the Parties that best satisfies the financing requirements of the Facility. Such Other Contracted Capacity Payment Option is described as follows:

_____
_____
_____

The CEP elects to receive Contracted Capacity payments pursuant to option _____ above.

The CEP _____ does ___ does not elect to have Early Capacity Payments consisting of the capital component of the Company's Designated Avoided Unit commence on _____ (a date any time after the actual Facility In-Service date and before the anticipated in-service date of the Company's Designated Avoided Unit).

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.222
CANCELS ORIGINAL SHEET NO. 8.222

Regardless of the Contracted Capacity Payment Option elected by the CEP, the cumulative present value of payments for the Contracted Capacity made to the CEP over the Term shall not exceed the cumulative present value of payments for the Contracted Capacity which would have been made to the CEP had such payments been made pursuant to subparagraph 25-17.0832(4)(g)1., F.A.C. All fixed operation and maintenance expense shall be calculated in conformance with subsection 25-17.0832(6), F.A.C.

At the end of each Monthly Period, beginning with the Monthly Period specified in Section 9.b.ii, the Company will calculate the CEP's Monthly Availability and Capacity Factor. During the Term, if the CEP's Monthly Availability and Capacity Factor equals or exceeds the Minimum Performance Standards (MPS) as set forth for in Rate Schedule COG-2, Appendix __, then the Company agrees to pay the CEP a Monthly Capacity Payment as calculated in paragraph 5 of the section entitled Basis for Monthly Capacity Payment Calculation in Appendix ___ of Rate Schedule COG-2.

The Contracted Capacity payment for a given month during the Term will be added to the Associated Energy payment for such month and tendered by the Company to the CEP as a single payment as promptly as possible, normally by the 20th business day following the day the meter is read or the amount of Associated Energy delivered via the third-party transmission service provider is confirmed by the Company.

10. **Other Contracted Capacity Payment Security Guarantees**: If the CEP selects Option 5 under the Contracted Capacity Payment Options, the following security guarantees will be required: _____.

11. **Construction and Performance Security Guarantees:** The Company requires certain security guarantees to ensure the completion of construction and performance under this Contract in order to protect its ratepayers in the event the CEP fails to deliver Contracted Capacity and Associated Energy in the amount and times specified in this Contract, which shall be in form and substance as described herein. Such security may be refunded in the manner described in Sections 11.a. and 11.b. Pursuant to FPSC Rule 25-17.091, F.A.C., a utility may not require security guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832(2)(d) and (3)(f)(1), F.A.C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.224
CANCELS FIRST REVISED SHEET NO. 8.224

Continued from Sheet No. 8.222

a. **Completion Security:** If the CEP or its guarantor, if any, does not qualify for unsecured credit in Company's reasonable sole discretion, the CEP shall pay to the Company a security deposit equal to $30.00 per kilowatt ($30.00/kW) of Contracted Capacity as security for the CEP's completion of the Facility by the Facility In-Service Date. Such security will be required within sixty (60) days of execution of this Contract. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the CEP; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the CEP fails to complete the construction and achieve commercial in-service status by the Facility In-Service Date.

If the Facility In-Service Date is achieved, then the entire deposit and any interest therein, if applicable, shall be refunded to the CEP upon payment by the CEP of the Performance Security as required in Section 11.b.

If the Facility In-Service Date is delayed, the Company may, upon the request of the CEP, at its sole discretion, agree to an Extended Facility In-Service Date, in which case the Company shall be entitled to retain or draw down on an amount equal to twenty percent (20%) of the original deposit amount for each month (or portion thereof) that the Facility In-Service Date is delayed. If the Facility In-Service Date is delayed and an Extended Facility In-Service Date has not been granted or the Extended Facility In-Service Date is not satisfied or delayed beyond the Extended Facility In-Service Date, the Company shall retain all of the deposit and terminate this Contract.

Notwithstanding the foregoing if the CEP does not satisfy the Construction Commencement Date or the Facility In-Service Date as defined in COG-2 in accordance with the terms and conditions of this Contract, this Contract shall be rendered of no force and effect, except for those provisions of this Agreement that provide the Company rights and remedies as against CEP because of its failure to meet the Construction Commencement Date or the Facility In-Service Date.

Continued to Sheet No. 8.226

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009

TAMPA ELECTRIC

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b. **Performance Security:** Within 60 days after the later of the Facility In-Service Date or the in-service date of the Designated Avoided Unit, the CEP shall pay the Company a deposit in the amount of $30.00/kW of Contracted Capacity as security for the CEP's performance under this Contract. Such security deposit shall be provided in the same manner as the Completion Security deposit as described in Section 11.a. Such Performance Security shall be retained by the Company for 12 months from the later of the Facility In-Service Date or the in-service date of the Designated Avoided Unit.

If, at the end of the 12-month period so described, the Facility's 12-month average of each month's numerical value for both the monthly Availability Factor and the Monthly Capacity Factor meet the Minimum Performance Standards (MPS) for as set forth in Rate Schedule COG-2, Appendix __, then the CEP shall be entitled to a refund of such deposit. However, if at the end of the first 12-month period, the Facility's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor fail to meet the MPS, then the Company shall be entitled to retain or draw down 50% of such deposit and retain the remainder of the security for an additional 12-month period.

If, at the end of the 24th month, the Facility's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor again fail to achieve the MPS, for the most recent 12-month period, then the Company shall be entitled to retain the remainder of the security and to terminate this Contract. However, if at the end of the 24th month, the Facility's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the MPS, for the most recent 12-month period, then the CEP shall be entitled to a refund of the remaining deposit.

For the purpose of this calculation, the 12-month average of a parameter shall be defined to equal the sum of each month's average numerical value for that parameter, for the most recent 12-month period, divided by 12.

12. **Liquidated Damages:** The Parties hereto agree that the Company would be substantially damaged in amounts that would be difficult or impossible to ascertain in the event that the CEP fails to satisfy the Facility In-Service Date or to provide a Facility which meets the MPS. In the event that the Company terminates this Contract for the CEP's failure to achieve the Facility In-Service Date or achieve the MPS once in service, the Company may retain all of the Completion or Performance Security as liquidated damages, not as penalty, in lieu of actual damages and the CEP hereby waives any defenses as to the validity of any such liquidated damages. In the event the

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CEP defaults, it forfeits the aforesaid Completion or Performance Security. In addition thereto, the Company shall be entitled to pursue such equitable remedies against the CEP as may be available.

13. **Production and Maintenance Schedule**: During the Term, the CEP agrees to the following:

a. The CEP shall provide the Company in writing prior to April 1st of each calendar year an estimate of the amount of electricity to be generated by the CEP and delivered to the Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages of the Facility or reductions to the amount of Contracted Capacity that the CPE can make available at the Delivery Point.

b. By July 1st of each calendar year, the Company shall notify the CEP in writing whether the requested scheduled maintenance period(s) for the Facility are acceptable. If the Company cannot accept any of the requested period(s), the Company shall advise the CEP of the time period closest to the requested period(s) when the outage(s) can be scheduled. The CEP shall only schedule outages during periods approved by the Company and such approval shall not be unreasonably withheld. Once the schedule has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed.

c. During the Term, the CEP shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with the Company. The CEP shall ensure that operating personnel are on duty at all times, twenty-four (24) clock hours per calendar day and seven (7) calendar days per week. Additionally, during the Term, the CEP shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder.

d. The Company shall not be obligated to purchase and may require curtailed or reduced deliveries of Associated Energy, to the extent necessary to maintain the reliability and integrity of any part of the Company's system, or if the Company determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to the Company's Customers. The Company shall give the CEP prior notice, if practicable, of its intent to refuse, curtail or reduce the Company's acceptance of Associated Energy pursuant to this subsection and will act to minimize the frequency and duration of such occurrences.

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e. The Company shall not be required to accept or purchase Associated Energy during any period in which, due to operational circumstances, acceptance or purchase of such Associated Energy would result in the Company's incurring costs greater than those which it would incur by generating an equal additional amount of energy with its own resources. The Company shall give the CEP as much prior notice as practicable of its intent not to accept Associated Energy pursuant to this subsection.

f. The CEP shall promptly update the yearly generation schedule and maintenance schedule of the Facility as soon as any change to such schedules are determined to be necessary;

g. The CEP shall comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the Parties relative to the performance of this Contract.

14. **Dispatch Procedure**: Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing each calendar day thereafter during the Term, by 7:00 A.M. EPT, the CEP shall electronically transmit the hour-by-hour amounts of Contracted Capacity expected to be available from the Facility the next day ("Available Schedule"). Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing each calendar day thereafter during the Term, by 3:00 P.M. EPT, the Company shall electronically transmit the hour-by-hour amounts of Contracted Capacity that the Company desires the CEP to dispatch from the Facility the next day based on the Available Schedule supplied at 7:00 A.M. EPT by the CEP ("Dispatch Schedule"). The CEP's Available Schedule and the Company's Dispatch Schedule for Fridays will include Saturday, Sunday, and Monday schedules. The CEP's Available Schedule and the Company's Dispatch Schedule during holiday periods will be similarly adjusted to include the holiday period. The CEP shall control and operate the Facility in accordance with the Company's Dispatch Schedule.

From time to time, the Company may be required to adjust the Dispatch Schedule, as described in the definition of Non-Dispatched Capacity, and/or the CEP may be required to adjust the Dispatch Schedule due to an unscheduled or forced outage of all, or a portion of, the Facility; however, each Party shall make reasonable efforts to minimize departures from the Dispatch Schedule.

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15. **Additional Criteria:** The CEP shall comply with the reasonable requests of the Company regarding daily or hourly communications. Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing during the Term:

    a. The CEP shall provide monthly generation estimates for the Facility by December 1 for the next calendar year; and

    b. The CEP shall promptly update its yearly generation schedule for the Facility when any changes are determined necessary; and

    c. The CEP shall agree to reduce generation from the Facility or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and

    d. The CEP shall coordinate scheduled outages of the Facility with the Company.

16. **Automatic Generation Control:** At the Company's discretion, the CEP will operate the Facility with Automatic Generation Control (AGC) equipment, speed governors, and voltage regulators in-service, except at such times when operational constraints of the equipment prevent AGC operation.

17. **CEP's Obligation if the CEP Receives Payments Pursuant to Contracted Capacity Payment Options 2, 3, 4, or 5:** The Parties recognize that Rule 25-17.0832, F. A. C., may require the repayment by the CEP of all, or a portion of any, Capacity Payments made to the CEP pursuant to Contracted Capacity Payment Options 2, 3, 4, or 5 of Section 9.b.iii if the CEP fails to perform pursuant to the terms and conditions of this Contract. To ensure that the CEP will satisfy its obligation to make any such repayments, the following provisions will apply:

    The Company shall establish a Repayment Account to accrue the sum of the capacity payments that may have to be repaid by the CEP to the Company. Amounts shall be added to the Repayment Account each month through_____, in the amount of the Company's payments to the CEP for capacity delivered prior to_____. Beginning on _____, the difference between the

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Contracted Capacity payment made to the CEP and the "normal" Contracted Capacity payment calculated pursuant to Contracted Capacity payment option 1 (Value of Deferral Payments) in COG-2 will also be added each month to the Repayment Account, so long as the payment made to the CEP is greater than the monthly payment the CEP would have received if it had selected Contracted Capacity Payment Option 1 in Section 6.b.iii. The annual balance in the Repayment Account shall accrue interest at an annual rate of 7.~~080~~012%.

Also beginning on _____, at such time that the Monthly Contracted Capacity Payment made to the CEP, pursuant to the Contracted Capacity Payment Option selected, is less than the "normal" Monthly Contracted Capacity Payment in Capacity Payment Option 1 in COG-2, there shall be debited from the Repayment Account an Early Payment Offset Amount to reduce the balance in the Repayment Account. Such Early Payment Offset Amount shall be equal to the amount which the Company would have paid for capacity in that month if Contracted Capacity payments had been calculated pursuant to Contracted Capacity Payment Option 1 in COG-2 and the CEP had elected to begin receiving Contracted Capacity payments on _____, minus the Monthly Contracted Capacity Payment the Company makes to the CEP (assuming the MPS are met or exceeded), pursuant to the Contracted Capacity Payment Option chosen by the CEP in Section 6.b.ii.

The CEP shall owe the Company and be liable for the current balance in the Repayment Account. The Company agrees to notify the CEP monthly as to the current Repayment Account balance.

In the event of default by the CEP, the total Repayment Account balance shall become due and payable within twenty (20) business days of receipt of written notice, as reimbursement for the Early Contracted Capacity Payments made to the CEP by the Company. The CEP's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the CEP's Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the CEP.

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Prior to receipt of Contracted Capacity Payments pursuant to Contracted Capacity Payment Options 2, 3, 4, or 5, the CEP shall secure its obligation to repay any balance in the Repayment Account in the event the CEP defaults pursuant to this Contract. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the CEP; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event of default by the CEP. Florida Statute 377.709(4) requires the local government to refund Early Contracted Capacity Payments should a Municipal Solid Waste Facility owned, operated by or on the behalf of a local government be abandoned, closed down or rendered illegal. Therefore a utility may not require risk-related guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832(2)(c) and (3)(e)(8), F.A.C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

18. **Ownership and Offering For Sale of Renewable Energy Attributes**: A CEP that owns and/or operates a Renewable Generating Facility retains any and all rights to own and sell any and all environmental attributes associated with the electrical generation of such Renewable Generating Facility, including but not limited to any and all renewable energy certificates, "green tags", or other tradeable environmental interests (collectively "RECs"), of any description. In the event that the CEP decides to sell any such environmental attributes during the term of this Contract, the CEP shall provide notice to the Company of its intent to sell such environmental attributes and provide the Company a reasonable opportunity to offer to purchase such environmental attributes.

19. **Changes in Environmental and Governmental Regulations:** This Contract may be re-opened, at the election of either Party, as a result of new environmental and other regulatory requirements enacted during the Term that affect the Company's full avoided costs of the unit on which this Contract is based.

20. **Non-Performance Provisions:** The CEP shall not receive a Contracted Capacity payment during any month during the Term in which the CEP fails to meet the MPS for Monthly Availability and Monthly Capacity Factor of the Company's Designated Avoided Unit as defined in Rate Schedule COG-2, Appendix __. In addition, if for any month starting _____ _____, the CEP fails to achieve the MPS, and the Monthly Contracted Capacity Payment that would have been made to the CEP pursuant

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to the Contracted Capacity payment option selected is less than the "normal" Monthly Contracted Capacity Payment had the CEP selected Option 1, then the CEP shall be liable for and shall pay the Company an amount equal to the Early Payment Offset Amount for the month; provided, however, that such calculation shall assume that the CEP satisfied the MPS. Any payments thus required of the CEP shall be separately invoiced by the Company to Energy Provider after each month for which such payment is due and shall be paid by the CEP within twenty (20) business days after receipt of such invoice by the CEP. Such payment shall be debited from the Capacity Account as an Early Payment Offset Amount provided that any such payment will not exceed the current balance in the Capacity Account.

21. **Default:**

a. **Mandatory Default:** The CEP shall be in default under this Contract if it:

i. is dissolved (other than pursuant to a consolidation, amalgamation or merger); or

ii. becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; or

iii. makes a general assignment, arrangement or composition with or for the benefit of its creditors; or

iv. institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; or

v. seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; or

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vi. has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or

vii. fails to perform in accordance with Section 11.b.

viii. fails to maintain its status as a Renewable Energy Facility or small Qualifying Facility as required herein; or

ix. fails to achieve, on both accounts, a minimum Monthly Availability Factor of fifty percent (50%) and fails to achieve a minimum Monthly Capacity Factor of fifty percent, during the same month, for twelve (12) consecutive months starting .

b. **Optional Default:** The Company may declare the CEP to be in default if:

i. at any time prior to _____, and after Monthly Contracted Capacity Payments have begun, the Company has sufficient reason to believe that the CEP is unable to deliver the entire amount of Contracted Capacity; or

ii. after Monthly Capacity Payments have begun, the CEP fails each month, for twenty-four (24) consecutive months, to meet the MPS; or

iii. the CEP refuses, is unable or anticipatorily breaches its obligation to deliver the entire amount of Contracted Capacity after _____.

c. **Default Remedy:** In the event of default by the CEP, the total Repayment Account balance shall become due and payable within 20 business days of receipt of written notice, as reimbursement for the Early Capacity Payments made to the CEP by the Company. The CEP's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of this Contract. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the CEP.

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22. **General Provisions:**

a. **Permits:** The CEP hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority the CEP is required to obtain as a prerequisite to engaging in the activities provided for in this Contract. The Company hereby agrees to seek to obtain, at the CEP's expense, any and all governmental permits, certifications or other authority the Company is required to obtain as a prerequisite to engaging in the activities described in this Contract

b. **Indemnification:** The Company and the CEP shall each be responsible for its own facilities in ensuring adequate safeguards for other Company customers, the Company and Energy Provider personnel and equipment, and for the protection of its own generating system. The Company and the CEP shall each indemnify and save the other harmless from any and all claims, demands, costs, or expense for loss, damage, or injury to persons or property of the other caused by, arising out of, or resulting from:

i. any act or omission by a Party or that Party's contractors, agents, servants and employees in connection with the installation or operation of that Party's generation system or the operation thereof in connection with the other Party's system; and

ii. any defect in, failure of, or fault related to a Party's generation system; and

iii. the negligence of a Party or negligence of that Party's contractors, agents servants and employees; and

iv. any other event or act that is the result of, or proximately caused by a Party.

c. **Insurance**: The CEP shall deliver to the Company, at least fifteen (15) days prior to the start of any interconnection work, a certificate of insurance certifying the CEP's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the CEP as named insured, and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this Contract arising out of the interconnection to the Facility, or caused by operation of any of the Facility's equipment or by the CEP's failure to maintain its equipment in satisfactory and safe operating condition.

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i. In subsequent years, a certificate of insurance renewal must be provided annually to the Company indicating the CEP's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company
c/o Director of Risk Management
Tampa Electric Company
702 North Franklin Street (33602)
P. O. Box 111
Tampa, FL 33601

ii. The policy providing such coverage shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence; provided however, if the CEP has insurance with limits greater than the minimum limits required herein, the CEP shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Contract.

iii. The above required policy shall be endorsed with a provision whereby the insurance company to notify the Company thirty (30) days prior to the effective date of any cancellation or material change in said policy.

iv. The CEP shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the Company or the Term if the Facility is not interconnected to the Company's transmission system.

d. **Force Majeure:** If either Party shall be unable, by reason of Force Majeure, to carry out its obligations under this Contract, either wholly or in part, the Party so failing shall give written notice and full particulars of such cause or causes to the other Party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be remedied with all possible dispatch; and the obligations, terms and conditions of this Contract shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "Force Majeure" shall be taken to mean all acts of God, strikes, lockouts or other industrial disturbances at the manufacturing site of the major equipment components or the construction site, wars, blockades, insurrections, riots, arrests and restraints of rules

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and people, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however that no occurrence may be claimed to be a Force Majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the Party attempting to make such claim and specifically does not include interruption in fuel supply. The CEP agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with the Company's system if the same are rendered inoperable due to actions of the CEP, its agents, or Force Majeure events affecting the Facility or the interconnection with the Company.

If the Facility is interconnected to the Company's transmission system, the Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.

e. Representations, Warranties, and Covenants of the CEP
The CEP represents and warrants that as of the date this Contract is executed:

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

ii. **Due Authorization, No Approvals, No Defaults, etc.:** Each of the execution, delivery and performance by the CEP of this Contract has been duly authorized by all necessary action on the part of the CEP, does not require any approval, except as has been heretofore obtained, of the (shareholders, partners, or others, as applicable) of the CEP or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the CEP, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the (articles of incorporation, bylaws, or other as applicable) of the CEP, or any agreement,

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judgment, injunction, order, decree or other instrument binding upon the CEP, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

iii. **Compliance with Laws**: The CEP has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The CEP is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the CEP or the Company. By entering into this Contract, the CEP represents and warrants that Facility is a renewable facility pursuant to Rule 25-17.210(1) and(2) F.A.C. or a QF with a design capacity of 100 kW, or less, pursuant to Rule 17.080 F.A.C. and confirms such representation and warranty with the signature of the CEP's authorized representative on this Contract.

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

v. **No Proceedings:** There are no actions, suits, proceedings or investigations pending or, to the knowledge of the CEP, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the CEP's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The CEP has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment. CEP is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

f. **Conditions Precedent**: Notwithstanding any other provisions of this Contract including the provisions of Section 20.b, the Company shall have the right to terminate this Contract by notice to the CEP, without cause, liability or obligation, if

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one or more of the following conditions, after reasonable effort by the CEP, shall not have been or cannot be satisfied in the Company's good faith judgment, and in the time periods described below. The Company in its sole discretion may extend the CEP's time for satisfying these conditions if one or more of the events described below is pending as of such date and it is reasonable to expect that such event will be accomplished within sixty (60) days:

i. The CEP satisfies the Construction Commencement Date;

ii. If the Facility is a small Qualifying Facility, on or before the Facility In-Service Date: The CEP secures certification of the Facility as a Qualifying Facility as defined herein and as certified by the FERC.

iii. If the Facility is a small Qualifying Facility, on or before the Facility In-Service Date, and at all times throughout the remaining Term, such Facility shall maintain its status as a Qualifying Facility as defined herein and as certified by the FERC. By the end of the first quarter of each calendar year, the CEP shall furnish the Company a notarized certificate by an officer of the CEP certifying that the Facility has continuously maintained qualifying status on a calendar year basis since the commencement of the Term.

iv. Within 9 months after the effective date of this Contract: The CEP secures any and all land use and zoning approvals reasonably necessary to obtain construction financing and authorizes the commencement of construction of the Facility on a basis not substantially adverse to the Company;

v. Within 9 months after the effective date of this Contract: The CEP has secured all other environmental and construction permits and other governmental approvals reasonably necessary to obtain construction financing and to begin construction of the Facility on a basis not substantially adverse to the Company;

vi. Within 9 months after the effective date of this Contract: The CEP achieves closing of financing for construction of the Facility;

vii. On or before _____, the CEP provides to the Company written evidence of the rights to adequate fuel supply for the Facility in a form satisfactory to the Company;

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viii. Within 9 months after the effective date of this Contract: The CEP provides evidence in writing in a form satisfactory to the Company indicating and substantiating the ownership of or the right to use the real property at the specific site upon which the Facility will be located; and

ix. Within 9 months after the effective date of this Contract: The CEP provides sufficient information satisfactory to the Company describing the technical capability and experience of the Facility's technology, including the environmental performance of the Facility.

g. **Assignment:** The Company and the CEP shall have the right to assign its benefits under this Contract, but the CEP shall not have the right to assign its obligations and duties without the Company's prior written consent and such consent shall not be unreasonably withheld.

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

i. **Notification:** For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Contract, the Parties designate the following to be notified or to whom payment shall be sent until such time as either Party furnishes the other Party written instructions changing such designate.

For: the CEP	For: the Company
_____	c/o Manager-Wholesale Contracts,
_____	Wholesale Marketing and Sales
_____	Tampa Electric Company
_____	702 North Franklin Street (33602)
_____	P.O. Box 111
_____	Tampa, Florida 33601

j. **Governing Law and Jurisdiction:** This Contract shall be governed by and construed and enforced in accordance with the laws, rules, and regulations of the State of Florida and the Company's Tariff as may be modified, changed, or amended from time to time. With respect to any suit, action or proceedings relating to this Contract, each party irrevocably submits to the exclusive jurisdiction of the courts of the State of Florida and the United States District Court located in

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Hillsborough County in Tampa, Florida; and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. Nothing shall prevent the Beneficiary from enforcing any related judgment against the Guarantor in any other jurisdiction.

- k. **Waiver of jury trial:** Each party waives, to the fullest extent permitted by applicable law, any and all rights it may have to a trial by jury in respect of any suit, action or proceeding relating to this agreement or any credit support document. Each party (i) certifies that no representative, agent or attorney of the other party or any credit support provider has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this agreement and provide for any credit support document, as applicable, by, among other things, the mutual waivers and certifications in this section.

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ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009

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

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

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

o. **Incorporation of Rate Schedule:** The Parties agree that this Contract shall be subject to all of the provisions contained in the Company's published Rate Schedule COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

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

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ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009

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q. **Record Retention:** The CEP agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all CEP entities to retain for the same period all such records.

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

s. **Set-off:** The Company may at any time, but shall be under no obligation to, set off any and all sums due from the CEP against sums due to the CEP hereunder.

t. **Assistance With the Company FIN 46R Compliance:** Accounting rules set forth in Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) ("FIN 46R"), as well as future amendments and interpretations of those rules, may require the Company to evaluate whether the CEP must be consolidated, as a variable interest entity (as defined in FIN 46R), in the financial statements of the Company. The CEP agrees to fully cooperate with the Company and make available to the Company all financial data and other information, as deemed necessary by the Company, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R. If the result of a the evaluation under FIN 46R indicates that the CEP must be consolidated in the financial statements of the Company, the CEP agrees to provide financial statements, together with other required information, as determined by the Company, for inclusion in disclosures contained in the footnotes to the financial statements and in the Company's required filings with the Securities and Exchange Commission ("SEC"). The CEP shall provide this information to the Company in a timeframe consistent with the Company's earnings release and SEC filing schedules, to be determined at the Company's discretion. The CEP also agrees to fully cooperate with the Company and the Company's independent auditors in completing an assessment of the CEP's internal controls as required by the Sarbanes-Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of the Company. The Company will treat any information provided by the CEP in satisfying Section 22(s) as confidential information and shall only disclose such information to the extent required by accounting and SEC rules and any applicable laws.

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ISSUED BY: C. R. Black, President

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IN WITNESS WHEREOF, CEP and the Company have executed this Contract the day and year first above written.

WITNESSES:

_____
Name of Capacity and Energy Provider

_____ **By:** _____

_____ **Its:** _____

WITNESSES: **Tampa Electric Company**

_____ **By:** _____

_____ **Its:** _____

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

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ORIGINAL SHEET NO. 8.266

EVALUATION PROCEDURE
FOR STANDARD OFFER CONTRACTS

Standard Offer Contracts shall be evaluated and then accepted based on meeting specific criteria. This Evaluation Procedure will insure the acceptance of Standard Offer Contracts that meet the Company's needs and are in the best interest of customers.

Each eligible Standard Offer Contract received by the Company will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C., and the Company's Procedure for Processing Standard Offer Contracts as defined in Rate Schedule COG-2.

Energy Providers submitting Standard Offer Contracts to the Company should, at the same time, submit specific information for each of the following evaluation criteria. Failure to provide this information may result in a determination of non-viability by the Company. Each eligible Standard Offer Contract received will be evaluated based upon the information provided in response to the following list of parameters:

EVALUATION PARAMETERS:

1. **Technical Viability:**
   a. What is the technology being proposed?
   b. Has the technology been demonstrated or commercially applied? Please explain.
   c. Has the CEP previously utilized this technology elsewhere?
      Construction: Please provide performance record and experience with project technology.
      Operations: Please provide operator's experience and performance record in comparable facilities.
   d. Has a project feasibility study been conducted by an Independent Engineer to assess the project technology and its potential effect on the project's financial results? Please explain.
   e. What thermal efficiency must be maintained by the unit(s) in order to retain status as a qualifying facility ("QF")?

2. **Fuel Supply:**
   a. What is the primary fuel type?
   b. What are the annual fuel requirements? (primary/alternate)
   c. Has primary fuel supply been secured? Is the fuel supply domestic, cross-border or foreign? What the term of the fuel supply agreement?
   d. Is an alternate fuel required?

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e. Has an alternate fuel supply been secured? Is the alternate fuel supply domestic, cross-border or foreign? What is the term of the alternate fuel supply agreement?
f. Have transportation arrangements for both primary and alternate fuels been secured (firm/interruptible, provide detail)?
g. Are the pricing terms of the fuel supply agreement(s) directly tied to the corresponding energy payments?
h. If the fuel is considered to be renewable, please describe the renewable nature of the fuel and the environmental impact of its production and use to generate power.

3. **Reliability:**
a. Dispatchability: Will the Facility be dispatched on request or will it be base-loaded? Please explain.
b. QF Status: Has the project obtained FERC certification as a QF? Has application been made for FERC certification? Please explain.
c. Operations and Maintenance: Who will provide O&M for the Facility: (a) developer; or (b) third party? If third party, please provide the name and address of the third party that will be used and any information that would describe their capability to perform this role.
d. Thermal Energy Host: If project is QF, provide the following information regarding any thermal energy (e.g. steam) host associated with the project:
    i. Please explain the importance of the energy, taken by the thermal energy host, to the overall operations of the thermal energy host.
    ii. Are there adequate alternative candidates in close proximity to the Facility that could serve as a potential thermal energy host replacement?
    iii. What is the minimum thermal energy "take" necessary for the project to maintain QF status?
    iv. Has a thermal energy host been secured?
    v. Is the thermal energy host already in existence?
    vi. Is it a new thermal energy host? (Is it identifiable?)
    vii. What are the thermal energy host's operating hours?
    viii. Are the thermal energy host's business cycle or thermal requirements seasonal? If so explain.
e. Permits: What permits or licenses will be required for the project? Have the necessary permits or licenses been secured? What specific environmental considerations must the project meet?
f. Construction Schedule: Has a construction schedule including milestones been formulated? Please provide detail.

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g. Site Control: Has the project's location been identified? Has the site been secured? Does the site require specific environmental considerations, i.e. wetlands, etc.? Please explain.

4. **Developer's Qualifications:**
   a. Project's Financial Stability: The Company will assess the creditworthiness of the project developer and/or its guarantor, if any, and determine in the Company's reasonable sole discretion if the project developer's level of unsecured credit is sufficient to provide the required Security to the Company. Please provide detail for the project developer or its guarantor, if any: (a) audited year-end financial statements (including balance sheet, income statement, and statement of cash flows) for the past three fiscal years, and (b) senior unsecured bond ratings from Moody's Investors Service and Standard and Poor's, if applicable.
   b. Developer's Experience: Has developer any projects in operation? Has developer any other projects under construction? Please provide details for each previous Independent Power Production or QF projects undertaken by the developer, including but not limited to:
      i. Financial arrangements and Institutions,
      ii. Fuel contracts,
      iii. Scheduling/project control information,
      iv. Regulatory treatment,
      v. Ownership structure, i.e. partnership, limited partnership, contract buy-outs, etc., and
      vi. Total operating experience and performance.
   c. Project Financing: Has project financing been secured? Will ownership equity in project be 15% or greater? Will the project be structured as a non-recourse financing project? Please provide detail.
   d. Working Capital: Has long-term working capital been secured? Are sufficient reserves available to fund 6 months of debt service? Are sufficient funds available to cover 6 months of O&M expenses? Does project have warranties for key operating equipment during the first year of operations? Please provide detail.

5. **Additional Information:** Please provide the following additional general information to assist the Company in evaluating your Standard Offer Contract
   a. Standard Offer Committed Capacity (MW):
   b. Size and type of generation:
   c. Any existing or planned capacity commitments or energy sales to other utilities, if so provide detail:

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d. Will the project directly interconnect into the Company's transmission grid? Please explain:

e. If the project is located external to the Company's retail service area, how will the power be delivered to the Company? Please explain:

f. Will steam host use a portion of electric generation, if so provide detail:

g. Please provide developer's ownership structure for this project:

h. Developer's insurance carrier:

- Property damage insurance:
- Business interruption insurance:
- Rating of insurance carrier:

i. Please provide estimates of the following:

- Expected annual metered electric output,
- Expected annual metered useful thermal output, in Btu/hr X operating hours/year,
- Expected annual metered fuel input, in Btu/hr X operating hours/year

j. Other:

EVALUATION CRITERIA AND SCORING: The Company will accept a Standard Offer Contract on the basis of the information provided in response to the evaluation criteria and upon its judgment of other relevant factors. A Standard Offer Contract which has convincingly demonstrated that the project is financially and technically viable and that the committed capacity would be available by the date specified in the Standard Offer Contract will be accepted for further negotiations leading to a contract offer.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009

TAMPA ELECTRIC

ORIGINAL SHEET NO. 8.284

STANDARD OFFER CONTRACT RATE FOR
PURCHASE OF CONTRACTED CAPACITY AND ASSOCIATED ENERGY

SCHEDULE: COG-2, firm capacity and energy

AVAILABLE: Tampa Electric Company, herein after referred to as the "Company," will purchase firm capacity and energy offered by renewable generating facilities or qualifying facilities with a design capacity of 100 kW or less ("small qualifying facility") to which a Standard Offer Contract is available under Chapter 366.91 Florida Statutes (F.S) and Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.300, Florida Administrative Code (F.A.C.). Unless specifically referred to, a renewable generation facility or a small qualifying facility may be referred to as the "Capacity and Energy Provider" or "CEP". The Company has designated the generating units identified in Appendices C through F, as its Designated Avoided Units. Pursuant to FPSC Rule 25-17.250(2), the Company will accept firm capacity and energy offered by any CEP under the provisions of this schedule for a specific Designated Avoided Unit until:

1. A request for proposals (RFP) pursuant to Rule 25-22.082, F.A.C., is issued for the specific planned generating unit; or
2. The utility files a petition for a need determination or commences construction for the specific generating unit not subject to Rule 25-22.082, F.A.C., or
3. The generating unit upon which the standard offer contract was based is no longer part of the utility's generation plan, as evidenced by FPSC approval of a petition to that effect filed with the FPSC or by its removal from the utility's most recent Ten Year Site Plan.

The Company will negotiate and may contract with any CEP as defined to in Chapter 366.91 F. S. and FPSC Rule 25-17.080, F.A.C., irrespective of its location, which is either directly or indirectly interconnected with the Company, for the purchase of firm capacity and energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers and subject to FPSC approval of such a contract.

APPLICABLE: To any CEP to which Standard Offer Contracts are available under Chapter 366.91 F. S. and FPSC Rule 25-17.0832(4)(a), F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's Standard Offer Contract or a separately negotiated contract.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

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Firm capacity and energy are described in FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by the CEP pursuant to a negotiated or Standard Offer Contract and subject to certain contractual provisions as to quantity, time and reliability of delivery. Criteria for achieving CEP status shall be those set out in Chapter 366.91 F.S. and FPSC Rules 25-17.080, 25-17.082(4)(a), and 25-17.091, F.A.C., as applicable.

CHARACTER OF SERVICE: Purchases within the territory served by the Company shall be, at the option of the Company, single or 3-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 firm capacity and energy from the CEP.

LIMITATIONS: Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System (if applicable)," Federal Energy Regulatory Commission (FERC) Electric Open Access Transmission Tariff (OATT) and associated transmission interconnection tariffs (if applicable), North American Electric Reliability Council (NERC) and Florida Reliability Coordinating Council (FRCC) Reliability Standards, that are applicable to generation and transmission facilities which are connected to, or being planned to be connected to the Company's transmission system (document provided upon request) and to FPSC Rules 25-17.080 through 25-17.091, F.A.C. and are limited to those CEPs which are defined by FPSC Rule 25-17.082(4)(a), F.A.C. and which:

1. execute a Company Standard Offer Contract for the Company's purchase of firm capacity and energy; and

2. commit to commence deliveries of firm capacity and energy no later than the in-service date of the Designated Avoided Unit, and to continue such deliveries through the later of the last day of the tenth year following the in-service date of the avoided unit or the date selected by the CEP that is no later than the day after the last day of the life of the avoided unit.

RATES FOR PURCHASES BY THE COMPANY: firm capacity and energy are purchased at unit costs, in dollars per kilowatt per month ($/kW/month) and cents per kilowatt-hour (¢/kWh), respectively, based on the value of deferring additional Company generating capacity.

ISSUED BY: C. R. Black, President

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Firm capacity and energy are described in FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by the CEP pursuant to a negotiated or Standard Offer Contract and subject to certain contractual provisions as to quantity, time and reliability of delivery. Criteria for achieving small qualifying facility or renewable facility status shall be those set out in Chapter 366.91 F.S. and FPSC Rules 25-17.080, 25-17.082(4)(a), and 25-17.091, F.A.C., as applicable.

1. **Firm Capacity Rates:** Five options (i.e. Options 1, 2, 3, 4, and 5, as set forth below) are available for payment of firm capacity which is produced by the CEP and delivered to the Company. Once selected, the selected option shall remain in effect for the term of the contract with the Company. Exemplary payment schedules for Options 1 through 4, shown for each Designated Avoided Unit are identified in Appendices C through F, contain the monthly rate per kilowatt (kW) of firm capacity the CEP could contractually commit to deliver to the Company. These examples are based on a contract term which extends at least ten years beyond the in-service date of the Designated Avoided Unit. Payment schedules for longer contract terms will be made available to the CEP upon request and may be calculated based on the methodologies described in Appendix A. A payment schedule for Option 5, if selected by the CEP, will be calculated based on Appendix A and the Option 5 description contained in Section 6.b.iii.(5) of the Standard Offer Contract and will be made available by the Company within 30 days of a request by the CEP. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Designated Avoided Unit, commencing with the in-service date of the Designated Avoided Unit.

   Option 1 - Value of Deferral Capacity Payments:
   Value of Deferral Capacity Payments shall commence the in-service date of the Designated Avoided Unit, provided the CEP is delivering firm capacity and energy to the Company in accordance with the Minimum Performance Standards (MPS) as described for each Designated Avoided Unit contained in Appendices C through F. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A.

   Option 2 - Early Capacity Payments:
   Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit. The earliest date that Early Capacity Payments can be received by the CEP shall be the Commercial In-service Date of the CEP's generating facility. The CEP shall select the

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month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit. Avoided Capacity Payments shall be calculated in conformance with FPSC Rules 25-17.0832 and 25-17.250(4), F.A.C., as described in Appendix A. At the option of the CEP, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the in-service date of the Designated Avoided Unit provided the CEP is delivering firm capacity and energy to the Company in accordance with MPS as described for each Designated Avoided Unit contained in Appendices C through F. Where Early Capacity Payments are elected, the cumulative present value of the capacity paid to the CEP over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the CEP had such payments been made pursuant to Option 1.

Option 3 - Levelized Capacity Payments:
Levelized capacity payments shall commence on the in-service date of the Designated Avoided Unit, provided the CEP is delivering firm capacity and energy to the Company in accordance with the MPS as described for each Designated Avoided Unit contained in Appendices C through F. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. The fixed operation and maintenance expense portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expenses associated with the Designated Avoided Unit calculated in conformance with Appendix A. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity paid to the CEP over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the CEP had such payments been made pursuant to Option 1.

Option 4 - Early Levelized Capacity Payments:
Early Levelized Capacity Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit. The earliest date that Early Levelized Capacity Payments can be received by the CEP shall be the Commercial In-service Date of the CEP's generating facility. The capital portion of the capacity payment under this Option shall consist of equal monthly payments over the term of the contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. The fixed operation and maintenance expense portion of the capacity payments shall be equal to

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the value of the year-by-year deferral of fixed operation and maintenance expenses associated with the Designated Avoided Unit calculated in conformance with Appendix A. At the option of the CEP, Early Levelized Capacity Payments shall commence at any time beginning on or after the Commercial In-service Date of the CEP's generating facility and before the in-service date of the Designated Avoided Unit provided the CEP is delivering firm capacity and energy to the Company in accordance with the MPS as described for each Designated Avoided Unit contained in Appendices C through F. The CEP shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the capacity payments paid to the CEP over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the CEP had such payments been made pursuant to Option 1.

Option 5 - Other
In accordance with FPSC Rule 25-17.250(4) F.A.C., the CEP may elect a payment stream for the capital component of the Company's avoided unit, including front-end loaded payments, that best meets the financing requirements of the CEP. Where front-end loaded capacity payments are elected, the cumulative present value of the capacity payments paid to the CEP over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the CEP had such payments been made pursuant to Option 1. A payment schedule for Option 5 will be developed reflecting the interests of the CEP for front-end loading and will be made available for review by the CEP within 30 days of the date of the request for Option 5, and interests of the CEP have been made known to the Company. Any such Option 5 selection may require additional associated security considerations that will be developed by the Company and presented to the CEP at the same time as the payment schedule. The payment schedule and security considerations will be subject to mutual agreement and approval by the FPSC.

The Company will provide the CEP with a schedule of capacity payment rates based on the month and year in which the delivery of firm capacity and energy are to commence and the term of the contract. The currently approved parameters used to calculate the schedule of payments for each Designated Avoided Unit are found in Appendices D through G of this Schedule.

Regardless of the payment stream elected by the CEP, the cumulative present value of capital cost payments made to the CEP over the term of this Agreement shall not exceed the cumulative present value of the capital cost payments which would have

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been made to the CEP had such payments been made pursuant to FPSC Rule 25-17.0832(4)(g)1., F.A.C. All fixed operation and maintenance expense shall be calculated in conformance with FPSC Rule 25-17.0832(6), F.A.C.

2. **Standard Energy Payment Rates:**

The calculation of energy payments to the CEP shall be based on the sum, over all hours of the Monthly Period, of the product of each hour's Energy Payment Rate times the energy purchased from the CEP by the Company for that hour. All purchases shall be adjusted for losses reflecting delivery voltage.

a. **As-available Energy Payment Rate:** "As-Available Energy" is energy generated by the CEP's facility for purchase by the Company during time periods when the Designated Avoided Unit would not have been operated had it been installed by the Company. The payment rate in ¢/kWh for As-Available Energy is 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 and identifiable variable operation and maintenance expenses.

The methodology to be used in the calculation of the avoided energy costs is described in Appendix B.

The As-available Energy Payment rate will apply to energy delivered by the CEP in the period prior to the in-service date of the Designated Avoided Unit and the periods after the in-service date of the Designated Avoided Unit to the extent that the Designated Avoided Unit would have been dispatched and operated by the Company.

b. **Unit Energy Payment Rate**: To the extent that the Designated Avoided Unit would have been dispatched and operated by the Company, the Unit Energy Payment Rate in ¢/kWh will apply and shall be based on the cost of fuel used by and variable operating and maintenance expense associated with the Designated Avoided Unit The calculation used to determine the Unit Energy Payment Rate is shown under part 2 of the section titled "Basis for Monthly Energy Payment Calculation" of the Designated Avoided Unit Appendices, "C" through "F".

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

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3. **Fixed Energy Payment Options:**
   a. **Fixed As-Available Energy Payments:** In accordance with FPSC Rule 25-17.250(6)(a) F.A.C., the CEP may elect Fixed As-Available Energy Payments for the period prior to the in-service date of the avoided unit. The Fixed As-Available Energy Payments shall be based on the Company's year-by-year projection of system incremental fuel costs prior to hourly economy energy sales to other utilities, based on normal weather and fuel market conditions plus a fuel market volatility risk premium mutually agreed upon by the Company and the CEP and approved by the FPSC.

   b. **Fixed Base Energy Payments**: At the election of the CEP, a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the Company and the CEP, may be fixed and amortized on a present value basis over the term of the contract starting as early as the in-service date of the CEP's generating facility pursuant to FPSC Rule 25-17.250(6)(b) F.A.C. "Base energy costs associated with the avoided unit" means the energy costs of the avoided unit to the extent the unit would have been operated. The Company shall develop a schedule of such Fixed Base Energy Payments for the consideration of the CEP based on the expressed interests of the CEP. Should the CEP select Fixed Base Energy Payments, the Company may require additional associated security considerations which will also be mutually agreed upon by the Company and the CEP and approved by the FPSC.

PERFORMANCE CRITERIA: In addition to the following provisions, payments for firm capacity are conditioned on the CEP's ability to meet or exceed the Minimum Performance Standards (MPS) for each of the Company's Designated Avoided Unit as described for each in Appendices C through F:

1. **CEP's Commercial In-Service Date:** Capacity Payments shall not commence until the CEP has attained and demonstrated commercial in-service status. The Commercial In-Service Date of the CEP shall be defined as the first day of the month following the successful completion by the CEP of maintaining an hourly kW output for a 24 hour period, as metered at the point of interconnection with the Company, equal to or greater than the CEP's "Contracted Capacity" as designated in the Standard Offer Contract. A CEP shall coordinate the operation of its facility during this test period with the Company to insure that the performance of its facility during this 24 hour period is reflective of the anticipated day to day operation of the CEP.

ISSUED BY: C. R. Black, President

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2. **Monthly Availability and Monthly Capacity Factor:** Upon achieving commercial in-service status, payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the CEP and subject to the provision that the CEP equals or exceeds the MPS for Monthly Availability and Monthly Capacity Factor of the Company's Designated Avoided Unit, as defined in Appendices C through F of this schedule, on which the Standard Offer Contract is based.

3. **CEP's Obligation if CEP Receives Capacity Payments Under Capacity Payments Options 2, 3, 4, or 5:** The CEP's payment option choice pursuant to Paragraph 6.b.iii of the Company's Standard Offer Contract may result in payments made by the Company for capacity delivered prior to the in-service date of the avoided unit. Similarly, Levelized and Early-Levelized, and front-end loaded Other Capacity Payments for capacity delivered on or after the in-service date of the avoided unit, may also exceed the year-by-year value of deferring the Designated Avoided Unit as specified in this Agreement. The Parties recognize that capacity payments that exceed the year-by-year value of deferring the avoided unit may have to be repaid by the CEP in the event the CEP fails to perform pursuant to the terms and conditions of the Company's Standard Offer Contract.

   To ensure that the CEP will satisfy its obligation to make any repayment to the Company, the following provisions will apply:

   The Company shall establish a Repayment Account to accrue the sum of the capacity payments that may have to be repaid by the CEP to the Company. Amounts shall be added to the Repayment Account each month through the month prior to the in-service month of the avoided unit, in the amount of the Company's Early Capacity Payments made to the CEP pursuant to the CEP's chosen payment option.

   Beginning on the in-service date of the avoided unit, the difference between the capacity payment made to the CEP and the "normal" capacity payment calculated pursuant to Option 1 will also be added each month to the Repayment Account, so long as the payment to the CEP is greater than the monthly payment the CEP would have received if it had selected Option 1 in Paragraph 6.b.iii, of the Company's Standard Offer Contract.

   Also beginning on the in-service date of the avoided unit, at such time that the Monthly Capacity Payment made to the EP, pursuant to the Capacity Payment Option selected, is less than the "normal" Monthly Capacity Payment in Option 1, there shall be debited from the Repayment Account an Early Payment Offset Amount to reduce the balance in

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

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the Repayment Account. Such Early Payment Offset Amount shall be equal to the amount which the Company would have paid for capacity in that month if capacity payments had been calculated pursuant to Option 1 and the CEP had elected to begin receiving capacity payments on the in-service date of the avoided unit minus the Monthly Capacity Payment the Company makes to the CEP (assuming the MPS are met or exceeded), pursuant to the Capacity Payment Option chosen by the CEP.

Monthly Capacity Payments will not be made to the CEP for any month the CEP fails to meet the MPS and if applicable, a payment will be required by the CEP to the Company in an amount equal to the Early Payment Offset for that month. In the event a payment is required from the CEP to the Company, the CEP's Repayment Account will be reduced by the amount of such payment provided that any such payment will not exceed the current balance in the Repayment Account.

The CEP shall owe the Company and be liable for the current balance in the Repayment Account. The annual balance in the Repayment Account shall accrue interest at an annual rate of 7.88%. The Company agrees to notify the CEP monthly as to the current Repayment Account balance.

In the event of default by the EP, the total Repayment Account balance shall become due and payable within 20 business days of receipt of written notice, as reimbursement for the Capacity Payments made to the CEP by the Company in excess of "normal capacity payments.

The CEP's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the CEP's Standard Offer Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the CEP.

Prior to receipt of Early, Levelized, Early-Levelized, or front-end loaded Other Capacity Payments the CEP shall secure its obligation to repay any balance in the Repayment Account in the event the CEP defaults under the terms of its Standard Offer Contract with the Company.

ISSUED BY: C. R. Black, President

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Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the EP; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event of default by the CEP.

Florida Statute 377.709(4) requires a local government to refund Early Capacity Payments should a Municipal Solid Waste Facility owned, operated by or on the behalf of the local government be abandoned, closed down or rendered illegal. Therefore a utility may not require risk-related guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832 (2)(c) and (3)(e)(8), F. A. C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

4. **Additional Criteria:**

a. The CEP shall provide monthly generation estimates by December 1 for the next calendar year; and

b. The CEP shall promptly update its yearly generation schedule when any changes are determined necessary; and

c. The CEP shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and

d. The CEP shall coordinate scheduled outages with the Company;

e. The CEP shall comply with the reasonable requests of the Company regarding daily or hourly communications.

DELIVERY VOLTAGE ADJUSTMENT: Energy Payments to CEPs within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers:

Rate Schedule	**Adjustment Factor**
RS, GS	1.0525
GSD, SBF	1.0488
IS, SBI	1.0178

Continued to Sheet No. 8.308

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: January 1, 2018

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METERING REQUIREMENTS: CEPs within the territory served by the Company shall be required to purchase from the Company the necessary hourly recording meters to measure their energy production. Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period. Energy purchases from CEPs outside the territory served by 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.

BILLING OPTIONS: The CEP, upon entering into a contract for the sale of Contracted Capacity and Associated Energy or prior to delivery of As-Available Energy to the Company, shall elect to make either simultaneous purchases from the interconnecting utility and sales to the Company or net sales to the Company. The billing option elected may only be changed:

1. when the CEP selling As-Available Energy enters into a negotiated contract or Standard Offer Contract for the sale of firm capacity and energy; or
2. when a firm capacity and energy contract expires or is lawfully terminated by either the EP, or the Company; or
3. when the CEP is selling As-Available Energy and has not changed billing methods within the last 12 months; and
4. when the election to change billing methods will not contravene the provisions of FPSC Rule 25-17.0832, F.A.C., or any contract between the CEP and the Company.

If the CEP elects to change billing methods in accordance with FPSC Rule 25-17.082, F.A.C., such a change shall be subject to the following provisions

1. upon at least 30 days advance written notice to the Company; and
2. upon the installation by the Company of any additional metering equipment reasonably required to effect the change in billing methodology and upon payment by the CEP for such metering equipment and its installation; and
3. upon completion and approval by the Company of any alterations to the interconnection reasonably required to effect the change in billing methodology and upon payment by the CEP for such alterations

Should the CEP elect the Simultaneous Purchases and Sales billing option, purchases of electric service by the CEP from the interconnecting utility shall be billed at the retail rate schedule under which the CEP load would receive service as a customer of the utility; sales of electricity delivered by the CEP to the purchasing utility shall be purchased at the utilities avoided capacity and energy rates, where applicable, in accordance with FPSC Rules 25-17.0825 and 25-17.0832, F.A.C.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.312
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Continued from Sheet No. 8.308

Should the CEP elect a Net Billing Arrangement, the hourly net capacity and energy sales delivered to the purchasing utility shall be purchased at the utility's avoided capacity and energy rates, where applicable, in accordance with FPSC Rules 25-17.0825 and 25-17.0832, F.A.C. Purchases from the interconnecting utility shall be billed at the retail rate schedule, under which the CEP load would receive service as a customer of the utility.

Although a billing option may be changed in accordance with FPSC Rule 25-17.082, F.A.C., the Contracted Capacity may only change through mutual negotiations satisfactory to the CEP and the Company.

Basic Service charges that are directly attributable to the purchase of firm capacity and energy from the CEP are deducted from the CEP's total monthly payment. A statement covering the charges and payments due the CEP is rendered monthly and payment normally is made by the 20th business day following the end of the Monthly Period.

CHARGES/CREDITS TO THE CEP:

1. **Basic Service Charges:** A monthly Basic Service Charge will be rendered for maintaining an account for the CEP engaged in either an As-Available Energy or firm capacity and energy transaction and for other applicable administrative costs. Actual charges will depend on how the CEP is interconnected to the Company.

   CEPs not directly interconnected to the Company, will be billed $990 monthly as a Basic Service Charge.

   Monthly Basic Service charges, applicable to CEPs directly interconnected to the Company, by Rate Schedule are:

RATE SCHEDULE	BASIC SERVICE CHARGE ($)	RATE SCHEDULE	BASIC SERVICE CHARGE ($)
RS	15.00		
GS	18.00	GST	20.00
GSD (secondary)	30.00	GSDT (secondary)	30.00
GSD (primary)	130.00	GSDT (primary)	130.00
GSD (subtrans.)	990.00	GSDT (subtrans.)	990.00
SBF (secondary)	55.00	SBFT (secondary)	55.00
SBF (primary)	155.00	SBFT (primary)	155.00
SBF (subtrans.)	1,015.00	SBFT (subtrans.)	1,015.00
IS (primary)	622.00	IST (primary)	622.00
IS (subtrans.)	2,372.00	IST (subtrans.)	2,372.00
SBI (primary)	647.00		
SBI (subtrans.)	2,397.00		

Continued to Sheet No. 8.314

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: November 1, 2013

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If CEP takes service under Rate Rider GSLM-2 or GSLM-3, an additional Basic Service Charge of $200.00 will apply.

When appropriate, the Basic Service Charge will be deducted from the CEP's monthly payment. A statement of the charges or payments due the CEP will be rendered monthly. Payment normally will be made by the 20th business day following the end of the billing period.

2. **Interconnection Charge for Non-Variable Utility Expenses:** The CEP shall bear the cost required for interconnection including the metering. The CEP shall have the option of payment in full for interconnection or make equal monthly installment payments over a 36 month period together with interest at the rate then prevailing for 30 days highest grade commercial paper; such rate to be determined by the Company 30 days prior to the date of each payment.

3. **Interconnection Charge for Variable Utility Expenses:** The CEP shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance of the interconnection. These costs include a) the Company's inspections of the interconnection and b) maintenance of any equipment beyond that which would be required to provide normal electric service to the CEP with respect to other Customers with similar load characteristics.

4. **Taxes and Assessments:** The CEP shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of firm capacity and energy produced by the CEP.

   If the Company obtains any tax savings as a result of its purchases of firm capacity and energy produced by the CEP, which tax savings would not have otherwise been obtained, those tax savings shall be credited to the CEP.

5. **Emission Allowance Clause:** Subject to approval by the FPSC, the CEP shall receive a monthly credit, to the extent the Company can identify the same, equal to the value, if any, of any reduction in the number of air emission allowances used by the Company as a result of its purchase of firm capacity and energy produced by the EP; provided that no such credit shall be given if the cost of compliance associated with air emission standards is included in the determination of full avoided cost.

TERMS OF SERVICE:

1. It shall be the CEP's responsibility to inform the Company of any change in its electric generation capability.

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: November 1, 2013

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2. Any electric service delivered by the Company to the CEP shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

3. A billing security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:

   a. In the first year of operation, the security deposit should be based upon the singular month in which the CEP's projected purchases from the utility exceed, by the greatest amount, the utility's estimated purchases from the CEP. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit should be required upon interconnection.

   b. For each year thereafter, a review of the actual sales and purchases between the CEP and the utility shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the CEP exceed the actual sales to the utility in that month.

4. The Company will, under the provisions of this Schedule, require an agreement with the CEP upon the Company's filed Standard Offer Contract.

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

SPECIAL PROVISIONS:

1. Negotiated contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the FPSC

2. In accordance with the provision in FPSC Rule 25-17.0883, F.A.C., the Company is required to provide transmission and distribution service to enable a retail customer, at that customer's request, to transmit electrical power generated at one location to the customer's facilities at another location when provision of such service and its associated charges, terms, and other conditions are not reasonably projected to result in higher cost of electric service to the Company's general body of retail and wholesale Customers or adversely affect the adequacy or reliability of electric service to all Customers.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

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A determination of whether or not such service is likely to result in higher cost electric service will be made by the Company by evaluating the results of an appropriately adjusted FPSC approved cost effectiveness methodology, in addition to other modeling analyses.

3. In accordance with FPSC Rule 25-17.089, F.A.C., upon request by a CEP, the Company shall provide transmission service in accordance with its OATT to wheel As-Available Energy or firm capacity and energy produced by the CEP from the CEP to another electric utility.

4. The rates, terms, and conditions for any transmission and ancillary services provide to the CEP shall be those approved by the FERC and contained in the Company's OATT.

5. A CEP may apply for transmission and ancillary services from the Company in accordance with the Company's OATT. Requests for service must be submitted on the Company's Open Access Same-Time Information System ("OASIS"). The Company's contact person, phone number and address is posted and updated on the OASIS and can be viewed by the public on the Internet at the address: http://www.enx.com/FOA_Contacts.html. A copy of the Company's OATT is also posted at the address: http://www.enx.com/FOA/teco_home.html.

6. If the CEP is located outside of the Company's transmission area, then the CEP must arrange for long term firm 3rd-party transmission, ancillary services and an Interconnection Agreement on all necessary external transmission paths for the term of the contract.

PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS: Within 60 days of the receipt of a signed, completed Standard Offer Contract, the Company shall either accept and sign the Standard Offer Contract and return it within 5 days to the CEP or petition the Commission not to accept the Standard Offer Contract and provide justification for the refusal.

All Standard Offer Contracts received will be given equal consideration and each will be reviewed in accordance with the Company's Evaluation Procedure for Standard Offer Contracts. The criteria and procedure used to evaluate Standard Offer Contracts are attached to the Standard Offer Contract as Appendix I.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

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Each delivered Standard Offer Contract should be clearly labeled "Standard Offer Contract" and shall only be received at the Company's main business address:

Tampa Electric Company
c/o Manager - Wholesale Contracts,
Wholesale Marketing and Sales
702 North Franklin Street (33602)
P. O. Box 111
Tampa, Florida 33601

Certified mail will be the preferred means of Standard Offer Contract delivery.

Each eligible Standard Offer Contract will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C.

The Company will select and accept Standard Offer Contracts, after the evaluation process, which have convincingly demonstrated that their project is financially and technically viable and that the Contracted Capacity and Associated Energy would be available by the date specified in the Standard Offer Contract.

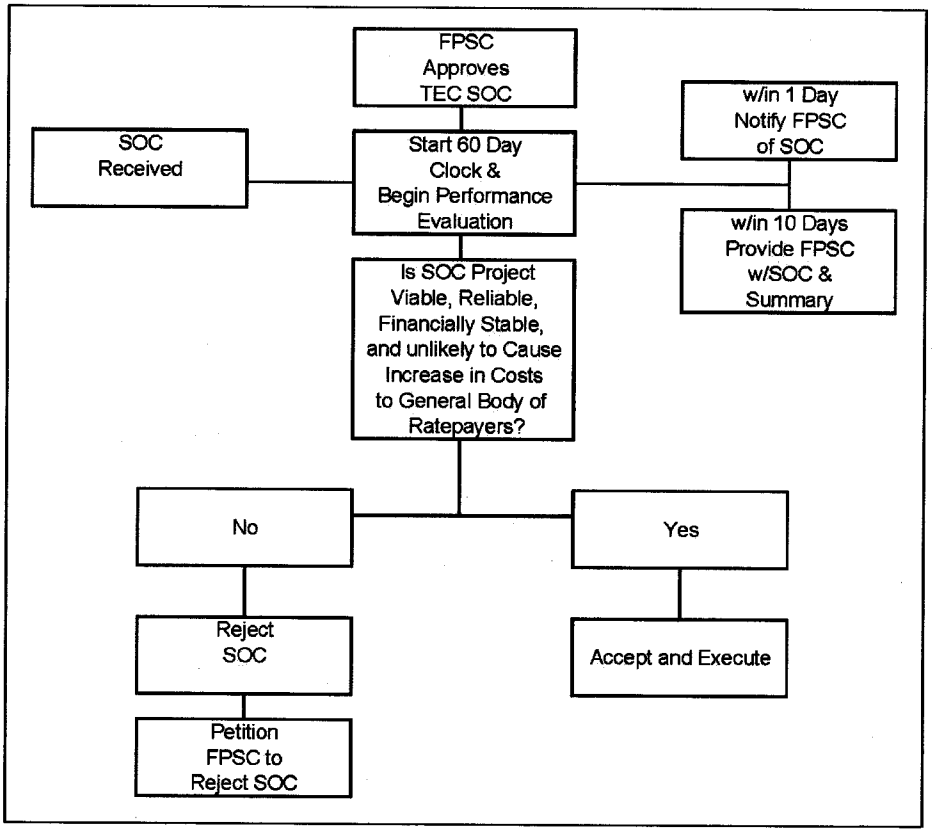
ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

TAMPA ELECTRIC

ORIGINAL SHEET NO. 8.324

PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS



ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

TECO TAMPA ELECTRIC
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NINTH REVISED SHEET NO. 8.326
CANCELS EIGHTH REVISED SHEET NO. 8.326

RATE SCHEDULE COG-2
TABLE OF APPENDICES

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: June 5, 2018

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ORIGINAL SHEET NO. 8.328

RATE SCHEDULE COG-2
APPENDIX A
VALUE OF DEFERRAL METHODOLOGY

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

Also contained in Appendix A is a discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early, Levelized, Early Levelized, or front-end loaded Other Capacity Payments acceptable to the Company in the event of contractual default by the CEP.

CALCULATION OF VALUE OF DEFERRAL: FPSC Rule 25-17.0832(6), F.A.C., specifies that avoided capacity costs, in dollars per kilowatt per month, associated with firm capacity sold to a utility by the CEP pursuant to the utility's Standard Offer shall be defined as the value of a year-by-year deferral of the Designated Avoided Unit and shall be calculated as follows:

$$VAC_m = 1/12\,[KI_n\,(1-R_p) / (1-R_p{}^{L}) + O_n]$$

FPSC Rule 25-17.0832(6)(a), F.A.C., specifies that, beginning with the in-service date of the Company's Designated Avoided Unit, for a one year deferral:

VAC_m = Company's monthly value of avoided capacity, $/kW/month, for each month of year n;

K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year;

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

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I_n = total direct and indirect cost, in mid-year $/kW including AFUDC but excluding CWIP, of the Designated Avoided Unit(s) with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit that would have been paid had the Designated Avoided Unit(s) been constructed;

O_n = total fixed operation and maintenance expense for the year n, in mid-year $/kW/year, of the Designated Avoided Unit(s);

i_p = annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);

i_o = annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);

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

L = expected life of the Designated Avoided Unit(s); and

R_P = $(1 + i_p) / (1 + r)$

n = year for which the Designated Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy.

CALCULATION OF EARLY CAPACITY PAYMENTS: FPSC Rule 25-17.0832(6)(b), F.A.C., specifies that, normally, payment for firm capacity shall not commence until the in-service date of the Designated Avoided Unit(s). At the option of the CEP, however, the Company may begin making Early Capacity Payments consisting of the fixed operation and maintenance expense and the capital cost component of the value of a year-by-year deferral of the Designated Avoided Unit(s). When such Early Capacity Payments are elected, capacity payments shall be paid monthly commencing no earlier than the Commercial In-Service date of the CEP, and shall be calculated as follows:

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

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DATE EFFECTIVE: May 22, 2007

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Beginning with the earliest avoidance date of the Company's Designated Avoided Unit(s), for a one year deferral:

A_m = monthly early capacity payments to be made to the CEP for each month of the contract year n, in $/kW/month, starting no earlier than the in-service date of the CEP's generating facility;

m = year for which early capacity payments to the CEP are made;

t = the term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m;

$$A_c = F\,[(1 - R_p) / (1 - R_p{}^t)]$$

Where:

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

$$A_o = G\,[(1 - R_o) / (1 - R_o{}^t)]$$

Where:

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

R_o = $(1 + i_o) / (1 + r)$

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DATE EFFECTIVE: May 22, 2007

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Continued from Sheet No. 8.334

CALCULATION OF LEVELIZED AND EARLY LEVELIZED CAPACITY PAYMENTS: FPSC Rule 25-17.0832(6)(c), F.A.C., specifies that, Monthly Levelized and Early Levelized Capacity Payments shall be calculated as follows:

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

Where:

P_L = the monthly levelized capacity payment, starting on or prior to the in-service date of the Designated Avoided Unit(s);

O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with FPSC Rule 25-17.0832, paragraph 6(a) for Levelized Capacity Payments or with paragraph 6(b) for Early Levelized Capacity Payments, F.A.C.

Currently approved parameters for each Designated Avoided Unit applicable to the formulas above are found in Appendices C through F.

CALCULATION OF MONTHLY AVAILABILITY AND CAPACITY FACTOR: Pursuant to FPSC Rule 25-17.0832, F.A.C., and Docket No. 891049-EU, the CEP must meet or exceed, on a monthly basis, the MPS of the Company's Designated Avoided Unit(s) as described in Appendices C through F of COG-2 in order to receive monthly capacity payments. At the end of each Monthly Period, beginning with the Monthly Period specified in Paragraph 6.b.ii of the Company's Standard Offer Contract, the Company will calculate the CEP's Monthly Availability and Monthly Capacity Factor.

REPAYMENT OF EARLY CAPACITY PAYMENTS: FPSC Rule 25-17.0832(3)(c), F.A.C., requires that when early, levelized, early levelized, and front-end loaded capacity payments are elected, the CEP must provide a security deposit for assurance of repayment of Early Capacity Payments in the event the CEP is unable to meet the terms and conditions of its contract. Depending on the nature of the CEP's operation, financial health and solvency of the CEP or its guarantor, if any, and its ability to meet the terms and conditions of the Company's Standard Offer Contract; one of the following may constitute an equivalent assurance of repayment:

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ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009

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ORIGINAL SHEET NO. 8.338

1. cash deposited in an interest bearing escrow account mutually acceptable to the Company and the EP; or
2. an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or
3. a performance bond in form and substance satisfactory to the Company.

The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the CEP fails to meet the terms and conditions of its contract

The Company will cooperate with each CEP applying for Capacity Payments under Capacity Payment Options 2, 3, 4, or 5 to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the CEP. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the CEP and the Company's ratepayers.

Florida Statute 377.709(4), requires the local government to refund Early Capacity Payments should a Municipal Solid Waste Facility owned, operated by or on behalf of a local government be abandoned, closed down or rendered illegal, therefore a utility may not require risk-related guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832(2)(c) and (3)(e)(8), F.A.C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

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SECOND REVISED SHEET NO. 8.344
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RATE SCHEDULE COG-2
APPENDIX B
METHODOLOGY TO BE USED IN THE CALCULATION OF AVOIDED ENERGY COST

The methodology the Company has implemented in order to determine the appropriate avoided energy costs and any payments thereof to be rendered to CEPs is consistent with the provisions of Order No. 23625 in Docket No. 891049-EU, issued on October 16, 1990; the Amendment of FPSC Rules 25-17.080 et seq, F.A.C.

The avoided energy costs methodology used to determine payments to CEPs on an hourly basis is based on the incremental cost of fuel using the average price of replacement fuel purchased in excess of contract minimums. Generally, avoided energy costs are defined to include incremental fuel, identifiable variable operation and maintenance expenses, identifiable variable purchased power costs and an adjustment for line losses reflecting delivery voltage.

Under normal conditions the Company will have additional generation resources available which can carry its native load and firm interchange sales without the CEP's contribution. When this is the case and the CEP is present, the incremental fuel portion of the avoided energy cost is equal to the difference between the Company's production cost at 2 load levels, with and without the CEP's contribution.

In those situations where the Company's maximum available generation (not including its minimum operating reserves) is insufficient to carry its native load and firm interchange sales, in the absence of the CEP contribution, the Company's incremental fuel component of the avoided energy cost will be determined by:

1. system lambda - if "off-system purchases" are not being made and all available generation has been dispatched; or

2. the highest incremental cost of any "off-system purchases" that are being made for native load.

ISSUED BY: G. L. Gillette, President

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Examples of these situations are found in Exhibits 1- 4.

The As-Available Avoided Energy Cost, as determined by this methodology, is priced at a level not to exceed the Company's incremental fuel and identifiable variable operating and maintenance (O&M) expenses including the cost of any off-system purchases for native load.

PARAMETERS FOR DETERMINING AS-AVAILABLE AVOIDED ENERGY COSTS: The Company uses production costing methods for determining avoided energy cost payments to CEPs. Computerized production costing is accomplished on an hourly basis. The parameters used are as follows:

1. The system load is the actual system load at the Hour Ending with the clock hour (HE).
2. The first allocation of load for production costing is to those units that are base loaded at a certain level for operating reasons. The remainder of the load is allocated to units available for economic dispatch through the use of incremental cost curves.
3. The fuel costs associated with each of the Company's units operating at its allocated level of generation is determined by using the individual units input/output equation, its heat rate performance factor and the composite price of supplemental fuel.
4. The Company's own production cost for each hour of operation at a particular generation level equals the sum of the individual units' fuel cost for that hour. The production cost, thus determined, consists of the composite price of replacement fuel based on supplemental purchases and the incremental heat rate for the generating system.
5. The Company's total cost equals its own production cost (paragraph 4 above), identified variable O&M, plus the cost of any off-system purchases to serve native load.
6. Native load includes all firm and non-firm retail load.
7. The cost of off-system firm and non-firm variable purchases is defined as the highest energy cost energy block purchased for native load during the hour.
8. Firm interchange sales are included in production cost calculations.

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.356
CANCELS FIRST REVISED SHEET NO. 8.356

Continued from Sheet No. 8.352

9. The Company's Maximum Available Generation in this methodology is defined as the maximum capacity less operating reserve requirements.

10. The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to the Company from all CEPs making As-Available Energy sales to the Company. In the absence of metered information on exports from the CEP making As-Available Energy sales to the Company, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MW and then added to the sum of all other known As-Available Energy purchases for that hour.

Continued to Sheet No. 8.376

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 25, 2013

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.376
CANCELS FIRST REVISED SHEET NO. 8.376

Continued from Sheet no. 8.356

SUPPLEMENTAL FUEL:

The term "supplemental fuel" refers to the variable cost for additional fuel to be delivered to Tampa Electric's generation facilities. The supplemental fuel price includes the cost of the fuel commodity at market prices plus the variable cost to deliver the commodity to the generation facility. Market prices for coal, oil and natural gas are based on published indexes or current market activity for commodities of comparable quality to those used in Tampa Electric's generation facilities.

AVOIDED ENERGY COST CALCULATIONS:

Example: 1 Off-system purchases are not being made. The Company's generation is capable of carrying its native load and firm sales.

The procedure used to deterministically calculate the incremental avoided energy cost associated with As-Available Energy on an hour by hour basis when no off-system purchases are taking place is as follows:

The 1st calculation determines the Company's production cost without the benefit of cogeneration.

Continue to Sheet No. 8.378

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.378
CANCELS ORIGINAL SHEET NO. 8.378

In these instances, the $/MWH price that the Company will pay the CEPs is determined by calculating the production cost at 2 load levels.

The 2nd calculation determines the Company's production cost with the benefit of cogeneration.

After each of the 2 calculations are made, the avoided energy cost rate is calculated by dividing the difference in production cost between the 2 calculations described above by the "Standard Tariff Block." [The "Standard Tariff Block" is defined to be an XMW block equivalent to the combined actual hourly generation delivered to the Company from all CEPs making As-Available Energy sales to the Company. In the absence of metered information on exports from the CEP making As-Available Energy sales to the Company, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MWs and then added to the sum of the other as-available purchases for that hour. Prior to the in-service date of the appropriate Designated Avoided Unit, firm energy sales will be equivalent to as-available sales. Beginning with the in-service date of the appropriate Designated Avoided Unit(s), firm energy purchases from CEPs shall be treated as as-available energy for the purposes of determining the XMW block size only during the periods that the appropriate Designated Avoided Unit would not be operated.] The difference in production costs divided by the XMW block determines the As-Available Energy Payment Rate (AEPR) for the hour. The AEPR will be applied to the "Actual" CEP MWs purchased during the hour to determine payment to each CEP supplying As-Available Energy, and each CEP supplying firm energy in those instances where the avoided unit would not have been operated during the hour. See Exhibit 1.

Example 2 Off-system purchases are not being made. The Company's generation can only carry its native load and firm sales with the CEP contribution.

The procedure used to deterministically calculate the incremental avoided energy cost associated with As-Available Energy on an hour by hour basis whenever the Company is not purchasing off-system interchange is as follows:

In this instance, the avoided energy cost that the Company will pay the CEPs will be determined by calculating the production cost at the last MW load level. The avoided energy cost is the production cost at system lambda. See Exhibit 2.

In the situation where the Company's generation is not fully dispatched, and additional generation capability is available to price a portion of the CEP block, then the CEP block will be priced at a combination of the difference between the Company's production cost at 2 load levels as previously defined and at system lambda. See Exhibit 3.

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.382
CANCELS ORIGINAL SHEET NO. 8.382

Example 3 Off-system purchases are being made to serve native load.

The procedure used to deterministically calculate the incremental avoided energy cost associated with As-Available Energy on an hour by hour basis whenever the Company is making off-system purchases for native load is as follows:

In this instance, the $/MWH price that the Company will pay is determined by applying the highest incremental cost of the off-system purchases to the CEP block. See Exhibit 4.

DELIVERY VOLTAGE ADJUSTMENT: A credit for avoided line losses reflecting the voltage at which generation by the CEPs is received is included in the Company's procedure for the determination of incremental avoided energy cost associated with As-Available Energy. Tampa Electric uses the adjustment factors shown on Sheet No. 8.306 for calculating the compensation for avoided line losses at the transmission and distribution system voltage levels based on the appropriate classification of service.

Example: (Firm Standby Time-of-Day)

Actual Incremental Hourly Avoided Energy Cost is:
$14.80/MWH

Adjustment Factor for Line Losses:
1.0561

The Actual Incremental Hourly Avoided Energy Cost adjusted for avoided line losses associated with As-Available Energy provided to the Company would then become, in this example, $15.63/MWH.

"IDENTIFIABLE" INCREMENTAL VARIABLE O&M: Tampa Electric's methodology for determining incremental avoided energy costs associated with As-Available Energy includes a procedure for calculating "identifiable" incremental variable O&M (VOM) expense.

A VOM rate ($/MWH) is calculated annually for each Tampa Electric generating group. A generating group comprises units of the same type with similar size and operating characteristics (e.g., Big Bend coal units, Bayside CCs, Polk IGCC, all 180 MW CTs, etc.). The VOM rate for a generating group is calculated by dividing the previous year's identifiable VOM expenses for the group by the previous year's generation in megawatt-hours for the group.

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012

TAMPA ELECTRIC

ORIGINAL SHEET NO. 8.392

The incremental avoided energy cost associated with As-Available Energy is adjusted in each hour by the applicable VOM group rate(s) for the generation being avoided in that hour.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.394
CANCELS ORIGINAL SHEET NO. 8.394

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.396
CANCELS FIRST REVISED SHEET NO. 8.396

EXHIBIT 1

Example: **Off-system purchases are not being made. The Company's generation is capable of carrying its native load and firm sales.**

Given:
Actual CEP Energy = 50 MWs
The Company's Maximum Available Generation = 1560 MWs
Native Load = 1550 MWs
Firm Sales = 10 MWs

First Calculation (WITHOUT CEP):
Production Cost at 1560 MWs = $20,275/hour

Second Calculation (WITH CEP):
Production Cost at 1510 MWs = $19,500/hour

Third Calculation (CEP Rate $/MWH):
Actual Hourly Avoided Energy Cost = ($20,275/hour - $19,500/hour) / (50 MW)

or

As-Available Energy Payment Rate (AEPR) = $15.50/MWH

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.398
CANCELS FIRST REVISED SHEET NO. 8.398

EXHIBIT 2

Example: **Off-system purchases are not being made. The Company's generation can carry its native load and firm sales only with the CEP contribution.**

Given:

Actual CEP Energy = 50 MWs
The Company's Maximum Available Generation = 1460 MWs
Native Load = 1500 MWs
Firm Sale = 10 MWs

First Calculation:

Production Cost at 1460 MWs = $18,900/hour

Second Calculation:

Production Cost at 1459 MWs = $18,882.50/hour

Third Calculation (CEP Rate $/MWH):

Actual Hourly Avoided Energy Cost at 1 MW (system lambda [1]) =
($18,900/hour - $18,882.50/hour) / (1 MW)

or

As-Available Energy Payment Rate (AEPR) = $17.50/MWH

[1] In this example, system lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.402
CANCELS FIRST REVISED SHEET NO. 8.402

EXHIBIT 3

Example: **Off-system purchases are not being made to serve native load and firm sales. Available generation capacity is not fully dispatched. Without the CEP's contribution, the Company's native load and firm sales can be carried only with additional power purchases.**

Given:
Actual CEP Energy = 50 MWs
The Company's Maximum Available Generation = 1530 MWs
The Company's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sale = 10 MWs

Step 1 (Calculations for First 30 MWs)
First Calculation (Without CEP):
Production Cost at 1530 MWs = $20,590/hour
Second Calculation (With CEP):
Production Cost at 1500 MWs = $20,050/hour
Third Calculation:
Actual Hourly Avoided Energy Cost at 30 MWs =
($20,590/hour) - ($20,050/hour) = $540/hour

Step 2 (Calculations for Remaining 20 MWs)
First Calculation:
Production Cost at 1530 MWs = $20,590/hour
Second Calculation:
Production Cost at 1529 MWs = $20,571.50/hour
Third Calculation:
Actual Hourly Avoided Energy Cost at 1 MW (system lambda[1]) for 20 MWs =
($20,590/hour - $20,571.50/hour) X (20 MWs) = $370/hour

Step 3 (Calculation of Composite Rate for Total 50 MW Block)

Composite Actual Hourly Avoided Energy Cost of 50 MW Block = ($540 + $370) / 50 MW
or
As-Available Energy Payment Rate (AEPR) = $18.20/MWH

[1] In this example, system lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

ISSUED BY: G. L. Gillette, President **DATE EFFECTIVE:** June 19, 2012

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.404
CANCELS ORIGINAL SHEET NO. 8.404

EXHIBIT 4

Example: **Off-system purchases are being made. The Company's native load and firm sales can be carried only with additional purchase power.**

Given:

Actual CEP Energy = 50 MWs
The Company's Maximum Available Generation = 1500 MWs
The Company's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sales = 20 MWs
Off-System Purchase[1] = 10 MWs Costing $400/hour

Actual Incremental Hourly Avoided Energy Cost = $400 / 10 MW

Or

As-Available Energy Payment Rate (AEPR) = $40/hour

[1] Off-System Purchase shall be the highest cost purchased energy block bought during the hour for native load.

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012

TECO TAMPA ELECTRIC AN EMERA COMPANY

NINTH REVISED SHEET NO. 8.406
CANCELS EIGHTH REVISED SHEET NO. 8.406

RATE SCHEDULE COG-2
APPENDIX C

2023 COMBUSTION TURBINE

This Designated Avoided Unit is a 245 MW (winter rating) natural gas-fired combustion turbine with a JANUARY 1, 2023, in-service date.

MINIMUM PERFORMANCE STANDARDS

In order to receive a Monthly Capacity Payment, all Contracted Capacity and Associated Energy provided by CEPs shall meet or exceed the following MPS on a monthly basis. The MPS are based on the anticipated peak and off-peak dispatchability, unit availability, and operating factor of the Designated Avoided Unit over the term of this Standard Offer Contract. The CEP's proposed generating facility ("the Facility") as defined in the Standard Offer Contract will be evaluated against the anticipated performance of a combustion turbine, starting with the first Monthly Period following the date selected in Paragraph 6.b.ii of the Company's Standard Offer Contract.

1. **Dispatch Requirements:** The CEP shall provide peaking capacity to the Company on a firm commitment, first-call, on-call, as-needed basis. In order to receive a Contracted Capacity Payment for each calendar month that the Facility is to be dispatched, the CEP must meet or exceed both the minimum Monthly Availability and Monthly Capacity Factor requirements.

2. **Dispatch Procedure:** Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing each calendar day thereafter during the Term, by 7:00 A.M. EPT, the CEP shall electronically transmit a schedule ("Available Schedule") of the hour-by-hour amounts of Contracted Capacity expected to be available from the Facility the next day ("Committed Capacity"). Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing each calendar day thereafter during the Term, by 3:00 P.M. EPT, the Company shall electronically transmit the hour-by-hour amounts of Contracted Capacity that the Company desires the CEP to dispatch from the Facility the next day based on the Available Schedule supplied at 7:00 A.M. EPT by the CEP ("Dispatch Schedule"). The CEP's Available Schedule and the Company's Dispatch

Continued to Sheet No. 8.408

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: June 5, 2018

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.408
CANCELS ORIGINAL SHEET NO. 8.408

Schedule for Fridays will include Saturday, Sunday, and Monday schedules. The CEP's Available Schedule and the Company's Dispatch Schedule during holiday periods will be similarly adjusted. The CEP shall control and operate the Facility in accordance with the Company's Dispatch Schedule. From time to time (i.e. during emergency conditions), the Company may be required to adjust the Dispatch Schedule or ignore scheduled levels altogether, however, each Party shall make reasonable efforts to minimize departures from the Dispatch Schedule.

3. **Automatic Generation Control:** At the Company's discretion, the CEP will operate the Facility with Automatic Generation Control (AGC) equipment, speed governors, and voltage regulators in-service, except at such times when operational constraints of the equipment prevent AGC operation.

4. **Start-up Time:** Upon notification by the Company, the CEP's Facility shall provide its capacity within 15 minutes from a cold-start condition to maximum capacity.

5. **Minimum Run Time:** Minimum run time for the CEP's unit shall be 1 hour.

BASIS FOR MONTHLY CAPACITY PAYMENT CALCULATION:

1. **Monthly Availability Factor:** The Monthly Availability Factor of the CEP's generating facility will be calculated by averaging the Hourly Availability Factors for each hour of the Monthly Period. The Hourly Availability Factor may not exceed 100% and shall be defined as the hourly Committed Capacity expressed as a percentage of Contracted Capacity to the nearest whole percentile. The CEP is required to achieve a minimum Monthly Availability Factor of 90% in order to meet the MPS and be eligible to receive a Monthly Capacity Payment. Periods of Annual Planned Maintenance will be excluded from the calculation of the Monthly Availability Factor. For purposes of calculating the Monthly Availability Factor, the CEP's Committed Capacity may not exceed its Contracted Capacity.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.414
CANCELS ORIGINAL SHEET NO. 8.414

2. **Monthly Capacity Factor:** In addition to the MPS for Monthly Availability, the CEP shall provide capacity into the Company's electric grid in order to meet or exceed a Monthly Capacity Factor of 80%. The Monthly Capacity Factor for the period April 1st through October 31st shall be defined as the sum of 80% of the Monthly Average On-peak Operating Factor plus 20% of the Monthly Average Off-peak Operating Factor. The Monthly Capacity Factor for the period November 1st through March 31st shall be defined as the sum of 90% of the Monthly Average On-peak Operating Factor plus 10% of the Monthly Average Off-peak Operating Factor.

   a. **Operating Factor:** The CEP shall endeavor to provide capacity in the amount dispatched by the Company. The Company may at times request capacity in an amount that exceeds the Committed Capacity as declared by CEP the previous day.

      However, the Operating Factor may not exceed 100% and shall be defined as the actual energy received during each hour that the CEP unit is dispatched by the Company divided by the lesser of the CEP's Committed Capacity or the capacity requested by the Company for that hour, expressed to the nearest whole percentile.

   b. **Monthly Average On-peak Operating Factor:** The monthly average of the Operating Factor for all hours the CEP unit has been dispatched during On-peak Hours will be termed the Monthly Average On-peak Operating Factor.

   c. **Monthly Average Off-peak Operating Factor:** The monthly average of the Operating Factor for all hours the CEP unit has been dispatched during Off-peak Hours will be termed the Monthly Average Off-peak Operating Factor.

3. **Off-Peak and On-Peak Hours:** Those weekday hours occurring April 1 through October 31, from 12:00 noon to 9:00 p.m. and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and from 6:00 p.m. to 10:00 p.m. All other weekday hours and weekends shall be deemed Off-peak Hours including the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Company shall have the right to change such On-peak Hours by providing written notice to CEP a minimum of 90 calendar days prior to such change.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008

TAMPA ELECTRIC

FOURTH REVISED SHEET NO. 8.416
CANCELS THIRD REVISED SHEET NO. 8.416

Continued from Sheet No. 8.414

4. **Annual Scheduled Maintenance:** Each year the CEP shall prepare, coordinate, and provide by April 1st all planned maintenance with the Company. The Company will review and approve annual/major scheduled maintenance by July 1st for the balance of the current year and following calendar year. A maximum of 10 days (240 hours) each year for annual maintenance and a maximum of 4 weeks (672 hours) every fifteenth year for major maintenance will be allowed. Scheduled maintenance shall not be planned during January, July, August, or December. At the option of the CEP and with written consent from the Company, scheduled outage time may be utilized during any other months to improve the CEP's Availability and Capacity Factors and such scheduled outage hours will be disregarded from the Monthly Availability Factor and Capacity Factor calculations. However, once allowable maintenance hours have been utilized, all other hours during the year will be considered in Availability and Capacity Factor calculations.

5. **Monthly Capacity Payment**: Starting with the CEP's Commercial In-Service Date, for months when the CEP unit has been dispatched (provided that CEP has achieved at least a 90% Monthly Availability Factor), the Monthly Capacity Payment for each Monthly Period shall be calculated according to the following:

   a. In the event that the Monthly Capacity Factor is less than 80%, no Monthly Capacity Payment shall be paid to the CEP. That is:

   $$MCP = \$0$$

   b. In the event that the Monthly Capacity Factor is greater than or equal to 80% but less than 90%, the Monthly Capacity Payment shall be calculated from the following formula:

   $$MCP = [(BCC) \times (.02 \times (CF - 45))] \times CC$$

Continued on Sheet No. 8.418

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 21, 2015

TAMPA ELECTRIC

ORIGINAL SHEET NO. 8.418

c. In the event that the Monthly Capacity Factor is greater than or equal to 90%, the Monthly Capacity Payment shall be calculated from the following formula:

MCP= (BCC) x CC

Where:

MCP = Monthly Capacity Payment in dollars.
BCC = Base Capacity Credit in $/KW-Month *(as exemplified by the Payment Schedules included in this Appendix for the minimum contract term under Capacity Payment Options 1, 2, 3 and 4.)*
CC = Contracted Capacity in KW
CF = Monthly Capacity Factor; or

During April 1 - October 31:

= 80% x Monthly Average On-peak Operating Factor +
20% x Monthly Average Off-peak Operating Factor

During November 1 - March 31:

= 90% x Monthly Average On-peak Operating Factor +
10% x Monthly Average Off-peak Operating Factor

6. **Non-Dispatch Condition:** The CEP may be entitled to a Monthly Capacity Payment (BCC x CC) even if the CEP's unit was not dispatched by the Company during a Monthly Period. In this instance however, in order to cover the Company's operating reserve criteria, the CEP unit must have achieved a minimum Monthly Availability Factor of 90% for the Monthly Period to be eligible to receive a Monthly Capacity Payment.

In the event the CEP unit is dispatched during one but not the other (On-peak vs. Off- peak) period during the month, the CEP's Monthly Average Operating Factor for the "non-dispatched" period will be set equal to the Monthly Average Operating Factor achieved during the "dispatched" period, for the purpose of calculating the Monthly Capacity Factor, as defined in Paragraph 2 above.

The CEP may be entitled to a Monthly Capacity Payment when the CEP's unit is out of service during the month for allowable scheduled maintenance in accordance with the Paragraph 4 above.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~ELEVENTH~~ TWELFTH REVISED SHEET NO. 8.422
CANCELS ~~TENTH~~ ELEVENTH REVISED SHEET NO. 8.422

Continued from Sheet No. 8.418

PARAMETERS FOR AVOIDED CAPACITY COSTS

Beginning with the in-service date (1/1/2023) of the Company's Designated Avoided Unit, a 245MW (Winter Rating) natural gas-fired Combustion Turbine, for a 1 year deferral:

			VALUE
VAC_m	=	Company's monthly value of avoided capacity, $/kW/month, for each month of year n	4.~~95~~68
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year	1.~~52134~~4147
I_n	=	total direct and indirect cost, in mid-year $/kW including AFUDC but excluding CWIP, of the Designated Avoided Unit(s) with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit that would have been paid had the Designated Avoided Unit(s) been constructed	~~590.03~~581.40
O_n	=	total fixed operation and maintenance expense for the year n, in mid-year $/kW/year, of the Designated Avoided Unit(s);	6.~~26~~15
i_p	=	annual escalation rate associated with the plant cost of the Designated Avoided Unit(s)	2.41%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);	2.42%
r	=	discount rate, defined as the Company's incremental after tax cost of capital;	7.~~080~~012%

Continued to Sheet No. 4.424

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~ELEVENTH~~ TWELFTH REVISED SHEET NO. 8.424
CANCELS ~~TENTH~~ ELEVENTH REVISED SHEET NO. 8.424

Continued from Sheet No. 8.422

L	=	expected life of the Designated Avoided Unit(s); and	30
n	=	year for which the Designated Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy.	2023
A_m	=	monthly early capacity payments to be made to the CEP for each month of the contract year n, in $/kW/month, if payments start in ~~2018;~~2019	~~2.59~~3.21
m	=	Earliest year in which early capacity payments to the CEP may begin;	~~2018~~2019*
F	=	the cumulative present value, in the year contractual payments will begin, of the avoided capital cost component of capacity payments over the term of the contract which would have been made had capacity payments commenced with the anticipated in-service date of the Designated Avoided Unit(s);	~~311.22~~505.64*
t	=	the term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m;	~~14~~24*

** Actual values will be determined based on the capacity payment start date and contract term selected by the CEP.*

Continued to Sheet No. 8.426

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~ELEVENTH~~ TWELFTH REVISED SHEET NO. 8.426
CANCELS ~~TENTH~~ ELEVENTH REVISED SHEET NO. 8.426

Continued from Sheet No. 8.424

~~2023 COMBUSTION TURBINE - AVOIDED UNIT~~
~~MONTHLY CAPACITY PAYMENT RATE ($/KW-MONTH)~~
~~NON-LEVELIZED PAYMENT OPTIONS~~

- -		~~OPTION 1~~	~~OPTION 2~~				
- -		~~NORMAL PAYMENT~~	~~EARLY PAYMENT~~				
~~CONTRACT YEAR~~		~~Starting 1/1/2023~~	~~Starting 1/1/2022~~	~~Starting 1/1/2021~~	~~Starting 1/1/2020~~	~~Starting 1/1/2019~~	~~Starting 1/1/2018~~
~~FROM~~	~~TO~~	~~$/kW-mo~~	~~$/kW-mo~~	~~$/kW-mo~~	~~$/kW-mo~~	~~$/kW-mo~~	~~$/kW-mo~~
-		-	-	-	-	-	-
~~1/1/18~~	~~12/31/18~~	-	-	-	-	-	~~2.59~~
~~1/1/19~~	~~12/31/19~~	-	-	-	-	~~2.92~~	~~2.86~~
~~1/1/20~~	~~12/31/20~~	-	-	-	~~3.30~~	~~2.99~~	~~2.72~~
~~1/1/21~~	~~12/31/21~~	-	-	~~3.75~~	~~3.38~~	~~3.06~~	~~2.79~~
~~1/1/22~~	~~12/31/22~~	-	~~4.29~~	~~3.84~~	~~3.46~~	~~3.13~~	~~2.85~~
~~1/1/23~~	~~12/31/23~~	~~4.95~~	~~4.39~~	~~3.93~~	~~3.54~~	~~3.21~~	~~2.92~~
~~1/1/24~~	~~12/31/24~~	~~5.07~~	~~4.50~~	~~4.02~~	~~3.63~~	~~3.28~~	~~2.99~~
~~1/1/25~~	~~12/31/25~~	~~5.19~~	~~4.61~~	~~4.12~~	~~3.71~~	~~3.36~~	~~3.06~~
~~1/1/26~~	~~12/31/26~~	~~5.31~~	~~4.72~~	~~4.22~~	~~3.80~~	~~3.44~~	~~3.14~~
~~1/1/27~~	~~12/31/27~~	~~5.44~~	~~4.83~~	~~4.32~~	~~3.89~~	~~3.53~~	~~3.21~~
~~1/1/28~~	~~12/31/28~~	~~5.57~~	~~4.95~~	~~4.42~~	~~3.99~~	~~3.61~~	~~3.29~~
~~1/1/29~~	~~12/31/29~~	~~5.71~~	~~5.06~~	~~4.53~~	~~4.08~~	~~3.70~~	~~3.37~~
~~1/1/30~~	~~12/31/30~~	~~5.84~~	~~5.19~~	~~4.64~~	~~4.18~~	~~3.79~~	~~3.45~~
~~1/1/31~~	~~12/31/31~~	~~5.98~~	~~5.31~~	~~4.75~~	~~4.28~~	~~3.88~~	~~3.53~~
~~1/1/32~~	~~12/31/32~~	~~6.13~~	~~5.44~~	~~4.87~~	~~4.38~~	~~3.97~~	~~3.62~~
-	-	-	-	-	-	-	-

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~ELEVENTH~~ TWELFTH REVISED SHEET NO. 8.426
CANCELS ~~TENTH~~ ELEVENTH REVISED SHEET NO. 8.426

2023 COMBUSTION TURBINE - AVOIDED UNIT
MONTHLY CAPACITY PAYMENT RATE ($/KW-MONTH)
NON-LEVELIZED PAYMENT OPTIONS

		OPTION 1	OPTION 2			
		NORMAL PAYMENT	EARLY PAYMENT			
CONTRACT YEAR		Starting 1/1/2023	Starting 1/1/2022	Starting 1/1/2021	Starting 1/1/2020	Starting 1/1/2019
FROM	TO	$/kW-mo	$/kW-mo	$/kW-mo	$/kW-mo	$/kW-mo
1/1/19	12/31/19	-	-	-	-	3.21
1/1/20	12/31/20	-	-	-	3.52	3.28
1/1/21	12/31/21	-	-	3.86	3.59	3.35
1/1/22	12/31/22	-	4.24	3.94	3.67	3.42
1/1/23	12/31/23	4.68	4.33	4.02	3.75	3.49
1/1/24	12/31/24	4.77	4.42	4.11	3.82	3.57
1/1/25	12/31/25	4.87	4.52	4.20	3.91	3.64
1/1/26	12/31/26	4.98	4.61	4.29	3.99	3.72
1/1/27	12/31/27	5.08	4.71	4.38	4.07	3.80
1/1/28	12/31/28	5.19	4.81	4.47	4.16	3.88
1/1/29	12/31/29	5.30	4.91	4.56	4.25	3.96
1/1/30	12/31/30	5.41	5.02	4.66	4.34	4.04
1/1/31	12/31/31	5.53	5.12	4.76	4.43	4.13
1/1/32	12/31/32	5.64	5.23	4.86	4.52	4.21
1/1/33	12/31/33	5.76	5.34	4.96	4.62	4.30
1/1/34	12/31/34	5.88	5.45	5.06	4.71	4.39
1/1/35	12/31/35	6.01	5.57	5.17	4.81	4.49
1/1/36	12/31/36	6.13	5.69	5.28	4.91	4.58
1/1/37	12/31/37	6.26	5.81	5.39	5.02	4.68
1/1/38	12/31/38	6.40	5.93	5.51	5.12	4.78
1/1/39	12/31/39	6.53	6.05	5.62	5.23	4.88
1/1/40	12/31/40	6.67	6.18	5.74	5.34	4.98
1/1/41	12/31/41	6.81	6.31	5.86	5.46	5.09
1/1/42	12/31/42	6.95	6.44	5.99	5.57	5.19

Continued to Sheet No. 8.427

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~SIXTH~~ SEVENTH REVISED SHEET NO. 8.427
CANCELS ~~FIFTH~~ SIXTH REVISED SHEET NO. 8.427

Continued from Sheet No. 8.426

~~2023 COMBUSTION TURBINE - AVOIDED UNIT~~
~~MONTHLY CAPACITY PAYMENT RATE ($/KW MONTH)~~
~~LEVELIZED PAYMENT OPTIONS~~

- -		~~OPTION 3~~	~~OPTION 4~~				
- -		~~LEVELIZED NORMAL PAYMENT~~	~~EARLY LEVELIZED PAYMENT~~				
~~CONTRACT YEAR~~		~~Starting 1/1/2023~~	~~Starting 1/1/2022~~	~~Starting 1/1/2021~~	~~Starting 1/1/2020~~	~~Starting 1/1/2019~~	~~Starting 1/1/2018~~
~~FROM~~	~~TO~~	~~$/kW-mo~~	~~$/kW-mo~~	~~$/kW-mo~~	~~$/kW-mo~~	~~$/kW-mo~~	~~$/kW-mo~~
-		-	-	-	-	-	-
~~1/1/18~~	~~12/31/18~~	-	-	-	-	-	~~2.95~~
~~1/1/19~~	~~12/31/19~~	-	-	-	-	~~3.29~~	~~2.95~~
~~1/1/20~~	~~12/31/20~~	-	-	-	~~3.69~~	~~3.29~~	~~2.96~~
~~1/1/21~~	~~12/31/21~~	-	-	~~4.16~~	~~3.69~~	~~3.30~~	~~2.97~~
~~1/1/22~~	~~12/31/22~~	-	~~4.72~~	~~4.16~~	~~3.70~~	~~3.31~~	~~2.97~~
~~1/1/23~~	~~12/31/23~~	~~5.39~~	~~4.73~~	~~4.17~~	~~3.71~~	~~3.32~~	~~2.98~~
~~1/1/24~~	~~12/31/24~~	~~5.41~~	~~4.74~~	~~4.18~~	~~3.72~~	~~3.33~~	~~2.99~~
~~1/1/25~~	~~12/31/25~~	~~5.42~~	~~4.75~~	~~4.19~~	~~3.73~~	~~3.33~~	~~3.00~~
~~1/1/26~~	~~12/31/26~~	~~5.43~~	~~4.76~~	~~4.20~~	~~3.74~~	~~3.34~~	~~3.00~~
~~1/1/27~~	~~12/31/27~~	~~5.45~~	~~4.77~~	~~4.22~~	~~3.75~~	~~3.35~~	~~3.01~~
~~1/1/28~~	~~12/31/28~~	~~5.46~~	~~4.78~~	~~4.23~~	~~3.76~~	~~3.36~~	~~3.02~~
~~1/1/29~~	~~12/31/29~~	~~5.47~~	~~4.80~~	~~4.24~~	~~3.77~~	~~3.37~~	~~3.03~~
~~1/1/30~~	~~12/31/30~~	~~5.49~~	~~4.81~~	~~4.25~~	~~3.78~~	~~3.38~~	~~3.04~~
~~1/1/31~~	~~12/31/31~~	~~5.50~~	~~4.82~~	~~4.26~~	~~3.79~~	~~3.39~~	~~3.04~~
~~1/1/32~~	~~12/31/32~~	~~5.52~~	~~4.84~~	~~4.27~~	~~3.80~~	~~3.40~~	~~3.05~~
-	-	-	-	-	-	-	-

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~SIXTH~~ SEVENTH REVISED SHEET NO. 8.427
CANCELS ~~FIFTH~~ SIXTH REVISED SHEET NO. 8.427

2023 COMBUSTION TURBINE - AVOIDED UNIT
MONTHLY CAPACITY PAYMENT RATE ($/KW-MONTH)
LEVELIZED PAYMENT OPTIONS

		OPTION 3	OPTION 4			
		LEVELIZED NORMAL PAYMENT	EARLY LEVELIZED PAYMENT			
CONTRACT YEAR		Starting 1/1/2023	Starting 1/1/2022	Starting 1/1/2021	Starting 1/1/2020	Starting 1/1/2019
FROM	TO	$/kW-mo	$/kW-mo	$/kW-mo	$/kW-mo	$/kW-mo
1/1/19	12/31/19	-	-	-	-	3.79
1/1/20	12/31/20	-	-	-	4.13	3.80
1/1/21	12/31/21	-	-	4.50	4.14	3.80
1/1/22	12/31/22	-	4.92	4.51	4.14	3.81
1/1/23	12/31/23	5.39	4.93	4.52	4.15	3.82
1/1/24	12/31/24	5.40	4.94	4.53	4.16	3.83
1/1/25	12/31/25	5.41	4.95	4.54	4.17	3.84
1/1/26	12/31/26	5.43	4.96	4.55	4.18	3.85
1/1/27	12/31/27	5.44	4.98	4.56	4.19	3.86
1/1/28	12/31/28	5.45	4.99	4.57	4.20	3.86
1/1/29	12/31/29	5.46	5.00	4.58	4.21	3.87
1/1/30	12/31/30	5.48	5.01	4.59	4.22	3.88
1/1/31	12/31/31	5.49	5.02	4.61	4.23	3.89
1/1/32	12/31/32	5.50	5.04	4.62	4.24	3.90
1/1/33	12/31/33	5.52	5.05	4.63	4.25	3.91
1/1/34	12/31/34	5.53	5.06	4.64	4.26	3.92
1/1/35	12/31/35	5.54	5.07	4.65	4.28	3.93
1/1/36	12/31/36	5.56	5.09	4.67	4.29	3.95
1/1/37	12/31/37	5.57	5.10	4.68	4.30	3.96
1/1/38	12/31/38	5.59	5.12	4.69	4.31	3.97
1/1/39	12/31/39	5.60	5.13	4.71	4.32	3.98
1/1/40	12/31/40	5.62	5.15	4.72	4.34	3.99
1/1/41	12/31/41	5.64	5.16	4.73	4.35	4.00
1/1/42	12/31/42	5.65	5.18	4.75	4.36	4.02

Continued to Sheet No. 8.428

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~NINTH~~ TENTH REVISED SHEET NO. 8.428
CANCELS ~~EIGHTH~~ NINTH REVISED SHEET NO. 8.428

Continued from Sheet No. 8.427

BASIS FOR MONTHLY ENERGY PAYMENT CALCULATION:

1. **Energy Payment Rate**: Prior to the in-service date of the avoided unit, the CEP's Energy Payment Rate shall be the Company's As-Available Energy Payment Rate (AEPR), as described in Appendix B. Starting the in-service date of the avoided unit, the basis for determining the Energy Payment Rate will be whether:

   a. The Company has dispatched the CEP's unit on AGC; or

   b. The Company has dispatched the CEP's unit off AGC and the CEP is operating its unit at or below the dispatched level; or

   c. The Company has dispatched the CEP's unit off AGC but the CEP is operating its unit above the dispatched level; or

   d. The Company has not dispatched the CEP's unit but the CEP is providing capacity and energy.

   Note: For any given hour the CEP unit must be operating on AGC a minimum of 30 minutes to qualify under case (a).

   The CEP's total monthly energy payment shall equal; (1) the sum of the hourly energy at the Unit Energy Payment Rate (UEPR), when the CEP's unit was dispatched by the Company, plus (2) the sum of the hourly energy at the corresponding hourly AEPR when the CEP's unit was operating at times other than when the Company dispatched the unit.

2. **Unit Energy Payment Rate:** Starting the in-service date of the avoided unit, the CEP will be paid at the UEPR for energy provided in Paragraph 1.a, Paragraph 1.b and that portion of the energy provided up to the dispatched level in Paragraph 1.c as defined above. The UEPR, which is based on the Company's Designated Avoided Unit and Heat Rate value of 11,~~110~~ 306 Btu/kWh, will be calculated monthly by the following formula:

   $$UEPR = FC + O_v$$

   where;

   O_v = Unit Variable Operation & Maintenance Expense in $/MWH.

Continued to Sheet No. 8.434

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~NINTH~~ TENTH REVISED SHEET NO. 8.434
CANCELS ~~EIGHTH~~ NINTH REVISED SHEET NO. 8.434

Continued from Sheet No. 8.428

FC = Fuel Component of the Energy Payment in $/MWH as defined by:

$$FC = \frac{11,\text{~~110Btu~~}306\text{Btu/kWh} \times FP}{1,000}$$

where;

FP = Fuel Price in $/MMBTU determined by:

FP = GC/(1-FRP) + TC

where;

GC = Fuel Price in $/MMBTU determined by taking the first publication of each month of Inside FERC's Gas Market Report low price quotation under the column titled "Index" for "Florida Gas Transmission Co., "Zone 2", listings.

TC = then currently approved Florida Gas Transmission (FGT) Company tariff rate in $/MMBTU for forward haul Interruptible Market Area Transportation (ITS-1), including usage and surcharges.

FRP = then currently approved FGT Company tariff Fuel Reimbursement Charge Percentage in percent applicable to forward hauls for recovery of costs associated with the natural gas used to operate FGT's pipeline system.

3. **As-Available Energy Payment Rate (AEPR):** For energy provided and not covered under Paragraph 2 above, the AEPR will be applicable and will be based on the system avoided energy cost as defined in Appendix B.

Continued to Sheet No. 8.436

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TECO TAMPA ELECTRIC AN EMERA COMPANY

~~ELEVENTH~~ TWELFTH REVISED SHEET NO. 8.436
CANCELS ~~TENTH~~ ELEVENTH REVISED SHEET NO. 8.436

Continued from Sheet No. 8.428

PARAMETERS FOR AVOIDED UNIT ENERGY AND VARIABLE OPERATION AND MAINTENANCE COSTS

Beginning on January 1, 2023, to the extent that the Designated Avoided Unit(s) would have been operated had it been installed by the Company:

			VALUE
O_V	=	total variable operating and maintenance expense, in $/MWH, of the Designated Avoided Unit(s), in year n	2.~~25~~23
H	=	The average annual heat rate, in British Thermal Units (Btus) per kilowatt-hour (Btu/kWh), of the Designated Avoided Unit(s)	11,~~110~~306

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~June 5, 2018~~

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.438
CANCELS FIRST REVISED SHEET NO. 8.438

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

TWENTIETH REVISED SHEET NO. 8.440
CANCELS NINETEENTH REVISED SHEET NO. 8.440

RESERVE FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.442
CANCELS ORIGINAL SHEET NO. 8.442

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.444
CANCELS ORIGINAL SHEET NO. 8.444

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.446
CANCELS ORIGINAL SHEET NO. 8.446

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.448
CANCELS FIRST REVISED SHEET NO. 8.448

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

TWENTY-SECOND REVISED SHEET NO. 8.450
CANCELS TWENTY-FIRST REVISED SHEET NO. 8.450

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.452
CANCELS FIRST REVISED SHEET NO. 8.452

RESERVED FOR FUTURE USE

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TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.454
CANCELS FIRST REVISED SHEET NO. 8.454

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.456
CANCELS FIRST REVISED SHEET NO. 8.456

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

SECOND REVISED SHEET NO. 8.458
CANCELS FIRST REVISED SHEET NO. 8.458

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC

TWENTY-SECONDREVISED SHEET NO. 8.460
CANCELS TWENTY-FIRST REVISED SHEET NO. 8.460

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

TAMPA ELECTRIC COMPANY **ORIGINAL SHEET NO. 8.700**

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

The following section is based on Florida Public Service Commission (FPSC) Rule 25-17.087, Florida Administrative Code, (F.A.C.), Interconnection and Standards and is applicable throughout Tampa Electric Company's (the Company's) service area:

1. The Company shall interconnect with any qualifying facility (qf) which:

   a. is in its service area;

   b. requests interconnection;

   c. agrees to meet system standards specified in this Rule;

   d. agrees to pay the cost of interconnection; and

   e. signs an interconnection agreement.

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

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

4. Upon a showing of credit worthiness, the qfs shall have the option of making monthly installment payments over a period no longer than 36 months toward the full cost of interconnection. However, where the qfs exercises that option, the Company shall charge interest on the amount owing. The Company shall charge such interest at the 30 day highest grade commercial paper rate. In any event, no the Company may not bear the cost of interconnection.

Continued to Sheet No. 8.705

ISSUED BY: J. B. Ramil, President **DATE EFFECTIVE:** March 30, 1999

TAMPA ELECTRIC COMPANY **ORIGINAL SHEET NO. 8.705**

Continued from Sheet No. 8.700

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

a. Physical layout drawings, including dimensions;

b. All associated equipment specifications and characteristics including technical parameters, ratings, basic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, frequency, voltage, current and interconnection distance;

c. Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the proposed system and to be able to make a coordinated system;

d. Power characteristics in watts and vars;

e. Expected radio-noise, harmonic generation and telephone interference factor;

f. Synchronizing methods; and

g. Operating/instruction manuals.

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

Continued to Sheet No. 8.710

ISSUED BY: J. B. Ramil, President **DATE EFFECTIVE:** March 30, 1999

TAMPA ELECTRIC COMPANY **ORIGINAL SHEET NO. 8.710**

Continued from Sheet No. 8.705

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

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

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

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

Continued to Sheet No. 8.715

ISSUED BY: J. B. Ramil, President **DATE EFFECTIVE:** March 30, 1999

TAMPA ELECTRIC COMPANY **ORIGINAL SHEET NO. 8.715**

Continued from Sheet No. 8.710

Any of the following conditions shall be cause for disconnection:

i. The Company's system emergencies and/or maintenance requirements; Hazardous conditions existing on the qf's generating or protective equipment as determined by the Company;

ii. Adverse effects of the qf's generation to the Company's other electric consumers and/or system as determined by the Company;

iii. Failure of the qf to maintain any required insurance; or

iv. Failure of the qf to comply with any existing or future regulations, rules, orders or decisions of any governmental or regulatory authority having jurisdiction over the qf's electric generating equipment or the operation of such equipment.

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

i. Any act or omission by a party, or that party's contractors, agents, servants and employees in connection with the installation or operation of that party's generation system or the operation thereof in connection with the other party's system;

ii. Any defect in, failure of, or fault related to a party's generation system;

iii. The negligence of a party or negligence of that party's contractors, agents, servants or employees; or

Continued to Sheet No. 8.720

ISSUED BY: J. B. Ramil, President **DATE EFFECTIVE:** March 30, 1999

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.720
CANCELS ORIGINAL SHEET NO. 8.720

Continued from Sheet No. 8.715

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

For the purpose of this paragraph, the term party shall mean either the Company or QF, as the case may be.

With respect to a QF that is the state, a state agency or subdivision (as those terms are defined in Section 768.28(2), Florida Statutes, or the successor thereto), the obligations of Customer set forth in Paragraph 6.b above shall be subject to Section 768.28 (or the successor thereto), including the limitations contained therein. With respect to a QF that is the United States of America, or agency or subdivision thereof, the obligations set forth in the first sentence of Paragraph 6.b shall not apply. In either case, the Company reserves its rights under Section 768.28 (or the successor thereto), and the Federal Tort Claims Act (or the successor thereto), as applicable, including, but not limited to, the right to pursue legislative relief.

c. **Insurance:** The QF shall deliver to the Company, at least fifteen (15) days prior to the start of any interconnection work, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the QF as named insured, and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this agreement arising out of the interconnection to the QF, or caused by operation of any of the QF's equipment or by the QF's failure to maintain its equipment in satisfactory and safe operating condition.

i In subsequent years, a certificate of insurance renewal must be provided annually to the Company indicating the QF's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company
Risk Management Department
P. O. Box 111
Tampa, FL 33601

ii. The policy providing such coverage for a Standard Offer Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence; provided however, if QF has insurance with limits greater than the minimum limits required herein, the QF shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Agreement.

Continued to Sheet No. 8.725

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 25, 2013

TAMPA ELECTRIC

FIRST REVISED SHEET NO. 8.725
CANCELS ORIGINAL SHEET NO. 8.725

Continued from Sheet No. 8.720

iii. The policy providing such coverage for a Negotiated Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence. The Parties may negotiate the amount of insurance over $1,000,000.

iv. The above required policy shall be endorsed with a provision requiring the insurance company will notify the Company thirty (30) days prior to the effective date of cancellation or material change in said policy.

v. The QF shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the Company.

vi. As an alternative to the foregoing insurance requirement, the QF may self-insure upon receiving the Company's prior written approval. The Company will provide the QF with written notification of approval or disapproval of a self-insurance application with 30 business days after the Company's receipt of all documentation required to support the application. In the event that the Company approves QF's request to self-insure, QF shall provide proof of its continuing ability to self-insure to the Company on an annual basis, or more frequently if requested by the Company. Notwithstanding the foregoing, the minimum insurance coverage amount set forth above shall be limited for the state, a state agency or subdivision (as those terms are defined in Section 768.28(2), or the successor thereto), to the maximum dollar amounts set forth in Section 768.28(5), or the successor thereto.

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

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

Continued to Sheet No. 8.730

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 25, 2013

TAMPA ELECTRIC COMPANY **ORIGINAL SHEET NO. 8.730**

Continued from Sheet No. 8.725

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

This automatic disconnecting device may be of the manual or automatic reclose type and shall not be capable of reclosing until after service is restored by the Company. The type and size of the device shall be approved by the Company depending upon the installation. Adequate test data or technical proof that the device meets the above criteria must be supplied by the qf to the Company. The Company shall approve a device that will perform the above functions at minimal capital and operating costs to the qf.

b. **Coordination and Synchronization:** The qf shall be responsible for coordination and synchronization of the qf's equipment with the Company's electrical system, and assumes all responsibility for damage that may occur from improper coordination or synchronization of the generator with the Company's system.

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

Continued to Sheet No. 8.735

ISSUED BY: J. B. Ramil, President **DATE EFFECTIVE:** March 30, 1999

TAMPA ELECTRIC COMPANY **ORIGINAL SHEET NO. 8.735**

Continued from Sheet No. 8.730

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

d. **Exceptions** A qf's generator having a capacity rating that can:

i. Produce power in excess of one half of the minimum Company customer requirements of the interconnected distribution or transmission circuit; or

ii. produce power flows approaching or exceeding the thermal capacity of the connected Company distribution or transmission lines or transformers; or

iii. adversely affect the operation of the Company or other Company customer's voltage, frequency or overcurrent control and protection devices; or

iv. adversely affect the quality of service to other Company customers; or

v. interconnect at voltage levels greater than distribution voltages, will require more complex interconnection facilities as deemed necessary by the Company.

8. **Quality of Service:** The qf's generated electricity shall meet the following minimum guidelines:

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

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

Continued to Sheet No. 8.740

ISSUED BY: J. B. Ramil, President **DATE EFFECTIVE:** March 30, 1999

TAMPA ELECTRIC COMPANY **ORIGINAL SHEET NO. 8.740**

Continued from Sheet No. 8.735

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

d. **Power Factor:** The qf's generation system shall be designed, operated and controlled to provide reactive power requirements from 0.95 lagging to 0.95 leading power factor at the point of interconnection with Company. Induction generators shall have static capacitors that provide at least 95% of the magnetizing current requirements of the induction generator field. (Capacitors shall not be so large as to permit self-excitation of the qf's generator field).

e. **DC Generators:** Direct current generators may be operated in parallel with the Company's system through a synchronous invertor. The invertor must meet all criteria in these rules.

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

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

10. **Cost Responsibility:** The qf is required to bear all costs associated with the change-out, upgrading or addition of protective devices, transformers,

Continued to Sheet No. 8.745

ISSUED BY: J. B. Ramil, President **DATE EFFECTIVE:** March 30, 1999

TAMPA ELECTRIC COMPANY **ORIGINAL SHEET NO. 8.745**

Continued from Sheet No. 8.740

lines, services, meters, switches, and associated equipment and devices beyond that which would be required to provide normal service to the qf if the qf were a non-generating customer. These costs shall be paid by the qf to the Company for all material and labor that is required. Prior to any work being done by the Company, the Company shall supply the qf with a written cost estimate of all its required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to the qf within 60 days after the qf provides the Company with its final electrical plans. The Company shall also provide project timing and feasibility information to the qf.

11. The Company shall submit, to the FPSC, a standard agreement for the interconnection by qfs as part of their Standard Offer contract or contracts required by FPSC Rule 25-17.0832(3), F.A.C.

ISSUED BY: J. B. Ramil, President **DATE EFFECTIVE:** March 30, 1999

Item 11

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Thompson, Doehling, Ellis)
Office of the General Counsel (Dziechciarz)

RE: Docket No. 20190084-EQ – Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and approval of tariff schedule REF-1, by Gulf Power Company.

AGENDA: 05/14/19 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously consider Docket No. 20190077-EQ.

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires that each investor-owned utility (IOU) continuously offer to purchase capacity and energy from renewable energy generators and small qualifying facilities. Florida Public Service Commission (Commission) Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statute and require each IOU to file with the Commission by April 1 of each year, a standard offer contract based on the next avoidable fossil fueled generating unit of each technology type identified in the utility's current Ten-Year Site Plan. On April 1, 2019, Gulf Power Company (Gulf) filed a petition for approval of its revised standard offer contract and rate schedule REF-1 for renewable energy facilities or small qualifying facilities based on its 2019 Ten-Year Site Plan. The Commission has jurisdiction over this standard offer contract pursuant to Sections 366.04 through 366.055 and 366.91, F.S.

Discussion of Issues

Issue 1: Should the Commission approve the revised standard offer contract and schedule REF-1 filed by Gulf Power Company?

Recommendation: Yes. The provisions of Gulf's revised standard offer contract and schedule REF-1 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. Gulf's revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. Staff recommends that Gulf's revised standard offer contract and schedule REF-1 be approved as filed. (Thompson)

Staff Analysis: Rule 25-17.250, F.A.C., requires that Gulf, an IOU, continuously make available a standard offer contract for the purchase of firm capacity and energy from renewable generating facilities (RF) and small qualifying facilities (QF) with design capacities of 100 kilowatts (kW) or less. Pursuant to Rule 25-17.250(1) and (3), F.A.C., the standard offer contract must provide a term of at least 10-years, and the payment terms must be based on the utility's next avoidable fossil-fueled generating unit identified in its most recent Ten-Year Site Plan or, if no avoided unit is identified, its next avoidable planned purchase. Gulf has identified a 595 megawatt (MW) natural gas combined cycle generating facility as its next planned fossil-fueled generating unit in its 2019 Ten-Year Site Plan. The projected in-service date of this facility is June 1, 2024.

The RF/QF operator may elect to make no commitment as to the quantity or timing of its deliveries to Gulf, and to have a committed capacity of zero (0) MW. Under such a scenario, the energy is delivered on an as-available basis, and the operator receives only an energy payment. Alternatively, the RF/QF operator may elect to commit to certain minimum performance requirements based on the identified avoided unit, such as being operational and delivering an agreed upon amount of capacity by the in-service date of the avoided unit, and thereby becomes eligible for capacity payments in addition to payments received for energy. The standard offer contract may also serve as a starting point for negotiation of contract terms by providing payment information to an RF/QF operator, in a situation where one or both parties desire particular contract terms other than those established in the standard offer.

In order to promote renewable generation, the Commission requires the IOU to offer multiple options for capacity payments, including the options to receive early or levelized payments. If the RF/QF operator elects to receive capacity payments under the normal or levelized contract options, it will receive as-available energy payments only until the in-service date of the avoided unit (in this case June 1, 2024), and thereafter begin receiving capacity payments in addition to the energy payments. If either the early or levelized option is selected, then the operator will begin receiving capacity payments earlier than the in-service date of the avoided unit. However, payments made under the early capacity payment options tend to be lower in the later years of the contract term because the net present value (NPV) of the total payments must remain equal for all contract payment options.

Table 1 contains estimates of the annual payments for each payment option available under the revised standard offer contract to an operator with a 50 MW facility, operating at a capacity factor of 88 percent, which is the minimum capacity factor required under the contract to qualify for full capacity payments. Normal and levelized capacity payments begin in 2024, reflecting the projected in-service date of the avoided unit (June 1, 2024).

Table 1 – Estimated Annual Payments to a 50 MW Renewable Facility 88 Percent Capacity Factor

		Capacity Payment (By Type)			
	Energy Payment	Normal	Levelized	Early	Early Levelized
Year	$(000)	$(000)	$(000)	$(000)	$(000)
2020	10,265	-	-	3,894	4,277
2021	11,424	-	-	3,975	4,311
2022	12,099	-	-	4,058	4,346
2023	13,128	-	-	4,143	4,381
2024	13,612	3,735	4,021	4,230	4,418
2025	13,941	6,460	6,906	4,318	4,455
2026	14,442	6,558	6,927	4,408	4,492
2027	15,059	6,659	6,949	4,500	4,531
2028	15,460	6,761	6,972	4,594	4,570
2029	15,992	6,866	6,995	4,690	4,611
2030	17,114	6,973	7,018	4,788	4,652
2031	17,511	7,082	7,042	4,888	4,693
2032	18,409	7,193	7,066	4,991	4,736
2033	19,353	7,307	7,091	5,095	4,780
2034	20,205	7,424	7,116	5,201	4,824
2035	20,733	7,542	7,142	5,310	4,870
2036	21,362	7,663	7,169	5,421	4,916
2037	21,750	7,787	7,196	5,534	4,964
2038	22,039	7,913	7,223	5,650	5,012
2039	23,080	8,042	7,252	5,768	5,062
Total	336,979	111,967	110,086	95,458	92,901
NPV (2020$)	171,388	50,742	50,742	50,742	50,742

Source: Gulf's Response to Staff's First Data Request[1]

[1]Document No. 03728-2019, filed April 15, 2019, in Docket No. 20190084-EQ.

Gulf's standard offer contract and schedule REF-1, in type-and-strike format, are included as Attachment A. All of the changes made to the tariff sheets are consistent with the avoided unit. Revisions include updates to calendar dates and payment information which reflect the current economic and financial assumptions for the avoided unit costs.

Conclusion

The provisions of Gulf's revised standard offer contract and schedule REF-1 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. Staff recommends that Gulf's revised standard offer contract and schedule REF-1 be approved as filed.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, Gulf's standard offer contract may subsequently be revised. (Dziechciarz)

Staff Analysis: This docket should be closed upon the issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, Gulf's standard offer contract may subsequently be revised.

Gulf Power

Section No. IX
Fourth Revised Sheet No. 9.81
Canceling Third Revised Sheet No. 9.81

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR SMALL QUALIFYING FACILITY

(Schedule REF-1)

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For purposes of this Rate Schedule the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.). Also, the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080, F.A.C. Both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility".

AVAILABILITY:

Gulf Power Company (Company) will purchase firm capacity and energy under this schedule from any Facility that produces electrical energy for delivery to the Company, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The offer to purchase such capacity and energy is continuously available to any Facility and will remain open until revised by the Company upon approval of the FPSC or until closed pursuant to FPSC Rule 25-17.250 (2), F.A.C. The Company may negotiate and contract with any Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company for the purchase of firm capacity and energy pursuant to FPSC Rules 25-17.240 and 25-17.0832, F.A.C.

APPLICABILITY:

This offer is applicable to any Facility meeting the requirements of FPSC Rules 25-17.210, 25-17.220, and/or 25-17.0832, F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Renewable Standard Offer Contract." Firm capacity and energy are described by the FPSC in its Rule 25-17.0832, F.A.C., and are produced and sold by a Facility pursuant to a negotiated or Renewable Standard Offer Contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery.

CHARACTER OF SERVICE:

The character of service for purchases from Facilities directly interconnected with the Company shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage. The character of service for purchases from Facilities indirectly interconnected with the Company shall be three phase, 60 hertz, alternating current at the voltage level available at the interchange point between the Company and the utility delivering firm capacity and energy from the Facility.

ISSUED BY: Charles S. Boyett

Gulf Power

Section No. IX
Tenth Revised Sheet No. 9.82
Canceling Ninth Revised Sheet No. 9.82

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(Continued from Schedule REF-1, Sheet No. 9.81)

LIMITATIONS:

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Facilities that:

A. Beginning upon the date, as prescribed by the FPSC, that a Renewable Standard Offer is deemed available, execute the Company's Renewable Standard Offer Contract for the purchase of firm capacity and energy; and

B. Commit to commence deliveries of firm capacity and energy no later than the date specified by the Facility's owner or representative, or the anticipated in-service date of the Company's generating facility or purchased power resource ("Avoided Unit or Resource") that is designated herein. Such deliveries will continue for a minimum of ten (10) years from the anticipated in-service date of the Company's Avoided Unit or Resource up to a maximum of the life of the Company's Avoided Unit or Resource.

DETERMINATION OF FACILITY'S COMMITTED CAPACITY VALUE

Prior to execution of a Renewable Standard Offer Contract, or negotiated contract, between the Company and a Facility, the Company will determine the Facility's capacity value in relation to the Company's Avoided Unit or Resource during the term of the contract as provided in FPSC Rules 25-17.240 (2), 25-17.250 (1), and 25-17.0832 (3) and (4) F.A.C. The "Committed Capacity" as specified in the Facility's Renewable Standard Offer Contract will be used as the basis for capacity payments to be received by the Facility from the Company during the term of the Renewable Standard Offer Contract. If the Facility elects to make no commitment as to the quantity or timing of its deliveries to the Company, the Committed Capacity in its Renewable Standard Offer will be zero (0) Megawatts, and the capacity rates set in accordance with the provisions of Paragraph A below shall not apply.

RATES FOR PURCHASES BY THE COMPANY

Firm capacity is purchased in accordance with the provisions of paragraph A below at a unit cost, in dollars per kilowatt per month, based on the value of the Avoided Unit or Resource that Gulf has designated below for purposes of the Renewable Standard Offer. The Avoided Unit is currently designated as a 595 MW 1-on-1 dual-fuel Combined Cycle with a June 1, 2024 anticipated in-service date. Energy is purchased at a unit cost, in cents per kilowatt-hour, at the Company's energy rates in accordance with the provisions of Paragraph B below.

ISSUED BY: Charles S. Boyett

Gulf Power

Section No. IX
First Revised Sheet No. 9.83
Canceling Original Sheet No. 9.83

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(Continued from Schedule REF-1, Sheet No. 9.82)

A. Firm Capacity Rates

Four options, 1, 2, 3, and 4, as set forth in this paragraph, are available to calculate payments for firm capacity that is produced by the Facility and delivered to the Company. The capacity payment will be the product of the Facility's Committed Capacity and the applicable rate from the Facility's chosen capacity payment option. Once selected, an option shall remain in effect for the term of the contract with the Company. Tariff Sheet 9.85 contains the monthly rate per kilowatt in accordance with Options 1 through 4, of firm capacity the Facility has contractually committed to deliver to the Company and is based on the minimum contract term for an agreement pursuant to this Rate Schedule which extends ten (10) years after the anticipated in-service date of the Company's Avoided Unit or Resource. Payment schedules for other options specified within will be made available by the Company within thirty days (30) days if requested by a Facility. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Avoided Unit or Resource, commencing with the anticipated in-service date of the Avoided Unit or Resource.

In addition to capacity payment Options 1 through 4 below, the Facility may elect a payment stream for the capital component of the Company's Avoided Unit or Resource, including front-end loaded capacity payments, that best meets the Facility's financing requirements. Early capacity payments consisting of the capital component of the Company's Avoided Unit or Resource may, at the election of the Facility, commence any time after the actual in-service date of the Facility and before the anticipated in-service date of the Company's Avoided Unit or Resource. Regardless of the payment stream elected by the Facility, the cumulative present value (CPV) of the capital cost payments made to the Facility over the term of the Renewable Standard Offer Contract shall not exceed the CPV of the capital cost payments which would have been made to the Facility pursuant to FPSC Rule 25-17.0832 (4)(g)(1), F.A.C. Fixed operation and maintenance expense shall be calculated in accordance with FPSC Rule 25-17.0832 (6) F.A.C.

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on the anticipated in-service date of the Company's Avoided Unit or Resource, provided the Facility is delivering firm capacity and energy to the Company. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Avoided Unit or Resource, and shall be equal to the value of the year-by-year deferral of the Avoided Unit or Resource, calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(1), F.A.C.

Option 2 - Early Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Company's Avoided Unit or Resource with an in-service date specified above. The Facility shall select

ISSUED BY: Charles S. Boyett

Gulf Power

Section No. IX
First Revised Sheet No. 9.84
Canceling Original Sheet No. 9.84

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(Continued from Schedule REF-1, Sheet No. 9.83)

the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Avoided Unit or Resource. Avoided capacity payments shall be calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(2), F.A.C. At the option of the Facility, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Company's Avoided Unit or Resource provided the Facility is delivering firm capacity and energy to the Company. Where Early Capacity Payments are elected, the cumulative present value of the capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.

Option 3 - Levelized Capacity Payments - Levelized Capacity Payments shall commence on the anticipated in-service date of the Company's Avoided Unit or Resource, provided the Facility is delivering firm capacity and energy to the Company. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(3), F.A.C. The fixed operation and maintenance portion of the capacity payment 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 or Resource. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payment been made pursuant to Option 1.

Option 4 - Early Levelized Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Company's Avoided Unit or Resource with an in-service date specified above. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(4), F.A.C. The fixed operation and maintenance portion of the 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 or Resource. At the option of the Facility, Early Levelized Capacity Payments shall commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Company's Avoided Unit or Resource provided the Facility is delivering firm capacity and energy to the Company. The Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the

ISSUED BY: Charles S. Boyett

Gulf Power

Section No. IX
~~Twelfth~~Thirteenth Revised Sheet No. 9.85
Canceling ~~Eleventh~~Twelfth Revised Sheet No. 9.85

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(Continued from Schedule REF-1, Sheet No. 9.84)

capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.

All capacity payments made by the Company prior to the anticipated in-service date of the Company's Avoided Unit or Resource are considered "Early Payments". The owner, owner's representative, or operator of the Facility, as designated by the Company, shall secure its obligation to repay, with interest, the accumulated amount of Early Payments to the extent that the cumulative present value of the capacity payments made to the Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1, or to the extent that annual firm capacity payments made to the Facility in any year exceed that year's annual value of deferring the Company's Avoided Unit or Resource in the event the Facility defaults under the terms of its Renewable Standard Offer Contract with the Company. The Company will provide to the Facility monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is set forth in Paragraph C of the SPECIAL PROVISIONS Section below.

MONTHLY CAPACITY PAYMENT RATE (MCR)
BASED ON GULF'S CURRENTLY SPECIFIED
AVOIDED UNIT OR RESOURCE

June - May Contract Period	Option 1 Normal $/KW-MO	Option 2 Early $/KW-MO	Option 3 Levelized $/KW-MO	Option 4 Early Levelized $/KW-MO
~~2018 to 2019~~	~~0.00~~	~~5.45~~	~~0.00~~	~~5.92~~
2019 to 2020	0.00	~~5.56~~5.47	0.00	~~5.96~~5.89
2020 to 2021	0.00	~~5.68~~5.59	0.00	~~6.01~~5.94
2021 to 2022	0.00	~~5.80~~5.71	0.00	~~6.05~~5.99
2022 to 2023	0.00	~~5.92~~5.83	0.00	~~6.10~~6.04
2023 to 2024	0.00	~~6.05~~5.95	0.00	~~6.15~~6.09
2024 to 2025	~~11.87~~10.67	~~6.18~~6.07	~~12.50~~11.20	~~6.20~~6.14
2025 to 2026	~~12.06~~10.83	~~6.31~~6.20	~~12.54~~11.23	~~6.24~~6.20
2026 to 2027	~~12.25~~11.00	~~6.44~~6.33	~~12.57~~11.27	~~6.30~~6.25
2027 to 2028	~~12.45~~11.17	~~6.57~~6.47	~~12.61~~11.30	~~6.35~~6.31
2028 to 2029	~~12.65~~11.34	~~6.71~~6.60	~~12.65~~11.34	~~6.40~~6.36
2029 to 2030	~~12.85~~11.52	~~6.85~~6.74	~~12.69~~11.38	~~6.45~~6.42
2030 to 2031	~~13.06~~11.70	~~7.00~~6.89	~~12.73~~11.42	~~6.51~~6.48
2031 to 2032	~~13.27~~11.88	~~7.15~~7.03	~~12.77~~11.46	~~6.56~~6.54
2032 to 2033	~~13.49~~12.07	~~7.30~~7.18	~~12.81~~11.50	~~6.62~~6.61
2033 to 2034	~~13.71~~12.26	~~7.45~~7.33	~~12.85~~11.54	~~6.68~~6.67

ISSUED BY: Charles S. Boyett

Gulf Power

Section No. IX
Third Revised Sheet No. 9.86
Canceling Second Revised Sheet No. 9.86

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(Continued from Schedule REF-1, Sheet No. 9.85)

The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the Facility as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

B. Energy Rates

If the Facility's Committed Capacity is zero (0), the Company agrees to pay the Facility for energy delivered to the Company in accordance with the rate calculation described in the Company's Rate Schedule COG-1 as it may be amended from time to time. If the Facility's Committed Capacity is greater than zero (0), the Company agrees to pay the Facility for energy delivered to the Company in accordance with the provisions of Section B (1)-(3) below:

1. Payments Starting On In-Service Date of Avoided Unit or Resource: The Facility shall be paid at the Avoided Unit or Resource's energy rate for all energy delivered to the Company during each hour of the monthly billing period in which the Avoided Unit or Resource would have operated had the unit been installed. For each hour of the monthly billing period in which the Avoided Unit or Resource would not have operated, the Facility shall be paid for all energy delivered to the Company during that hour at the lesser of the Company's As-Available energy rate as described in its Rate Schedule COG-1, Sheet 9.3 or the Avoided Unit or Resource's energy rate.

   The Avoided Unit or Resource's energy rate, in cents per kilowatt-hour, shall be the product of the Avoided Unit or Resource's applicable fuel cost and heat rate, plus the applicable variable operation and maintenance expense. All energy purchases shall be adjusted for losses from the point of metering to the point of interconnection.

2. Payments Prior To In-Service Date of Avoided Unit or Resource: The Company's As-Available energy rate, as described in Rate Schedule COG-1, Sheet 9.3, will be applied to all energy delivered by the Facility to the Company prior to the Avoided Unit or Resource's in-service date. As-available energy payments to the Facility shall be based on the sum, over all hours of the monthly billing period in which the Facility delivers energy to the Company, of the product of each hour's As-Available energy rate times the energy received by the Company during that hour. All energy purchases shall be adjusted for losses from the point of metering to the point of interconnection.

3. Fixed Energy Payments: Upon request by the Facility, the Company will provide the following fixed payment options for energy delivered to the Company.

   a. As-Available energy payments made prior to the Avoided Unit or Resource's in-service date shall be based on the Company's year-by-year projection of system incremental fuel costs, prior to hourly economy energy sales to other utilities, based on normal weather and fuel market conditions. A fuel market volatility risk premium may be added to the energy payments upon mutual agreement between Company and Facility regarding the method or mechanism for determining such risk premium.

ISSUED BY: Charles S. Boyett

Gulf Power

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b. Firm Energy Payments: Subsequent to the determination of full avoided cost and subject to provisions of FPSC Rule 25.17-0832 (3) (a) through (d), a mutually agreed portion of the Avoided Unit or Resource's base energy costs shall be fixed and amortized on a present value basis over the term of the contract starting as early as the in-service date of the Facility. Base energy costs associated with the Avoided Unit or Resource shall mean the energy costs that would have resulted had the Avoided Unit or Resource been operated.

PERFORMANCE CRITERIA

Payments from the Company for firm capacity are conditioned on the Facility's ability to maintain the following performance criteria:

A. Commercial In-Service Date

Capacity payments shall not commence until the Facility has attained and demonstrated, commercial in-service status. The commercial in-service date of a Facility shall be defined as the first day of the month following the successful completion of a test in which the Facility maintains an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Facility's Committed Capacity specified in its Renewable Standard Offer Contract for an entire test period. A Facility shall coordinate the selection of the test period with the Company to ensure that the performance of the Facility during this period is reflective of day-to-day operational conditions likely to be experienced by the Company's Avoided Unit or Resource if it were to be in actual operation during a similar period.

B. Facility Capacity Availability Requirement

Payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the Facility, subject to the condition that, beginning on the Avoided Unit or Resource's in-service date and continuing through the remainder of the contract term, the Facility maintains the minimum Equivalent Availability Factor (EAF) that is defined in the ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION Section below for each 12 month performance period ending August 31. Failure to satisfy this availability requirement shall result in an obligation for repayment by the Facility of an amount calculated in accordance with the Capacity Repayment procedure contained in Paragraph A of the ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION Section below.

ISSUED BY: Charles S. Boyett

Gulf Power

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For the first performance period of the Renewable Standard Offer Contract, the repayment obligation shall be determined as below, except that the period for which the availability requirement applies and which is subject to repayment shall begin on the Avoided Unit or Resource's in-service date and end on the August 31 immediately following the Avoided Unit or Resource's in-service date.

In addition to the foregoing, when early capacity payments have been elected and received, the failure of the Facility to satisfy the availability requirement set forth below shall also result in an obligation for additional repayments by the Facility to the Company. The amount of such additional repayment shall be equal to the difference between: (1) what the Facility would have been paid during the previous twelve months ending August 31 had it elected the normal payment option; and (2) what it was paid pursuant to the payment option selected. Prior to the in-service date of the Avoided Unit or Resource, all performance requirements as listed in Paragraph B of the following Section will apply at the time initial capacity and energy deliveries from the Facility commence.

ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION

In October following each performance period, the Company will calculate the availability of the Facility over the most recent twelve month performance period ending August 31. For purposes of this Schedule, the annual capacity availability is determined using the NERC Generation Availability Data System (GADS) formula for EAF that is shown below. The Facility will be entitled to retain capacity payments received during the annual period if an EAF of 88% is maintained for each performance period. If the Facility fails to maintain this EAF, then the Facility will repay the Company a portion of the performance period capacity payments as calculated in accordance with the procedure in Paragraph A.

EAF = {[AH – (EUDH + EPDH + ESEDH)] / PH } X 100 (%) where,

AH = Available Hours
Sum of all SH, RSH, Pumping Hours, and Synchronous Condensing Hours.

EPDH = Equivalent Planned Derated Hours
Product of the Planned Derated Hours and the Size of Reduction, divided by the NMC.

ESEDH = Equivalent Seasonal Derated Hours
NMC less the NDC, times the Available Hours (AH), divided by the NMC.

EUDH = Equivalent Unplanned Derated Hours
Product of the Unplanned Derated Hours and the Size of Reduction, divided by the NMC.

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NDC = Net Dependable Capacity
NMC modified for ambient limitations.

NMC = Capacity a unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.

PH = Period Hours
Number of hours a unit was in the active state. A unit generally enters the active state on its commercial date.

RSH = Reserve Shutdown Hours
Total number of hours the unit was available for service but not electrically connected to the transmission system for economic reasons.

SH = Service Hours
Total number of hours a unit was electrically connected to the transmission system.

A. Capacity Repayment Calculation

The following conditions will determine the amount of the Facility's Capacity Repayment obligation:

1. If EAF is greater than or equal to 88%, then;

   Capacity Repayment (CR) = 0

2. If EAF is less than 88% but equal to or greater than 60%, then;

   CR = [Monthly Capacity Rate (MCR) X Committed Capacity (CC) X Months in Performance Period (MPP) X ((88-EAF)/88)

3. If EAF is less that 60%, then;

   CR = MCR X CC X MPP

B. Additional Performance Criteria

1. The Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
2. The Facility shall promptly update its yearly generation schedule when any changes are determined necessary; and

ISSUED BY: Charles S. Boyett

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3. The Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
4. The Facility shall coordinate scheduled outages with the Company; and
5. The Facility shall comply with the reasonable requests of the Company regarding daily or hourly communications and;
6. The Facility must promptly notify the Company of its inability to supply any portion of its full Committed Capacity from the Facility. Failure of the Facility to notify the Company of a known derating or inability to meet its Committed Capacity obligation may, at the sole discretion of the Company, result in a determination of non-performance.

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to Facilities directly interconnected with the Company shall be adjusted according to the delivery voltage by dividing the energy delivered at that voltage by the following factors:

Transmission Voltage Delivery	1.01801#
Substation Voltage Delivery	1.03208##
Primary Voltage Delivery	1.05862###
Secondary Voltage Delivery	1.08576####

\# Any Facility interconnected at a voltage of 46 KV or above.

\## Any Facility interconnected at a voltage on the low side of a substation below 46 KV and above 4 KV. This substation, where the Facility takes electricity on the low side, shall have transmission voltage on the high side (115, 69, or 46 KV) and distribution voltage on the low side (25, 12, or 4 KV).

\### Any Facility interconnected at a distribution voltage, 4 to 25 KV inclusive.

\#### Any Facility interconnected at a voltage below 4 KV.

METERING REQUIREMENTS

Facilities directly interconnected with the Company shall pay the Company for meters required hereunder. Hourly demand recording meters shall be required for each individual generator unit comprising a Facility with a total installed capacity of 100 KW or more. Where the total installed capacity of the Facility is less than 100 KW, the Facility may select from either hourly demand recording meters, dual kilowatt-hour register time-of-day meters or standard kilowatt-hour meters. Meters shall be installed to measure the energy production from each generating unit of the

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Facility as well as net delivered energy at the point of interconnection. Purchases from Facilities indirectly interconnected with the Company shall be measured as the quantities scheduled for interchange to the Company by the utility delivering firm capacity and energy to the Company.

BILLING OPTIONS

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

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

CHARGES TO THE FACILITY

A. Base Charges

Monthly base charges for meter reading, billing and other applicable administrative costs shall be equal to the base charge applicable to a customer receiving retail service under similar load characteristics.

B. Interconnection Charge for Non-Variable Utility Expenses

The Facility, in accordance with Rule 25-17.087, F.A.C., shall bear the cost required for interconnection including the cost of metering and the cost of accelerating construction of any transmission or distribution system improvements required in order to accommodate the location chosen by the Facility. The Facility shall have the option of payment in full for interconnection or making equal monthly installment principle payments over a thirty-six (36) month period plus interest at the thirty (30) day commercial paper rate.

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C. Interconnection Charge for Variable Utility Expenses

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

D. Taxes and Assessments

The Facility shall hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy and capacity from the Facility in lieu of other energy and capacity. Any savings in regards to taxes or assessments shall be included in the avoided cost payments made to the Facility to the extent permitted by law. In the event the Company becomes liable for additional taxes, assessments or impositions arising out of its transactions with the Facility under this tariff schedule or any related interconnection agreement or due to changes in laws affecting the Company's purchases of energy and capacity from the Facility occurring after the execution of an agreement under this tariff schedule and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under such agreement itself, the Company may bill the Facility monthly for such additional expenses or may offset them against amounts due to the Facility from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity under this tariff schedule that are not already reflected in the avoided energy or avoided capacity payments made to the Facility hereunder, shall be passed on to the Facility to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

TERMS OF SERVICE

A. It shall be the Facility's responsibility to inform the Company of any change in its electric generation capability.

B. Any electric service delivered by the Company to the Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

C. A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:

1. In the first year of operation, the security deposit shall be based upon the singular month in which the Facility's projected purchases from the Company exceed, by the greatest

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amount, the Company's estimated purchases from the Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.

2. For each year thereafter, a review of the actual sales and purchases between the Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Facility exceed the actual sales to the Company in that month.

D. The Company shall specify the point of interconnection and voltage level.

E. Facilities directly interconnected with the Company shall be required to sign the Company's filed Standard Interconnection Agreement in order to to engage in parallel operations with the Company. The Facility shall recognize that its generation equipment and other related infrastructure may have unique interconnection requirements which will be separately addressed by modifications to the Company's General Standards for Safety and Interconnection where applicable.

F. Facilities indirectly interconnected with the Company are required to make all arrangements needed to deliver the capacity and energy purchased from the Facility by the Company to the Company's interchange point with the delivering utility.

G. Service under this Schedule is subject to the rules and regulations of the Company and the FPSC as well as other applicable federal and state legislation or regulations.

SPECIAL PROVISIONS

A. Special contracts deviating from the above Schedule are allowable provided they are agreed to by the Company and approved by the FPSC.

B. A Facility directly interconnected with the Company may sell firm capacity and energy to a utility other than the Company. Where such agreements exist, the Company will provide transmission wheeling service to deliver the Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Facility indirectly interconnected with the Company, for delivery of the Facility's power to the purchasing utility or to an intermediate utility. In either case, where existing Company transmission capacity exists, the Company will impose a charge for wheeling Facility capacity and energy, measured at the point of delivery to the Company.

The Facility shall be responsible for all costs associated with such wheeling including:

1. Wheeling charges;
2. Line losses incurred by the Company; and
3. Inadvertent energy flows resulting from such wheeling.

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Energy delivered to the Company shall be adjusted before delivery to another utility.

Interstate transactions are defined as those determined to be in the jurisdiction of the Federal Energy Regulatory Commission (FERC).

Capacity delivered to the Company shall be adjusted before delivery to another utility. The following estimated adjustment factors are supplied for informational purposes only:

Renewable Facility Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	0.96758
Substation Voltage Delivery	0.94103
Primary Distribution Voltage Delivery	0.91001

All charges and adjustments for wheeling will be determined on a case-by-case basis.

Where wheeling power produced by a Facility for delivery to the Company or to another utility will impair the Company's ability to give adequate service to the rest of the Company's customers or place an undue burden on the Company, the Company may petition the FPSC for a waiver of this Special Provision B, or require the Facility to pay for the necessary transmission system improvements in accordance with the National Energy Policy Act of 1992, or other applicable Federal law.

In order to establish the appropriate transmission service arrangements, the Facility must contact:

Senior Manager, Transmission Services
4200 West Flagler Street
Miami, FL 33134

C. As a means of protecting the Company's customers from the possibility of a Facility not coming on line as provided for under an executed Renewable Standard Offer Contract and in order to provide the Company with additional and immediately available funds for its use to secure replacement and reserve power in the event that the Facility fails to successfully complete construction and come on line in accord with the executed Renewable Standard Offer Contract, the Company requires that a cash completion security deposit equal to $20 per kw of the nameplate capacity of the Facility's generator unit(s) at the time the Company's Renewable Standard Offer Contract is executed by the Facility. At the election of the Facility, the completion security deposit may be phased in such that one half of the total deposit due is paid at contract execution and the remainder within 12 months after contract execution.

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Depending on the nature of the Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Renewable Standard Offer Contract, one of the following, at the Company's discretion, may be used as an alternative to a cash deposit as a means of securing the completion of the Facility's project in accord with the executed Renewable Standard Offer Contract:

1. an unconditional, irrevocable direct pay letter; or

2. surety bond; or

3. other means acceptable to the Company.

The Company will cooperate with each Facility seeking an alternative to a cash security deposit as an acceptable means of securing the completion of the Facility's installation in accord with an executed Renewable Standard Offer Contract. The Company will endeavor in good faith to accommodate an equivalent to a cash security deposit which is in the best interests of both the Facility and the Company's customers.

In the case of a governmental solid waste Facility, pursuant to Subsection 366.91 (3), Florida Statutes and FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company:

The unsecured promise of a municipal, county, or state government that it will pay the actual damages incurred by the Company because the governmental Facility fails to come on line prior to the planned in-service date for the Avoided Unit or Resource.

D. Election of Early Capacity Payments under an Option other than (1) through (4) above, and/or election of the Fixed Energy Payments will result in the Company's immediate re-evaluation of the completion security requirements as addressed above in order to determine the adequacy of such security instruments. Given the terms and conditions ultimately set in the Renewable Standard Offer Contract, additional security requirements may be specified by the Company.

ISSUED BY: Charles S. Boyett

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E. The Company, in evaluating the viability of any particular offer may exercise its rights under FPSC Rule 25-17.0832(4)(c)(2)(b), F.A.C.

F. In the event that the Facility decides to sell any or all Renewable Energy Certificates, Green Tags, or other tradable environmental interests (collectively "Environmental Interests") that result from the electric generation of the Facility during the term of an executed Renewable Standard Offer Contract, the Facility shall provide notice to the Company of its intent to sell such Environmental Interests and provide the Company a reasonable opportunity to offer to purchase such Environmental Interests.

G. All Renewable Standard Offer Contracts for the purchase of capacity and energy from a Facility shall include a provision to reopen the contract, at the election of either party, limited to changes affecting the Company's full avoided costs of the unit on which the Renewable Standard Offer Contract is based as a result of new environmental or other regulatory requirements enacted during the term of the contract.

ISSUED BY: Charles S. Boyett

Gulf Power

Section No. IX
Sixth Revised Sheet No. 9.97
Canceling Fifth Revised Sheet No. 9.97

STANDARD OFFER CONTRACT FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR SMALL QUALIFYING FACILITY

("RENEWABLE STANDARD OFFER CONTRACT")

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THIS AGREEMENT is made and entered into this _____ day of _____, _____ by and between _____, hereinafter referred to as the "Seller"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The Seller and the Company shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, for purposes of this contract, the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.), and the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080, F.A.C., thus, both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility"; and

WHEREAS, the Seller desires to sell, and the Company desires to purchase, firm capacity and energy or energy only, to be generated by the Facility, such sale and purchase to be consistent with FPSC Rules 25-17.080 through 25-17.091; and

WHEREAS, the Seller, in accordance with FPSC Rule 25-17.087, F.A.C., has entered into an interconnection agreement with the utility that the Facility is directly interconnected, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved the following standard contract for use in the acceptance of the Company's standard offer for the purchase of firm capacity and energy, or energery only, from Facilities.

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

ISSUED BY: Charles S. Boyett

Gulf Power

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1. Facility

The Seller either contemplates installing and operating or has installed and is operating a Facility comprised in whole or in part of the following generator units located at

_____

_____.

Unit	Description (Type)	Initial In-Service Date	KVA Nameplate Rating	KW Output Rating	Fuel Source	
					Primary	Secondary

ISSUED BY: Charles S. Boyett

Gulf Power

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The entire Facility, whether comprised in whole or in part of the generator units set forth above, is designed to produce a maximum of _____ kilowatts (KW) of electric power at an 85% power factor.

2. Term of the Agreement

This Agreement shall begin immediately upon its execution and the contemporaneous payment by the Seller to the Company of a completion security deposit in the amount of $20.00 times each KW of nameplate capacity of the Facility's generator unit(s). This Agreement shall end at 12:01 A.M., _____, 20_____ (date specified shall be no earlier than May 31, 2034).

Notwithstanding the foregoing, if construction and commercial operation of the Facility are not accomplished before June 1, 2024, the Company's obligations to the Seller under this Agreement shall be considered to be of no force and effect. The Company shall be entitled to retain and use the funds required by the Company as a completion security deposit under this section of the Agreement.

At the election of the Seller, the completion security deposit may be phased in such that one half of the total deposit due is paid upon contract execution and the remainder is to be paid within 12 months after contract execution. If the Seller elects to phase in payment of the completion security deposit due under this paragraph, the effective date of the contract shall be the date of execution provided, however, that the Company shall have no further obligation to the Seller if either installment of the completion security deposit is not timely received by the Company.

ISSUED BY: Charles S. Boyett

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Depending on the nature of the Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of this Agreement, one of the following, at the Company's discretion in accordance with the provisions of Schedule REF-1, may be used as an alternative to a cash deposit as a means of securing the completion of the project in accord with this Agreement:

(a) an unconditional, irrevocable direct pay letter; or

(b) surety bond; or

(c) other means acceptable to the Company.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company: the unsecured promise of a municipal, county, or state government to pay the actual damages incurred by the Company because the governmental facility fails to come on line prior to June 1, 2024.

The specific completion security vehicle agreed upon by the parties is: _____

_____

_____

(IN ORDER FOR THIS FORM OF CONTRACT TO BE USED TO TENDER ACCEPTANCE OF THE COMPANY'S STANDARD OFFER BY A SELLER OTHER THAN A GOVERNMENTAL SOLID WASTE FACILITY, THE ABOVE LINE MUST SPECIFY CASH DEPOSIT IN THE APPROPRIATE AMOUNT UNLESS THE SELLER HAS SECURED THE PRIOR WRITTEN CONSENT FROM THE COMPANY TO AN ALTERNATIVE COMPLETION SECURITY VEHICLE.)

3. Sale of Electricity by the Facility

The Company agrees to purchase firm capacity and energy generated at the Facility and transmitted to the Company by the Facility. The purchase and sale of firm capacity and energy pursuant to this Agreement shall be in accordance with the following billing methodology (choose one):

( ) Net Billing Arrangement; or

( ) Simultaneous Purchase and Sales Arrangement.

ISSUED BY: Charles S. Boyett

Gulf Power

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The billing methodology chosen above may not be changed except in accordance with and subject to the following provisions of Rules 25-17.082 and 25-17.0832 F.A.C.:

(a) when a Facility selling as-available energy enters into a negotiated contract or standard offer contract for the sale of firm capacity and energy; or

(b) when a firm capacity and energy contract expires or is lawfully terminated by either the Facility or the purchasing utility; or

(c) when the Facility is selling as-available energy and has not changed billing methods within the last twelve months; and

(d) upon at least thirty days advance written notice to the Company;

(e) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Facility for such metering equipment and its installation;

(f) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing an upon payment by the Facility for such alterations; and

(g) where the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or the tariff under which the Facility receives electrical service, or any previously agreed upon contractual provision between the Facility and the Company.

4. Payment for Electricity Produced by the Facility

4.1 Energy

The Company agrees to pay the Seller for energy the Facility produces and delivers for sale to the Company. If the Facility's Committed Capacity in Paragraph 4.2.1 and Paragraph 4.2.2 is zero (0), the Company agrees to pay the Facility for energy delivered to the Company in accordance with the rate calculation described in the Company's Rate Schedule COG-1, as it may be amended from time to time. If the Facility's Committed Capacity is greater than zero (0), the purchase and sale of energy pursuant to this Agreement shall be in accordance with the rates and procedures contained in Paragraph B of the **RATES FOR PURCHASES BY THE COMPANY** section of Schedule REF-1 as it exists at the time this Agreement is properly submitted by the Seller to the Company as tendered acceptance of the Company's Standard Offer.

ISSUED BY: Charles S. Boyett

Gulf Power

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For all energy delivered by the Facility to the Company and to the extent applicable, the Seller elects to be paid pursuant to the method described in:

_____ Paragraph B (1), or

_____ Paragraph B (3)(b),

and (if applicable);

_____ Paragraph B (2), or

_____ Paragraph B (3)(a)

of the **RATES FOR PURCHASES BY THE COMPANY** section of Schedule REF-1. If the Seller elects any payment method under Paragraph B (3), the details underlying the derivation of the associated energy payments will be described in an exhibit to this Standard Offer Contract. The Company will provide the Seller an energy payment schedule for the elected payment method within thirty (30) days after receipt of a Seller's request for such information.

4.2 Capacity

4.2.0 No Committed Capacity. If the Facility elects to make no commitment as to the quantity or timing of its deliveries to the Company, the Committed Capacity in this Renewable Standard Offer Contract will be zero (0) Megawatts, and the capacity rates set in accordance with the provisions of Paragraph 4.2.1 through Paragraph 4.2.3, Paragraph 7, and Paragraph 8 shall not apply.

4.2.1 Anticipated Committed Capacity. The Facility is expected to deliver approximately _____ kilowatts of capacity, beginning on or about _____, 20_____. (Date specified may not be later than June 1, 2024.)

The Facility may finalize its Committed Capacity (CC) after initial facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a date subsequent to the execution of this Agreement by the parties. However, the Seller must complete Paragraph 4.2.2 before June 1, 2024 in order to be entitled to any capacity payments pursuant to this Agreement. The final Committed Capacity set forth in Paragraph 4.2.2 shall not exceed plus or minus ten percent of the above estimate. The date specified in Paragraph 4.2.2 as the date on which capacity payments shall begin shall be no earlier than the date specified above, nor any later than June 1, 2024.

ISSUED BY: Charles S. Boyett

Gulf Power

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4.2.2 Actual Committed Capacity. The capacity committed by the Facility (Committed Capacity or CC) for the purposes of this Agreement is _____ kilowatts beginning _____, _____. The Seller is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) of 88%. The EAF will be based on the economic operation of a Combined Cycle generating facility (Avoided Unit) that Gulf has designated as the Avoided Unit for purposes of the Standard Offer. The Seller elects to receive, and the Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following the date specified in this paragraph as the date on which capacity sales under this Agreement will begin.

4.2.3 Capacity Payments. The Seller chooses to receive capacity payments from the Company under Option _____ or _____ a customized payment stream as described in the Company's Schedule REF-1 of the Company Tariff for Retail Electric Service as it exists at the time this Agreement is properly submitted by the Seller to the Company as tendered acceptance of the Company Standard Offer. If the customized payment option is chosen by the Seller as the preferred capacity payment option, the details underlying the derivation of such payment stream will be described in an exhibit to this Standard Offer Contract.

The Capacity Payments to be made by the Company to the Seller are based upon the Avoided Unit that the Company has designated for purposes of the Standard Offer. The Capacity Payments to the Seller are based on an avoided dual-fuel 1-on-1 Combined Cycle generating facility with the following economic assumptions:

Size: 595 MW total	Installed Costs (2024): $~~1,223~~976/kW
Discount Rate: ~~7.26~~7.25%	AFUDC Rate: ~~7.90~~5.73%
Annual Inflation: 2.09%	K-factor: ~~1.2510~~1.3067
Annual Capacity Factor: 78.0%	Fixed O & M: $55.93/kW-yr
Equivalent Availability: 88%	Unit Life: 40 years

ISSUED BY: Charles S. Boyett

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The Company agrees it will pay the Seller a capacity payment. This capacity payment will be the product of the Facility's Committed Capacity and the applicable rate from the Seller's chosen capacity payment option in accordance with the Company's Schedule REF-1, as it exists at the time this Agreement is properly submitted by the Seller to the Company as tendered acceptance of the Company's Standard Offer. In the event either: (1) the date specified in Section 2 of this Agreement is later than June 1,2034; or (2) the date specified in Paragraph 4.2.2 as the date capacity payments are to begin is one other than the dates shown in Schedule REF-1, a payment schedule will be calculated by the Company and attached to this agreement as Exhibit D. Under those circumstances, the payment schedule set forth in Exhibit D will be used in the calculation of capacity payments pursuant to this paragraph. The Company will provide the Seller a capacity payment schedule for the chosen payment method within thirty (30) days after receipt of a Seller's request for such information. The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the Seller as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

In October following each performance period, the Company will calculate the availability of the Facility over the most recent twelve month period ending August 31. For purposes of this Agreement, availability means Equivalent Availability Factor (EAF) as defined by the North American Electric Reliability Council Generating Availability Data System (NERC GADS) or its successor's indice. If the availability (EAF) of the Facility is not equal to or greater than 0.88 (88%), then the Seller will repay the Company a portion of the performance period capacity payments as calculated in accordance with the procedure detailed in the **ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION** section of Rate Schedule REF-1.

ISSUED BY: Charles S. Boyett

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Repayment under this paragraph shall not be construed as a limitation of the Company's right to pursue a claim against the Seller in any appropriate court or forum for the actual damages the Company incurs as a result of non-performance or default.

5. Metering Requirements

Hourly demand recording meters shall be required for each individual generator unit comprising a Facility with a total installed capacity of 100 kilowatts or more. Where the total installed capacity of the facility is less than 100 kilowatts, the Facility may select any one of the following options (choose one):

( ) hourly demand recording meter(s);
( ) dual kilowatt-hour register time-of-day meter(s); or
( ) standard kilowatt-hour meter(s).

Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

6. Electricity Production Schedule

During the term of this Agreement, the Seller agrees to:

(a) Adjust reactive power flow in the interconnection so as to remain within the range of 85% leading to 85% lagging power factor;

(b) Provide the Company, prior to October 1 of each calendar year (January through December), an estimate of the amount of firm capacity and energy to be generated by the Facility and delivered to the Company for each month of the following calendar year including the time, duration and magnitude of any planned outages or reductions in capacity;

(c) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;

(d) Coordinate its scheduled Facility outages with the Company;

ISSUED BY: Charles S. Boyett

Gulf Power

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(e) Comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement; and

(f) Promptly notify the Company of the Facility's inability to supply any portion of its Committed Capacity. (Failure of the Seller to notify the Company of a known derating or inability to supply its full Committed Capacity from the Facility may, at the sole discretion of the Company, result in a determination of non-performance.)

7. The Seller's Obligation if the Seller Receives Early Capacity Payments

The Seller's payment option choice pursuant to paragraph 4.2.3 may result in payment by the Company for capacity delivered prior to June 1, 2024. The parties recognize that capacity payments received for any period through May 31, 2024, are in the nature of "early payment" for a future capacity benefit to the Company. To ensure that the Company will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the Seller will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

The Company shall establish a Capacity Account. Amounts shall be added to the Capacity Account for each month through May 2024, in the amount of the Company's capacity payments made to the Seller pursuant to the Seller's chosen payment option from Schedule REF-1 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, 2024, there shall be deducted from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which the Company would have paid for

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capacity in that month if the capacity payment had been calculated pursuant to Option 1 in Schedule REF-1 and the Seller had elected to begin receiving payment on June 1, 2024 minus the monthly capacity payment the Company makes to the Seller pursuant to the capacity payment option chosen by the Seller in paragraph 4.2.3.

The Seller shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the Seller monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the Seller shall execute a promise to repay any outstanding balance in the Capacity Account in the event of a default pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Schedule REF-1.

The specific repayment assurance selected for purposes of this Agreement is:

_____

_____.

Any outstanding balance in the Capacity Account shall immediately become due and payable, in full, in the event of default or at the conclusion of the term of this Agreement. The Seller's obligation to pay the balance in the Capacity Account shall survive termination of this Agreement.

8. Non-Performance Provisions

The Seller shall be entitled to receive a complete refund of the security deposit described in Section 2 of this contract (or in the event an alternative completion security vehicle is in effect, release of that completion security) upon the Facility's achieving commercial in-service status (which, for purposes of this Agreement, shall include the demonstration of capability to perform by actual delivery of firm capacity and energy to the Company) provided that this occurs prior to June 1, 2024 and that said

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commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2024. The Seller shall not be entitled to any of its security deposit if the Facility fails to achieve commercial in-service status prior to June 1, 2024 and maintain that status to, through and including said date. Additionally, once construction of the Facility or any additions necessary for the Facility to have the capability to deliver the anticipated Committed Capacity and energy to the Company from the Facility has commenced, the Seller will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the Facility will be capable of delivering the anticipated Committed Capacity from the Facility on or before June 1, 2024.

Additionally, failure of the Seller to notify the Company of a known derating or inability to supply its full Committed Capacity from the Facility may, at the sole discretion of the Company, result in a determination of non-performance. Upon such determination by the Company, capacity payments to the Seller shall be suspended for a period of time equal to the time of the known derating or inability to supply the full Committed Capacity from the Facility or six months, whichever shall be longer.

9. Default

9.1 Mandatory Default. The Seller shall be in default under this Agreement if: (1) Seller either voluntarily declares bankruptcy or becomes subject to involuntary bankruptcy proceedings; or (2) The Facility has elected to provide Committed Capacity in excess of zero (0) and the Facility ceases all electric generation for either of the Company's peak generation planning periods (summer or winter) occurring in a consecutive 12 month period. For purposes of this Agreement, the Company's summer peak generation planning period shall be May through September and the Company's winter peak generation planning period shall be December through February. The months included in the Company's peak generation planning periods may be changed, at the sole discretion of the Company, upon 12 months prior notice to the Seller.

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9.2 Optional Default. The Company may declare the Seller to be in default if: (1) at any time prior to June 1, 2024 and after capacity payments have begun, the Company has sufficient reason to believe that the Facility is unable to deliver its Committed Capacity; (2) because of a Seller's refusal, inability or anticipatory breach of its obligation to deliver its Committed Capacity after June 1, 2024; or (3) the Company has made three or more determinations of non-performance due to the failure of the Seller to notify the Company of a known derating or inability to supply Committed Capacity during any eighteen month period.

10. General Provisions

10.1 Permits. The Seller hereby agrees to obtain any and all governmental permits, certifications, or other authority the Seller and/or Facility are required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees to obtain any and all governmental permits certifications or other authority the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

10.2 Indemnification. The Seller agrees to indemnify and save harmless the Company, its subsidiaries or affiliates, and their respective employees, officers, and directors, against any and all liability, loss, damage, cost or expense which the Company, its subsidiaries, affiliates, and their respective employees, officers, and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Seller in performing its obligations pursuant to this Agreement or the Seller's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the Seller against any and all liability, loss, damage, cost or expense which the Seller may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provision of this Agreement. The Seller agrees to include the Company as an additional named insured in any liability insurance policy or policies the Seller obtains to protect the Seller's interests with respect to the Seller's indemnity and hold harmless assurances to parties contained in this Section.

ISSUED BY: Charles S. Boyett

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The Seller shall deliver to the Company at least fifteen days prior to the delivery of any capacity and energy under this Agreement, a certificate of insurance certifying the Seller's and Facility's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida, protecting and indemnifying the Seller and the Company as an additional named insured, their officers, employees, and representatives, against all liability and expense on account of claims and suits for injuries or damages to persons or property arising out of the Seller's and the Facility's performance under or failure to abide by the terms of this Agreement, including without limitation any claims, damages or injuries caused by operation of any of the Facility's equipment or by the Seller's failure to maintain the Facility's equipment in satisfactory and safe operating conditions, or otherwise arising out of the performance by the Seller of the duties and obligations arising under the terms and conditions of this Agreement.

The policy providing such coverage shall provide comprehensive general liability insurance, including property damage, with limits in an amount not less than $1,000,000 for each occurrence. In addition, the above required policy shall be endorsed with a provision whereby the insurance company will notify the Company within thirty days prior to the effective date of cancellation or a material change in the policy. The Seller shall pay all premiums and other charges required or due in order to maintain such coverage as required under this section in force during the entire period of this Agreement beginning with the initial delivery of capacity and energy to the Company.

10.3 Taxes or Assessments. It is the intent of the parties under this provision that the Seller hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy or capacity from the Facility in lieu of other energy or capacity and that any savings in regards to taxes or assessments be included in the avoided cost payments made to the Seller to the extent

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permitted by law. In the event the Company becomes liable for additional taxes, assessments or imposition arising out of its transaction with the Seller under either this agreement or any related interconnection agreement or due to changes in laws affecting the Company's purchases of energy or capacity from the Facility occurring after the execution of this agreement and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under this agreement itself, the Company may bill the Seller monthly for such additional expenses or may offset them against amounts due the Seller from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity under this agreement that are not already reflected in the avoided energy or avoided capacity payments made to the Seller hereunder, shall be passed on to the Seller to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

10.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. The Seller agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with the Company's system if the same are rendered inoperable

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due to actions of the Seller, its agents, or force majeure events affecting the Facility or the interconnection with the Company. The Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.

10.5 Assignment. The Seller shall have the right to assign its benefits under this Agreement, but the Seller shall not have the right to assign its obligations and duties without the Company's prior written approval.

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

10.7 Notification. For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions to contact another individual.

For Seller:

_____
_____
_____
_____

For Gulf Power Company:

_____
_____
_____
_____

10.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

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

ISSUED BY: Charles S. Boyett

Gulf Power

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10.10 Complete Agreement and Amendments. All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement and, if required, approved by the FPSC.

10.11 Incorporation of Schedule. The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Schedule REF-1 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the Facility to the Company as tendered acceptance of the Company's standard offer.

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

11. Environmental Interests

In the event that the Seller decides to sell any or all Renewable Energy Certificates, Green Tags, or other tradable environmental interests (collectively "Environmental Interests") that result from the electric generation of the Facility during the term of this Agreement, the Seller shall provide notice to the Company of its intent to sell such Environmental Interests and provide the Company a reasonable opportunity to offer to purchase such Environmental Interests.

12. Changes in Environmental and Governmental Regulations

This contract may be reopened at the election of either party in the event that environmental or other regulatory requirements are enacted during the term of this contract which either (a) increase or (b) decrease the full avoided costs of the Avoided Unit. The parties may negotiate a threshold amount of change below which this reopener will not apply.

ISSUED BY: Charles S. Boyett

Gulf Power

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

GULF POWER COMPANY

By: _____
(Signature)

_____
(Print or Type Name)

Title: _____

Date: _____

SELLER

By: _____
(Signature)

_____
(Print or Type Name)

Title: _____

Date: _____

ISSUED BY: Charles S. Boyett

Item 12

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Morgan, Doherty, Higgins, Wu, Coston, McNulty)
Division of Engineering (Thompson, Ellis)
Division of Accounting and Finance (Mouring, Barrett)
Office of the General Counsel (Trierweiler)

RE: Docket No. 20180204-EI – Petition for approval of shared solar tariff by Tampa Electric Company.

AGENDA: 5/14/19 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-Day Suspension Deadline waived to the May 14, 2019 Agenda Conference

SPECIAL INSTRUCTIONS: None

Case Background

On November 2, 2018, Tampa Electric Company (TECO or Company) filed its Petition for Approval of Shared Solar Tariff (Petition), requesting creation of a new, optional shared solar tariff (SSR-1 Tariff or tariff). The proposed SSR-1 Tariff would allow TECO's customers to purchase energy produced from a TECO-owned solar energy source to replace all or a portion of their monthly energy consumption,[1] which would normally be generated by TECO's system generating resources. Under the tariff, participants would pay a Shared Solar Charge for energy

[1] TECO currently offers the Renewable Energy Program (REP) to its customers. In that program, customers pay $5 per 200 kilowatt-hour (kWh) block of renewable energy, produced by photovoltaic arrays, biomass fuel, and other renewable energy sources. TECO states the REP will not be closed or changed at this time.

produced by a 17.5 megawatt (MW) portion of the Lake Hancock solar project (Lake Hancock). Participants would be charged the Shared Solar Charge for all subscribed energy, in addition to the base and energy charges. In order to recognize the renewable nature of the energy source, participants would be exempted from paying the fuel and purchased power charge and the Environmental Cost Recovery Clause (ECRC) charge for all energy purchased under the SSR-1 tariff in the original Petition. On February 8, 2019, TECO amended the tariff to eliminate language excluding SSR-1 Tariff participants from the ECRC after concluding that it would be appropriate for participating customers to be charged the ECRC.

On February 15, 2019, in response to a data request by staff, TECO amended the tariff to clarify language indicating that SSR-1 Tariff participants would pay the fuel charge for any portion of their energy usage not covered under the SSR-1 Tariff. On March 22, 2019, TECO filed an amended Petition, adding language that limits the SSR-1 Tariff to the 17.5 MW portion of Lake Hancock, after staff expressed concerns that the Petition proposed unlimited capacity additions without Commission review.[2] In TECO's original Petition, the Company states that the total output of the SSR-1 Tariff portion of Lake Hancock was 17.7 MW. In response to Staff's First Data Request, TECO clarified that the output is now 17.5 MW, based on the expected output of the six inverters assigned to the SSR-1 Tariff.[3]

TECO is currently operating under the Commission-approved 2017 Amended and Restated Stipulation and Settlement Agreement (Settlement).[4] The Settlement restricts any change in base rates for the years 2019 through 2021, other than Solar Base Rate Adjustment (SoBRA) additions. SoBRA has been established as a mechanism for TECO to recover the costs of 600 MW of new solar capacity.

Staff, members of the Office of Public Counsel, and Company representatives attended noticed informal meetings on December 10, 2018, and February 28, 2019, to discuss matters within the docket. On December 12, 2018, TECO waived the 60-day tariff suspension deadline. On March 22, 2019, TECO waived the 60-day tariff suspension deadline once more, to allow this matter to be heard at the May 14, 2019 Agenda Conference. Staff issued five data requests to TECO on this matter. Attachment A of this recommendation provides the proposed tariff pages reflecting all three amendments. The Commission has jurisdiction over this matter pursuant to Sections 366.05 and 366.06, Florida Statutes.

[2]The originally-proposed tariff required Commission approval for any price change to participating customers.
[3]TECO's response to staff's First Data Request, No. 3.
[4]Order No. PSC-2017-0456-S-EI, issued September 27, 2017, in Docket No. 20170210-EI, *In re: Petition for limited proceeding to approve 2017 amended and restated stipulation and settlement agreement.*

Discussion of Issues

Issue 1: Should the Commission approve TECO's petition for approval of a new shared solar tariff?

Recommendation: Yes, the Commission should approve TECO's petition for approval of a new shared solar tariff. The tariff should become effective after TECO completes its tariff-related billing systems, which is expected to be in June 2019. TECO should notify Commission staff when this is completed and the effective date of the tariff is known. TECO should file summary reports with the Commission, in this docket, containing prior year results of the SSR-1 Tariff by March 1 of 2020, 2021, and 2022, including SSR-1 participation and waiting list levels, energy sales amounts, costs, and revenues. (Morgan, Ellis)

Staff Analysis:

Description of Proposed Tariff

Under the proposed SSR-1 Tariff, residential (RS) and small commercial (GS) customers would be able to purchase solar energy on a basis of 25, 50, or 100 percent of their monthly energy usage. Large commercial (GSD and IS) customers would be able to purchase energy in 1,000 kilowatt-hour (kWh) blocks; the initial amount cannot exceed their prior 12-month average. Participants who move may retain their SSR-1 Tariff participation at their new address within the TECO service territory, but may not transfer their SSR-1 rate to another customer. TECO states that the program does not reserve any allocation of available energy to a particular customer class.

The Shared Solar Charge would be $0.063 per kWh. The $0.063 charge was designed to recover the costs of the system, operating and maintenance (O&M) costs, and program administrative costs, at full subscription. Customers who join the tariff would pay the $0.063 charge in lieu of the current fuel and purchased power charge for all subscribed energy consumption. The fuel and purchased power charge is comprised of mostly variable costs related to buying and transporting fuel for generation, as well as purchased power. This charge is recovered through the Fuel Cost Recovery Clause (FCRC). Thus, participating customers would be paying toward the recovery of the development and maintenance of the solar project, instead of charges associated with fueling traditional means of generation.

Under the tariff, participating customers would avoid paying FCRC charges only on the percentage of energy subscribed under the SSR-1 Tariff. For example, a customer subscribing to receive 25 percent of their energy under the SSR-1 Tariff would continue to pay the FCRC charges on the remaining 75 percent of their energy usage. Participants in the SSR-1 Tariff would continue to pay all other charges, such as the base service charge and energy charge, for all energy used.

TECO indicates that participation in the tariff would be capped at 95 percent of energy produced by the solar unit. The remaining 5 percent would serve as a buffer against over-subscription. TECO further states that the output of the SSR-1 site and customer energy consumption would be reviewed annually in order to ensure that the usage rate does not exceed the 95 percent cap. In the event that subscribed energy falls below generation levels, a customer waiting list would be

available to add participants going forward. If subscriptions approach the cap, TECO would allow customer attrition to limit energy usage before adding new customers.

TECO states that any Renewable Energy Credits (RECs) associated with the tariff would not be eligible for resale by the Company.[5] TECO would retain ownership of, or retire, all RECs. Customers could request to have RECs deposited into a designated account at their own expense. Any charges to the customer would be limited to the administrative expense of establishing the REC transfer.

The Company performed a third-party study to evaluate existing community solar programs and incorporated some of the best practices of those programs into the SSR-1 Tariff. TECO also performed a customer survey among e-bill customers in August 2016, with approximately 25,000 responses, or about 3.4 percent of its customer base. Based on the survey results, the Company estimates the potential participation is about 11 percent of the residential customer base. TECO concluded that there is a market potential of approximately 24,000 residential customers for a shared solar program with an incremental cost of $0.04 per kWh over retail.[6] The SSR-1 Tariff amounts to approximately $0.034 per kWh[7] over the Company's current retail energy rates. Given the survey results and size of the SSR-1 unit, staff believes it is likely that TECO will be able to achieve full participation in the tariff after an initial ramp-up period. If approved, TECO indicates it would be ready to start accepting participants for the SSR-1 Tariff in June 2019.

The Lake Hancock Site

The Lake Hancock project, located in Polk County, is fully operational as of April 25, 2019. The facility has a total capacity of approximately 49.5 MW, of which 32.0 MW has been approved for cost recovery by the Commission in the Company's second tranche of SoBRA.[8] The remaining 17.5 MW SSR-1 portion of Lake Hancock was built as additional generation above what the Company was constructing for its second tranche of SoBRA.[9] TECO states that, if approved, the 17.5 MW portion of Lake Hancock that is reserved for the SSR-1 Tariff will not be eligible for SoBRA recovery at any point in time.[10] The panels responsible for the 17.5 MW of capacity are connected to 6 inverters that are reserved for SSR-1 service. The SSR-1 unit will generate enough energy for approximately 2,600 residential customers at the 100 percent subscription level.[11]

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[5]A REC is a tradeable, non-tangible energy commodity that represents the environmental attributes of one megawatt-hour of electricity generated from an eligible renewable energy resource.
[6]TECO's response to staff's First Data Request, No. 22A.
[7]The incremental cost over traditional rates of $0.034 was calculated by subtracting TECO's current FCRC factor for residential customers ($0.02913) from the Shared Solar Charge ($0.063), resulting in a difference of $0.03387.
[8]Order No. PSC-2018-0571-FOF-EI, issued June 29, 2018, in Docket No. 20180133-EI, *In re: Petition for limited proceeding to approve second SoBRA.*
[9]Staff's Second Set of Interrogatories, No. 11, filed September 13, 2018, in Docket No. 20180133-EI.
[10]TECO's response to staff's Fourth Data Request, No. 5.
[11]TECO's response to staff's First Data Request, No. 9.

TECO has planned 600 MW of solar generation under SoBRA, which is also the cap imposed on SoBRA by the Settlement.[12] The Company states that if the tariff is not approved, the 17.5 MW, reserved for SSR-1 use at Lake Hancock, would be included in a future tranche of TECO's SoBRA.[13] If the tariff is approved, the Company would construct an additional 17.5 MW of solar capacity to meet the 600 MW capacity cap for SoBRA. Also, any future additions to the SSR-1 Tariff would be built as a result of customer demand and must be approved by the Commission. For those reasons, staff believes that it is appropriate to view the 17.5 MW referenced in this Petition as an incremental addition to TECO's overall generation.

Subscriber Benefits

TECO states that the main objective of the SSR-1 Tariff is to provide customers who cannot otherwise install rooftop solar with an opportunity to receive some, or all, of their power from a TECO-owned solar energy source. A customer may not be able to install rooftop solar if they rent or lease, cannot afford the upfront costs of rooftop solar, or have roof conditions which are poor for purposes of solar energy production. Customers who participate in the tariff would do so on a month-to-month basis with no commitment beyond the first month. The tariff is designed so that new subscribers could join at any time, assuming unsubscribed energy is available; otherwise, they would be put on a waiting list.

As customer demand exceeds the 17.5 MW output of this site and the waiting list grows, additional solar capacity may be added to the SSR-1 Tariff, after obtaining Commission approval. Therefore, by participating in the SSR-1 Tariff, customers would be paying to encourage the growth of solar generation in Florida.

A future financial incentive may also exist for participants in the tariff. According to TECO's fuel price forecast, fuel prices are expected to increase to levels above the Shared Solar Charge of $0.063 per kWh.[14] This means that a cross-over point likely exists during the tariff's span, where an SSR-1 customer may eventually pay a lower rate than a customer under the traditional rate structure.

Levelized Cost Calculation

As discussed in the Company's Petition, the initial energy charge of $0.063 per kWh is based on the levelized rate for full recovery of the revenue requirements of the 17.5 MW portion of Lake Hancock and the administrative costs of the SSR-1 program at full subscription.[15] Staff reviewed both the revenue requirement and the levelized cost calculation.

Revenue Requirement

In response to staff's data request, the Company provided a detailed breakdown of the revenue requirement. The Company assumed the same fixed unit price of $1,494 per kilowatt (kW)

[12]Order No. PSC-2017-0456-S-EI, issued November 27, 2017, in Docket No. 20170210-EI, *In re: Petition for limited proceeding to approve 2017 amended and restated stipulation and settlement agreement.*
[13]TECO's response to staff's Fourth Data Request, No. 1B.
[14]TECO's response to staff's First Data Request, No. 28A.
[15]Full subscription would be equal to 95 percent of the energy produced by the 17.5 MW, reserved for SSR-1 Tariff use, at Lake Hancock.

installed as in TECO's Second SoBRA proceeding.[16] Fixed O&M expenses are notably lower than in the Second SoBRA, reducing from $7.70/kW-year to $4.03/kW-year, based on an updated O&M agreement TECO reached with a third party. For program administrative costs, TECO assumed higher initial start-up costs, and then escalating administrative costs over the duration of the SSR-1 Tariff. Administrative costs are $156,708 for the first year and $105,048 the second year, with an annual 2.1 percent escalation thereafter.[17] These costs are made up of call center operations, program management, marketing, training, software, and other expenses.

Levelized Cost Rate

To determine the levelized cost rate, TECO used full subscription, such that it would collect the full revenue requirement from only 95 percent of the energy output of the 17.5 MW of Lake Hancock. The Company included the effects of degradation of the unit over time and assumed a capacity factor of 25.8 percent, slightly lower than the 26.3 percent used in the second SoBRA docket. Overall, the Company's proposed $0.063 per kWh rate appears reasonable based upon Lake Hancock and SSR-1 Tariff program costs.

Recovery of the 17.5 MW Portion of Lake Hancock

TECO has indicated that the 17.5 MW SSR-1 portion of Lake Hancock would become part of the Company's total cost of service, thereby impacting surveillance reporting, including during the TECO Settlement period.[18] However, all revenue collected under the SSR-1 Tariff would also be included in surveillance reporting, thus offsetting the cost and revenue requirements. While the cost and expense of the 17.5 MW portion of Lake Hancock, and the revenue collected to offset such cost and expense, would be included in surveillance reporting, the actual cost, expense, and revenue are uncertain in amount.

If the tariff is approved, during a future rate proceeding, the 17.5 MW SSR-1 portion of Lake Hancock would be included in the revenue requirements, thus added to base rates. The revenues collected under the tariff would be revenue credited to the revenue requirement as an offset. Since the proposed Shared Solar Charge ($0.063 per kWh) has been shown to cover the costs of the unit and administration of the tariff at full subscription, the revenue credit would allow for a lower rate than if TECO recovered the unit through its SoBRA. While the Company proposes a Shared Solar Charge to completely offset the capacity costs and O&M expenses, both the costs and revenues of the program have the potential to ultimately impact base rates throughout most of the program period (the years after the Settlement period). Overall, the revenue credit can be expected to offset the revenue requirement of the unit to limit any impact on base rates.

Impact of the SSR-1 Tariff on Non-participants

In response to a staff data request, TECO initially indicated that the SSR-1 Tariff has been designed so that, over the life of the shared solar facility, non-participating customers would experience minimal, if any, bill impacts due to the program.[19] At full subscription of the unit, TECO's initial analysis indicated that non-participants would pay $0.12 more per month for

[16]Order No. PSC-2018-0571-FOF-EI, issued June 29, 2018, in Docket No. 20180133-EI, *In re: Petition for limited proceeding to approve second SoBRA.*
[17]TECO's response to staff's First Data Request, No. 1.
[18]The Settlement restricts any change in base rates through 2021, other than SoBRA additions.
[19]TECO's response to staff's First Data Request, No. 7.

electricity in 2019 due to the impact of an increase in the fuel charge, but that bill impact amount would be reduced to $0.01 more per month by 2048.[20]

TECO later revised its response, stating that its initial response was based on the concept that there would be no change in non-solar generation, wherein the fuel impact reflected the same amount of MW but fewer fuel clause participants. TECO indicated that such an outcome would be a theoretical worst case scenario. The Company reanalyzed the impact to non-participants based on what it described as the most likely scenario, wherein the program's solar capacity (17.5 MW) would reduce the dispatch of TECO's total non-solar capacity.[21] At full subscription, TECO indicated that the program should result in no impact to non-participants. The Company also indicated that less than full subscription would benefit non-participants by reducing fuel rates charged through the FCRC.

Staff considered the ways non-participant rates might be impacted if the SSR-1 Tariff is approved. As discussed earlier, staff recognizes that TECO's proposed Shared Solar Charge is designed to generate sufficient revenue to offset the revenue requirement of the program, and while actual results may vary, the rate, as proposed, appears to be sufficient to protect the general body of ratepayers. This assessment is further supported by the fact that the capacity of this proposed community solar program is limited to 17.5 MW.

Another possible impact on rates will be whether or not the displacement of non-solar generation under the program will be sufficient to fully offset the program's lost fuel revenue. Lost fuel revenue under the tariff is associated with the participants not paying the fuel charge. The 17.5 MW at Lake Hancock is considered incremental solar capacity, thus allowing for fuel savings that would not otherwise be available to the general body of ratepayers given the 600 MW solar capacity restriction defined in the Settlement and TECO's stated intention to maximize its SoBRA construction to 600 MW.[22] At full capacity, staff believes the fuel savings associated with the incremental plant would be roughly equivalent to the lost fuel revenue.

Under the special conditions presented in this docket, related to the Settlement, staff agrees with the Company that any future non-participant rate impacts can be expected to be minimal. The avoided fuel costs can be expected to offset the lost fuel revenues. In regard to base rate impacts, the revenue from the Shared Solar Charge can be expected to offset the revenue requirement of the 17.5 MW unit. In sum, staff believes non-participants are not likely to pay higher rates with the implementation of the SSR-1 Tariff.

Compliance with the Settlement

Staff requested that TECO obtain verification from the Settlement signatories to confirm that the SSR-1 Tariff is in accordance with the terms of the Settlement. Paragraph 12 of the Settlement requires that new or revised tariffs requested by TECO must not increase existing base rates or

[20]TECO's response to staff's First Data Request, No. 5.
[21]TECO's response to staff's Fourth Data Request, No. 1.
[22]Order No. PSC-2017-0456-S-EI, issued November 27, 2017, in Docket No. 20170210-EI, *In re: Petition for limited proceeding to approve 2017 amended and restated stipulation and settlement agreement*, Attachment A, Page 10 of 43, and TECO's Response to Vote Solar's Motion to Leave to File Amicus Curiae Memorandum, dated March 18, 2019, Paragraph 8.

other non-optional charges to customers.[23] The Office of Public Counsel, Florida Retail Federation, Florida Industrial Power Users Group, and Federal Executive Agencies do not believe that the tariff conflicts with the terms of the Settlement. Staff contacted the WCF Hospital Utility Alliance, which stated that it has no position.

Staff reviewed the SSR-1 Tariff proposal in light of the various provisions of the Settlement. As stated previously, neither base rates nor the fuel charge are expected to be impacted during the Settlement period by the proposed tariff. The tariff provides an additional 17.5 MW of solar generation that would not otherwise be available to TECO's customers, thereby creating fuel savings to counteract the lost fuel revenue associated with the participants' fuel clause exemption. Staff does not believe that the SSR-1 Tariff violates the Settlement.

Reporting Requirements

Due to the fact that this tariff is a new concept, staff believes the Commission would be able to discern customer acceptance and financial performance going forward by requiring annual reports from TECO in the first three years of the tariff. Staff believes that the tariff's participation and waiting list levels, energy sales amounts, costs, and revenues would be essential in analyzing the impacts on both participants and non-participants.

Conclusion

Staff believes that the SSR-1 Tariff provides a reasonable alternative to customers who cannot otherwise invest in solar generation. Staff believes that the Shared Solar Charge of $0.063 per kWh reasonably offsets the unit costs and administration of the SSR-1 Tariff. Further, staff believes it is reasonable to expect that the tariff will provide benefits to the participants, while having minimal impact on the general body of ratepayers.

Staff therefore recommends that the Commission approve TECO's petition for approval of a new shared solar tariff. The tariff should become effective after TECO completes its tariff-related billing systems, which is expected to be in June 2019. TECO should notify Commission staff when this is completed and the effective date of the tariff is known. TECO should be required to file summary reports with the Commission containing prior year results of the SSR-1 Tariff by March 1 of 2020, 2021, and 2022, including SSR-1 participation and waiting list levels, energy sales amounts, costs, and revenues in this docket.

[23]Order No. PSC-2017-0456-S-EI, issued November 27, 2017, in Docket No. 20170210-EI, *In re: Petition for limited proceeding to approve 2017 amended and restated stipulation and settlement agreement*, Attachment A, Page 27 of 43,

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff, if in effect at that time, should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of the consummating order. (Trierweiler)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff, if in effect at that time, should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of the consummating order.

TECO. TAMPA ELECTRIC AN EMERA COMPANY

SIXTEENTH REVISED SHEET NO. 3.010
CANCELS FIFTEENTH REVISED SHEET NO. 3.010

MISCELLANEOUS

TECO
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ORIGINAL SHEET NO. 3.300

SHARED SOLAR RIDER

SCHEDULE: SSR – 1

AVAILABLE: At the option of the customer, available to residential, commercial and industrial customers per device (non-totalized or totalized electric meter) on rate schedules RS, GS, GSD and IS on a first come, first served basis subject to subscription availability. Not available to customers who take service under NM-1, RSVP-1, any standby service or time of use rate schedule. Subscription availability will be dependent on availability of the Shared Solar facility. Customers who apply when availability is closed will be placed on a waiting list until Shared Solar capacity becomes available. The Shared Solar facility will be for 17.5 MWac* capacity and full subscription will be when 95% of expected annual energy output has been subscribed.

APPLICABLE: Applicable, upon request, to eligible customers in conjunction with their standard rates and availability of service subject to subscription availability.

CHARACTER OF SERVICE: Shared Solar - 1 (SSR-1) enables customers to purchase monthly energy produced from Company-owned solar facilities for a selected percentage of that month's billed kWh. For RS and GS, individual subscriptions will be measured as a percentage of the monthly energy consumption as selected by the customer: 25%, 50% or 100% rounded up to the next highest kWh. For GSD and IS, a fixed kWh subscription in 1,000 kWh blocks will be identified by the customer not to exceed their average monthly kWh consumption for the previous 12-months at the time of subscription.

MONTHLY RATE: $0.063 per kWh for monthly energy consumption.

The monthly SSR-1 rate, multiplied by the monthly energy consumption selected by the customer, will be charged to the customer in addition to the customer's normal cost of electricity pursuant to their RS, GS, GSD or IS tariff charges applied to their entire monthly billing determinants, with the exception of the Fuel Charge, which is normally billed under the applicable tariff. Tampa Electric will seek to maintain the SSR-1 energy rate at $0.063 per kWh or lower until January 1, 2048, however the SSR-1 energy rate will remain subject to change by order of the Florida Public Service Commission.

Under SSR-1, the Fuel Charge for the applicable RS, GS, GSD, or IS tariff, for the monthly energy percentage or blocks selected by the customer, will be billed at a rate of $0.00 per kWh provided under this rider. The Fuel Charge applies to the remainder of the monthly billing determinates.

Continued to Sheet No. 3.305

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ORIGINAL SHEET NO. 3.305

Continued from Sheet No. 3.300

TERM OF SERVICE: Subscription to the SSR-1 Rider will be for a period of one (1) month. The subscription will automatically renew on a month-to-month basis, until the customer provides notice of cancellation. After cancellation request is received, subscription will be removed from account within two billing cycles.

Requests to rejoin the SSR-1 Rider after previous cancellation may be subject to price changes and subscription availability. Participating customers who relocate to another Tampa Electric Company metered residence may transfer their subscription to the new premises. A participating customer cannot transfer their rights under this Rider to another customer.

State or Federal Legislation Opt-Out Clause: If State or Federal laws are instituted requiring Tampa Electric to provide renewable energy to all customers on some basis, the Company reserves the right to cancel all contracts and sales through this tariff without penalty.

SPECIAL PROVISIONS:

1. The bill calculated under this tariff is subject to change in such an amount as may be approved and/or amended by the Florida Public Service Commission.

2. Service hereunder is subject to the Rules and Regulations for Electric Service on file with the Florida Public Service Commission.

3. Billing will begin with the first billing cycle of the month following the month service under this Rider has been granted to the SSR-1 customer. Billing will cease should the Shared Solar facility utilized for service under this Rider cease operation for any reason or if the Opt-Out Clause listed above is enforced by Tampa Electric.

4. No charges made under this Rider in prior months will be refunded or adjusted if service under this Rider is discontinued for any reason.

5. The Company will retain ownership of the Renewable Energy Credits (RECs) and all other environmental attributes including but not limited to carbon emission reduction credits, which will not be otherwise sold by the Company. Customers may request to have RECs deposited into a designated account at their own expense.

6. Customers may not take service under the Levelized Payment Plan and Shared Solar Rider.

Item 13

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Merryday, Doherty, Higgins)
Office of the General Counsel (Trierweiler)

RE: Docket No. 20190034-EI – Petition for approval of optional supplemental power services pilot program and rider, by Florida Power & Light Company.

AGENDA: 05/14/19 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-day suspension date waived by Florida Power & Light Company until 05/14/19

SPECIAL INSTRUCTIONS: None

Case Background

On January 31, 2019, Florida Power & Light Company (FPL or utility) filed a petition for approval of an optional three-year supplemental power services pilot program (OSPS pilot program) and associated tariff. The OSPS pilot program would offer customers on-site back-up generation that is installed, operated, maintained, and owned by FPL. Customers would be responsible for all costs associated with the back-up generation provided by FPL through a monthly fee. In addition, FPL requested that the Commission establish depreciation rates applicable to its customer-sited generators.

The Commission approved a similar program for Duke Energy Florida, LLC (DEF) in 2001.[1] DEF's program was originally approved for a 5-year period with subsequent extensions and tariff modifications approved in 2006, 2011, and 2016.

On February 15, 2019, FPL provided a letter waiving the 60-day file and suspend provision of Section 366.06(3), Florida Statutes (F.S.), until the May 14, 2019 Agenda Conference. On February 25 and March 21, 2019, FPL responded to staff's data requests. Issue 1 addresses the proposed OSPS pilot program and Issue 2 addresses the proposed depreciation rates. The OSPS pilot program tariff sheets are contained in Attachments A, B, and C of this recommendation. Attachment A shows the OSPS tariff, Attachment B shows the residential OSPS agreement, and Attachment C shows the non-residential OSPS agreement. The Commission has jurisdiction over this matter pursuant to Sections 366.04 and 366.06, F.S.

[1] Order No. PSC-01-1648-TRF-EI, issued August 13, 2001, in Docket No. 010373-EI, *In re: Petition for approval to provide optional Premier Power Service Rider, Rate Schedule PPS-1, for general service customers by Florida Power Corporation.*

Discussion of Issues

Issue 1: Should the Commission approve FPL's petition for approval of the OSPS pilot program?

Recommendation: Yes, the Commission should approve FPL's petition for approval of the OSPS pilot program. The participating customers would be responsible for all costs associated with this optional program, thus protecting the general body of ratepayers. The proposed tariffs should become effective 90 days after the Commission's order approving the program. The proposed OSPS tariff can be found in Attachments A, B, and C to this recommendation. Prior to the expiration of the three-year OSPS pilot program, FPL should petition the Commission regarding the future of the program. (Merryday)

Staff Analysis: Customers currently have the option of contracting with licensed electrical contractors or general contractors not affiliated with FPL to install on-site back-up generation. FPL states that the process of finding a back-up generation solution could require a customer to independently research solutions, solicit offers from installers, evaluate installers, and negotiate the terms of a contract. FPL explained that customers would have significant up-front and continuing costs associated with back-up generation including the monitoring, maintenance, and repair of the equipment. Based on inquiries made by customers and conversations with customers, FPL asserts that customers are increasingly seeking back-up power solutions.

OSPS Pilot Program Overview

FPL is proposing the OSPS pilot program to introduce the option of back-up power to customers that wish to avoid the associated ownership and maintenance responsibilities. Under the OSPS pilot program, FPL would be responsible for the monitoring, maintenance, and repair of the equipment located on a customer's premises. The customer would be responsible for all costs associated with this service through a monthly fee. FPL projects that approximately 300 customers will participate in the OSPS pilot program.

FPL explained that the appropriate back-up power solution will be determined by the customer's needs and the feasibility of system implementation. The utility will conduct an evaluation of customer requirements and of potential solutions. The utility and the customer would thereafter execute a residential or non-residential OSPS agreement that includes all the terms and conditions of the OSPS service. In addition, a customer-specific "Statement of Work" will include a description of the equipment installed, the service to be performed by FPL, and the monthly charge for the service. The agreements are included as Attachments B and C to this recommendation. Under the terms of the OSPS agreements, customers commit to remain in the OSPS pilot program for the specified term or otherwise compensate FPL for the net unrecovered capital and maintenance costs of the installed assets.

OSPS Equipment

In response to staff's data request, FPL explained that the type of back-up generators contemplated for use will depend on each customer's needs and is subject to change over time as technology advances. The OSPS pilot program is designed to accommodate any back-up and power conditioning technology currently available or available in the future. Currently, the types of generators contemplated for use include:

- "Whole House" residential standby generators – primarily 120/240V single-phase, stationary generators fueled by either natural gas or liquid propane, ranging from approximately 10 kilowatts (kW) to 50 kW.

- Commercial standby generators – either single-phase or three-phase stationary generators, fueled by natural gas, liquid propane, or diesel, ranging in size from 20 kW to over 60 kW. These generators are used for small-to-medium commercial applications that do not have demanding load requirements.

- Large commercial/industrial "Heavy Duty" standby generators – three-phase stationary generators typically fueled by diesel or natural gas, ranging in size from approximately 50 kW to over 2 megawatts. These generators are typically custom-built for the application and designed to meet demanding, critical load requirements.

The utility explained that, with customer approval, FPL may install additional equipment, such as interconnection, dispatch, control and/or monitoring equipment, which would enable FPL to dispatch the equipment to assist with system emergencies. The costs of such interconnection or dispatch equipment would not be included in the customer's monthly payment and therefore borne by the utility. The customer would always have the primary right to the power and any potential dispatch of equipment to support grid operations would not encumber the equipment's ability to provide the service specified in the customer's OSPS agreement.

Monthly Service Payment

FPL explained that a customer's monthly payments will cover all costs associated with the back-up generation provided by FPL. The monthly fee is referred to as a monthly service payment in the proposed tariff. The tariff provides a formula that FPL will use to calculate the monthly fee. FPL provided work papers to show sample calculations, based on generator size, in response to staff's first data request, No. 14. The monthly fee would apply in addition to all otherwise applicable charges. The monthly fee will reflect two types of costs intended to be recovered over the term of a customer's OSPS agreement: (1) capital costs of the installed generator and (2) on-going expenses. The two types of costs are discussed below.

Capital Costs

Each customer's capital costs will be identified in an engineering/evaluation phase. FPL states that the capital costs under the OSPS pilot program will include the cost of the selected equipment and the cost of installation. Installation costs may include engineering, surveys, construction plans, permits, site preparation, and miscellaneous materials. Carrying costs that reflect FPL's approved capital structure will be assessed on the total capital amount.

On-going Expenses

The projected on-going expenses recovered under the OSPS pilot program may include, but are not limited to: non-fuel operations and maintenance expenses, administrative and general expenses, depreciation expenses, and property taxes on the installed equipment. In addition, the expenses include a six percent factor to reflect a bad debt and loss reserve.

FPL explained that the utility may provide fueling services to non-residential OSPS pilot program customers in limited cases. Fuel expenses will be added to the customer's monthly

service payment and will be trued-up annually based upon actual and forecasted operating parameters and fuel costs. The utility stated that the fuel costs incurred under the OSPS pilot program will not be included in FPL's fuel cost recovery clause filings.

In addition to annual revisions to the fuel expense, FPL stated that the monthly service payment may be adjusted by agreement of both the customer and the utility during the term of service. Reasons for modifying the monthly fee may include, but are not limited to, changes in service required by the customer, requests by the customer for supplemental equipment or services, or changes or increases in the customer's facilities which will materially affect the operation of the utility's equipment.

FPL proposes to include the capital costs of the OSPS pilot program in rate base and the revenues from the monthly fee will be included in base rate operating revenue (which acts as a credit when setting base rates). FPL asserts that the OSPS program is designed to have no impact on the general body of ratepayers over the life of the equipment and that the capital investment only occurs after a customer signs a long-term contract.

Table 1-1 shows three examples of generators with potential parameters contemplated for use under the OSPS pilot program. Numbers provided by FPL are for illustrative purposes and actual costs are contingent on specific project requirements.

Table 1-1
Examples of Monthly Service Payments

Equipment Type	Capital Costs	On-going Expenses	Contract Term	Monthly Service Payment
Residential, light-duty, whole-house generator	$15,000	$1,000/year	10 years	$303/month
100 kW commercial heavy-duty generator	$90,000	$2,750/year	20 years	$1,167/month
1,000 kW industrial heavy-duty generator	$650,000	$9,250/year	20 years	$7,302/month

Source: FPL's response to staff's data request, No. 14.

OSPS Pilot Program Period

FPL requests that the OSPS pilot program be approved as a pilot program and an experimental rate for a period of three years. FPL requests that this three-year period commence 90 days after the Commission's order approving the OSPS pilot program. The utility states that the three-year period will allow FPL to gain insight into the benefits, costs, and optimal economic implementation of various customer-sited back-up power solutions and equipment configurations. During this time, FPL will determine whether the estimates and assumptions used in developing the OSPS pilot program were reasonably accurate and that if continuing the

OSPS program on a permanent basis is warranted. If the utility decides against continuing the OSPS program after the pilot period expires, FPL proposes that customers taking service under the OSPS pilot program would be allowed to continue being served pursuant to and through the term of their OSPS agreement.

Conclusion

Based on the petition and materials provided in response to staff's data requests, the Commission should approve FPL's petition for approval of the OSPS pilot program and rider. The participating customers are responsible for all costs associated with this optional program, thus protecting the general body of ratepayers. The proposed tariffs should become effective 90 days after the Commission's order approving the program. The proposed tariffs and OSPS agreements can be found in Attachments A, B, and C to this recommendation. Prior to the expiration of the three-year OSPS pilot program, FPL should petition the Commission regarding the future of the program.

Issue 2: Should the Commission establish annual depreciation rates applicable to FPL's customer-sited generators?

Recommendation: Yes. Staff recommends the Commission approve a 10 percent annual depreciation rate for Light-Duty Generators and a 5 percent annual depreciation rate for Heavy-Duty Generators. (Higgins)

Staff Analysis:

Depreciation Parameters and Rates

In accordance with Rule 25-6.0436(3)(b), Florida Administrative Code (F.A.C.), FPL requests Commission approval of two new depreciation rates.[2] The requested depreciation rates would apply to four newly-established plant subaccounts. The subaccounts would be listed under Federal Energy Regulatory Commission (FERC) Account – 371 - Installations on customers' premises and Account – 372 - Leased property on customers' premises.

Pursuant to Rule 25-6.0436(3)(a), F.A.C., electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the Uniform System of Accounts for Public Utilities and Licensees, as found in the Code of Federal Regulations, which is incorporated by reference in Rule 25-6.014(1), F.A.C.[3] The four property subaccounts, which are based on Uniform System of Accounts prescribed for public utilities and licensees subject to the provisions of the Federal Power Act are: Account 371.6 - Light-Duty Generators; Account 371.7 - Heavy-Duty Generators; Account 372.6 - Light-Duty Generators; and Account 372.7 - Heavy-Duty Generators.

For light-duty generators and associated ancillary equipment, the utility requests approval of a 10-year average service life (ASL) and a zero percent net salvage level (NS). An annual depreciation rate of 10 percent is computed from these parameters.[4] For heavy-duty generators and associated ancillary equipment, FPL requests approval of a 20-year ASL and a zero percent NS level. An annual depreciation rate of 5 percent is computed from these parameters.

In response to staff's data requests, FPL provided supporting information detailing typical life expectancies for customer-sited generators covering various levels of electric output.[5] The information includes life estimates from generator manufacturers, associated trade groups, and engineering-oriented academia. In reviewing the provided materials, staff believes that the utility's life proposals are well founded and that a 10- and 20-year ASL for light-duty and heavy-duty generators respectively are reasonable at this time. Further, the Commission will have

[2] Rule 25-6.0436(3)(b), F.A.C., requires that: "[u]pon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category."
[3] Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities, as revised April 1, 2013.
[4] Rule 25-6.0436(1)(e), F.A.C., and Rule 25-6.0436(1)(m), F.A.C., specify the Commission's depreciation rate formulae and methodologies.
[5] FPL's Responses to Staff's First Data Request, Document Request No. 1.

future opportunities based on existing rules to evaluate FPL's depreciation data associated with useful lives and net salvage levels and to order modifications as it deems appropriate.[6]

Conclusion

For the reasons discussed above, staff recommends that a 10 percent annual depreciation rate for Light-Duty Generators and a 5 percent annual depreciation rate for Heavy-Duty Generators, applicable to subaccounts Account 371.6 - Light-Duty Generators; Account 371.7 - Heavy-Duty Generators; Account 372.6 - Light-Duty Generators; and Account 372.7 - Heavy-Duty Generators, be approved.

[6] Rule 25-6.0436(4)(a), F.A.C., requires investor-owned electric companies to file a depreciation study for Commission review at least once every four years from submission of the previous study and/or pursuant to Commission order.

Issue 3: Should this docket be closed?

Recommendation: If a protest is filed within 21 days of the issuance of the order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed upon issuance of a consummating order. (Trierweiler)

Staff Analysis: If a protest is filed within 21 days of the issuance of the order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed upon issuance of a consummating order.

FLORIDA POWER & LIGHT COMPANY **Original Sheet No. 8.845**

SUPPLEMENTAL POWER SERVICES RIDER PILOT
(OPTIONAL)

RATE SCHEDULE: OSP-1

AVAILABLE:

In all territory served. This optional rider ("Rider") is available on a voluntary basis to Customers who desire an alternative source of power supply and/or power conditioning service ("Service") in the event Customers' normal electric supply is disrupted. This Rider shall expire three years from the effective date of this program, unless extended by approval of the FPSC. No new Optional Supplemental Power Services Agreements may be executed following the expiration of this Rider. Service under this Rider shall be provided under the terms specified in the Optional Supplemental Power Services Agreements that are outstanding at such time as the Rider expires.

APPLICATION:

Service is provided through the installation of equipment by the Company at the Customer's premise, the purpose of which is to meet the Customer's requested scope of Service. In order to meet the Service need identified by the Customer, the Company will conduct an evaluation of Customer requirements and of potential solutions, including the potential need of a detailed professional engineering design through a feasibility study. The Company and the Customer may thereafter execute a Residential or Non-Residential Optional Supplemental Power Services Agreement ("Agreement") which must include a description of the equipment to be installed, the Service to be performed, and the monthly charge for the Service. Upon receipt of the proposed Agreement from Company, the Customer shall have no more than ninety (90) days to execute the Agreement. After 90 days, the proposed Agreement shall be considered expired, unless extended in writing by the Company.

Service would be at the Customer's request and is not considered by the Company to be usual and customary for the type of installation to be served.

LIMITATION OF SERVICE:

Installation of Service equipment shall be made only when, in the judgment of the Company, the location and the type of the Service equipment are, and will continue to be economical, accessible and viable. The Company will own, operate and maintain the Service equipment for the term of the Agreement.

The Company may, at its option, provide and maintain equipment required by the Customer beyond the point of delivery for standard electric service. In the event that Company agrees to a Customer's request to connect generating equipment on the Company's side of the billing meter, energy provided by such equipment will be billed under the Customer's otherwise applicable general service rate schedule.

MONTHLY SERVICE PAYMENT:

The Company will design, procure, install, own, operate and provide maintainance to all equipment included in the determination of the Monthly Service Payment. The Monthly Service Payment under this Rider is in addition to the monthly billing determined under the Customer's otherwise applicable rate schedule and any other applicable charges, and shall be calculated based on the following formula:

Monthly Service Payment = Capital Cost + Expenses

Where:

Capital Cost shall be levelized over the term of Service based upon the estimated installed cost of equipment times a carrying cost. The carrying cost is the cost of capital, reflecting current capital structure and most recent FPSC-approved return on common equity.

Any replacement cost(s) expected to be incurred during the term of Service will also be included. Any equipment installed by the Company that is not necessary to support Service to the customer shall not be included in the Monthly Service Payment.

Except for fuel expenses, projected expenses will be recovered on a levelized basis over the term of Service and may include, but not be limited to: non-fuel operations and maintenance expenses associated with the installed equipment, administrative and general expenses, depreciation expense, income taxes, and property taxes that will be recorded as costs are incurred.

(Continue on Sheet No. 8.846)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective:

FLORIDA POWER & LIGHT COMPANY **Original Sheet No. 8.846**

(Continued from Sheet No. 8.845)

Fuel expenses, if applicable, will be recalculated annually for the following 12-month period based on forecasted operating parameters and expected fuel costs, and will be in addition to the Monthly Service Payment. Fuel expense will be based upon an estimate of the cost of fuel consumed for back-up operation and testing and also includes, but is not limited to, delivery costs, inventory costs, administrative expenses and taxes applicable to Company's acquisition, storage and delivery of the fuel. Actual fuel expenditures will be reconciled to projected fuel revenues annually and any differential will be incorporated into the following twelve (12) month fuel charge component.

REVISIONS TO MONTHLY SERVICE PAYMENT:

In addition to annual revisions to fuel expense, when applicable, during the term of the Service, the Monthly Service Payment(s) may be adjusted, by agreement of both the Customer and the Company, to reflect the Customer's request for modifications to the Service and equipment specified in the Optional Supplemental Power Services Agreement. Modifications include, but are not limited to, equipment modifications necessitated by changes in the character of Service required by the Customer, requests by the Customer for supplemental equipment or services, or changes or increases in the Customer's facilities which will materially affect the operation of the Company's equipment.

TERM OF SERVICE:

The term of Service will be specific to each Optional Supplemental Power Services Agreement.

RULES AND REGULATIONS:

Service under this Rider is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this Rider and said "General Rules and Regulations for Electric Service" the provision of this Rider shall apply.

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective:

RESIDENTIAL OPTIONAL SUPPLEMENTAL POWER SERVICES AGREEMENT

THIS Residential Optional Supplemental Power Services Agreement ("Agreement") is made and entered into this _____ day of _____, 20__ by and between _____, having a primary residence located at _____ (hereafter, the "Customer") and Florida Power & Light Company, a Florida corporation, having offices at 700 Universe Boulevard, Juno Beach, Florida 33408 (hereafter "Company")(each a "Party" and collectively the "Parties"). The Service (as defined in the paragraph below) provided under this Agreement is subject to the Rules and Orders of the Florida Public Service Commission ("FPSC") and to Company's Electric Tariff, including, but not limited to the Optional Supplemental Power Services Rider, Rate Schedule OSP-1, as approved or subsequently revised by the FPSC (hereafter the "Rider") and the General Rules and Regulations for Electric Service as they are now written, or as they may be hereafter revised, amended or supplemented (collectively, hereafter refered to as the "Electric Tariff"). In case of conflict between any provision of this Agreement and the Electric Tariff, this Agreement shall control. Capitalized terms not defined herein shall have the meaning set forth in the Electric Tariff.

WHEREAS, the Customer hereby applies to Company for receipt of service, as more specifically described in a Statement of Work ("SOW"), for the purpose of providing an alternative source of power supply and/or power conditioning service in the event Customer's normal electric supply is disrupted (hereafter the "Service") at the Customer residential property located at _____ (hereafter the "Residential Property").

NOW THEREFORE, in consideration of their mutual promises and undertakings, the Parties agree to the following terms and conditions in this Agreement:

1. **Effective Date**. This Agreement shall become effective upon the acceptance hereof by Company ("Effective Date"), evidenced by the signature of Company's authorized representative appearing below, which, together with the Electric Tariff and the SOW, shall constitute the entire agreement between the Customer and Company with respect to provision of the Service.

2. **Term of Agreement**. The term of this Agreement will commence on the Effective Date and will continue for ____ years following the Residential Operation Date as defined in Section 4(a) below (the "Term").

3. **Scope of Services**. Company will design, procure, install, own, operate, and provide maintenance to all alternative sources of power supply and/or power conditioning equipment ("Equipment") to furnish the Service as more specifically described in the SOW. Customer acknowledges and agrees that (i) the Equipment will be removable and will not be a fixture or otherwise part of the Residential Property, (ii) Company will own the Equipment, and (iii) Customer has no ownership interest in the Equipment. For the avoidance of doubt, it is the Parties' intent that this Agreement (i) is for the Company's provision of Services to Customer using Company's Equipment, and (ii) is not for the license, rental or lease of the Equipment by Company to Customer.

4. **Design and Installation**. Company will design, procure, and install the Equipment pursuant to the requirements of the SOW.

   (a) Residential Operation. Upon completion of the installation of the applicable Equipment in accordance with the requirements of the SOW, Company shall deliver to Customer a notice that the Equipment is ready for operation, with the date of such notice being the "Residential Operation Date".

   (b) Commencement of Monthly Service Payment Upon Residential Operation Date. Customer's obligation to pay the applicable Customer's monthly Service payment, plus applicable taxes due from Customer pursuant to Section 6 (Customer Payments), shall begin on the Residential Operation Date and shall be due and payable by Customer pursuant to the General Rules and Regulations for Electric Service.

5. **Equipment Maintenance; Alterations**. During the Term, Company shall provide maintenance to the applicable Equipment in accordance with generally accepted industry practices. Customer shall promptly notify Company when Customer has knowledge of any operational issues or damage related to the Equipment. Company shall inspect and repair Equipment that is not properly operating within the timelines agreed upon in the SOW. Company will invoice Customer for repairs that are the Customer's financial responsibility under

(Continued on Sheet No. 9.812)

(Continued from Sheet No. 9.811)

Section 12(c), due and payable by Customer within thirty (30) days of the date of such invoice. The Customer shall not manually operate or test Equipment, move, modify, remove, adjust, alter or change in any material way the Equipment, or any part thereof, during the term of the Agreement, except in the event of an occurrence reasonably deemed by the Customer or Company to constitute a bona fide emergency. All replacements of, and alterations or additions to, the Equipment shall become part of the Equipment. In the event of a breach of this Section 5 by Customer, Company may, at its option and sole discretion, restore Equipment to its original condition at Customer's sole cost and expense.

6. **Customer Payments**.

   (a) Fees. The Customer's monthly Service payment shall be in the amount set forth in the SOW ("Monthly Service Payment"). Applicable taxes will also be included in or added to the Monthly Service Payment. In the event that Company agrees to a Customer's request to connect Equipment on the Company's side of the billing meter, energy provided by such Equipment will be billed under the Customer's otherwise applicable general service rate schedule.

   (b) Late Payment. Charges for Services due and rendered which are unpaid as of the past due date are subject to a Late Payment Charge of the greater of $5.00 or 1.5% applied to any past due unpaid balance of all accounts. Further if the Customer fails to make any undisputed payment owed the Company hereunder within five (5) business days of receiving written notice from the Company that such payment is past due, Company may cease to supply Service under this Agreement until the Customer has paid the bills due. It is understood, however, that discontinuance of Service pursuant to the preceeding sentence shall not constitute a breach of this Agreement by Company, nor shall it relieve the Customer of the obligation to comply with all payment obligations under this Agreement.

7. **Customer Credit Requirements**. In the reasonable discretion of Company to assure Customer payment of Monthly Service Payments, Company may request and Customer will be required to provide cash security, a surety bond or a bank letter of credit, in an amount as set forth in the SOW, prior to Company's procurement or installation of Equipment. Each Customer that provides a surety bond or a bank letter of credit must enter into the agreement(s) set forth in Sheet No. 9.440 of the Company's Electric Tariff for the surety bond and Sheet Nos. 9.430 and 9.435 of the Company's Electric Tariff for the bank letter of credit. Failure to provide the requested security in the manner set forth above within ninety (90) days of the date of this Agreement shall be a material breach of this Agreement unless such 90-day period is extended in writing by Company. Upon the end of the Term and after Company has received final payment for all bills, including any applicable Termination Fee pursuant to Section 13(a), for Service incurred under this Agreement, any cash security held by the Company under this Agreement will be refunded, and the obligors on any surety bond or letter of credit will be released from their obligations to the Company.

8. **Right of Access**. Customer hereby grants Company an access easement on the Residential Property sufficient to allow Company, in Company's sole discretion, to (i) laydown and stage the Equipment, tools, materials, other equipment and rigging and to park construction crew vehicles in connection with the installation or removal of the Equipment, (ii) inspect and provide maintenance to the Equipment; or (iii) provide any other service contemplated or necessary to perform under this Agreement. Furthermore, if any event creates an imminent risk of damage or injury to the Equipment, any person or person's property, Customer grants Company immediate unlimited access to the Residential Property to take such action as Company deems appropriate to prevent such damage or injury (collectively "Access").

9. **Company Operation and Testing of Equipment**. The Company shall have the exclusive right to manually and/or remotely operate the Equipment, and, except as expressly provided in the SOW, has the right to manually and/or remotely operate the Equipment at all times it deems appropriate, including, but not limited to, for the purpose of testing the Equipment to verify that it will operate within required parameters.

(Continue on Sheet No. 9.813)

(Continued from Sheet No. 9.812)

10. **Customer Responsibilities**. Except for an agreed upon Change (as defined in the SOW), the Customer shall not modify its electrical system at the Residential Property in a manner that exceeds the capacity of the Equipment. Company shall be entitled to rely on the accuracy and completeness of any information provided by the Customer related to the Residential Property. The Customer shall be obligated, at its sole expense, to keep the Residential Property free and clear of anything that may (i) impair the maintenance or removal of Equipment, (ii) impair the Company's operation of the Equipment pursuant to Section 9, or (iii) cause damage to the Equipment.

11. **Permits and Regulatory Requirements**. Company shall be responsible for obtaining and for compliance with any license or permit required to be in Company's name to enable it to provide the Service. The Customer shall be responsible for obtaining and for compliance with any license, permits, and/or approvals from proper authorities required to be in Customer's name in order for the Customer to receive the Service. Each Party agrees to cooperate with the other Party and to assist the other Party in obtaining any required permit.

12. **Title and Risk of Loss**.

    (a) Title. The Customer agrees that Equipment installed at the Residential Property is and will remain the sole property of Company unless and until such time as the Customer exercises any purchase option set forth in the Agreement and pays such applicable purchase price to Company. Company reserves the right to modify or upgrade Equipment as Company deems necessary, in its sole discretion, for the continued supply of the Service. Any modifications, upgrades, alterations, additions to the Equipment or replacement of the Equipment shall become part of the Equipment and shall be subject to the ownership provisions of this Section 12(a). The Parties agree that the Equipment is personal property of Company and not a fixture to the Residential Property and shall retain the legal status of personal property as defined under the applicable provisions of the Uniform Commercial Code. With respect to the Equipment, and to preserve the Company's title to, and rights in the Equipment, Company may file one or more precautionary UCC financing statements or fixture filings, as applicable, in such juridictions as Company deems appropriate. Furthermore, the Parties agree that Company has the right to record notice of its ownership rights in the Equipment in the public records of the county of the Residential Property.

    (b) Liens. Customer shall keep the Equipment free from any liens by third parties. Customer shall provide timely notice of Company's title and ownership of the Equipment to all persons that may come to have an interest in or lien upon the Residential Property.

    (c) Risk of Loss to Equipment (Customer Responsibility). **CUSTOMER SHALL BEAR ALL RISK OF LOSS OR DAMAGE OF ANY KIND WITH RESPECT TO ALL OR ANY PART OF THE EQUIPMENT LOCATED AT THE RESIDENTIAL PROPERTY TO THE EXTENT SUCH LOSS OR DAMAGE IS CAUSED BY THE ACTIONS, NEGLIGENCE, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF CUSTOMER, ITS CONTRACTORS, AGENTS, INVITEES AND/OR GUESTS, AND IN THE EVENT THAT THE EQUIPMENT IS DAMAGED BY A FORCE MAJEURE EVENT OR BY THIRD PARTY CRIMINAL ACTS OR TORTIOUS CONDUCT, THE CUSTOMER SHALL BE LIABLE TO THE EXTENT SUCH DAMAGES ARE RECOVERABLE UNDER THE CUSTOMER'S INSURANCE AS REQUIRED TO BE PROVIDED BY SECTION 18(b) OR UNDER ANY OTHER AVAILABLE INSURANCE OF CUSTOMER (COLLECTIVELY A "CUSTOMER CASUALTY")**. Any proceeds provided by such insurance for loss or damage to the Equipment shall be promptly paid to Company.

(Continue on Sheet No. 9.814)

(Continued from Sheet No. 9.813)

(d) Risk of Loss to Equipment (Company Responsibility). In the event the Equipment is damaged and is not a Customer Casualty, the Company will repair or replace the Equipment at Company's cost, or, in the event that Equipment is so severely damaged that substantial replacement is necessary, the Company may in its sole discretion either (i) terminate this Agreement for its convenience upon written notice to Customer, provided that Company will have have the right to remove the Equipment at its cost within a reasonable period of time, and Customer will be obligated to pay any outstanding Monthly Service Payments and applicable taxes for Service provided to Customer up to and through the date the Equipment was damaged, or (ii) replace the Equipment and adjust the Monthly Service Payments to reflect the new in-place cost of the Equipment less the in-place cost of the replaced Equipment. For the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election.

13. **Expiration or Termination of Agreement**.

(a) **Early Termination for Convenience by Customer**. Subject to the obligation of Customer to pay Company the Termination Fee (as defined below), the Customer has the right to terminate this Agreement for its convenience upon written notice to Company at least one-hundred eighty (180) days prior to the effective date of termination. The "Termination Fee" will be an amount equal to (i) any outstanding Monthly Service Payments and applicable taxes for Service provided to Customer prior to the effective date of termination, plus (ii) any unrecovered maintenance costs expended by Company prior to the effective date of termination, plus (iii) the unrecovered capital costs of the Equipment less any salvage value of Equipment removed by Company, plus (iv) any removal cost of any Equipment, minus (v) any payment security amounts recovered by the Company under Section 7 (Customer Credit Requirements). For the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election. Company will invoice Customer the Termination Fee, due and payable by Customer within thirty (30) days of the date of such invoice. Company's invoice may include an estimated salvage value of Equipment removed by Company. Company retains the right to invoice Customer based upon actual salvage value within one-hundred eighty (180) days of the date of Company's removal of Equipment.

(b) **Early Termination by Company for Convenience or by Company Due to Change in Law**. The Company has the right to terminate this Agreement for its convenience upon written notice to Customer at least one-hundred eighty (180) days prior to the effective date of termination, or, in whole or in part, immediately upon written notice to Customer as a result of FPSC actions or change in applicable laws, rules, regulations, ordinances or applicable permits of any federal, state or local authority, or of any agency thereof, that have the effect of terminating, limiting or otherwise prohibiting Company's ability to provide the Service. Upon a termination for convenience by Company pursuant to this Section 13(b), Customer must choose to either: (i) Purchase the Equipment upon payment of (A) a transfer price mutually agreeable to Company and Customer, plus (B) Company's cost to reconfigure the Equipment to accept standard electric service from the Company, plus (C) any outstanding Monthly Service Payments and applicable taxes for Service provided to Customer prior to the effective date of termination, plus (D) any unrecovered maintenance costs expended by Company prior to the effective date of termination, minus (E) any cash security held by the Company under this Agreement; or (ii) Request that Company remove the Equipment, at Company's sole cost, within a reasonable time period, provided that, for the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election. If Customer and Company cannot reach agreement as to the transfer price of the Equipment within ninety (90) days of Company's notice of termination for convenience, Customer shall be deemed to have elected the request for Company to remove the Equipment.

(Continue on Sheet No. 9.815)

(Continued from Sheet No. 9.814)

(c) **Early Termination of Agreement for Cause**. In addition to any other termination rights expressly set forth in this Agreement, Company and Customer, as applicable, may terminate this Agreement for cause upon any of the following events of default (each an "Event of Default"): (i) Customer fails to timely pay the Monthly Service Payment and fails to cure such deficiency within five (5) business days of written notice from the Company; (ii) Company materially breaches its obligations under the Agreement and such failure is not cured within thirty (30) days after written notice thereof by Customer; (iii) Customer fails to perform or observe any other covenant, term or condition under the Agreement and such failure is not cured within thirty (30) days after written notice thereof by Company; (iv) Subject to Section 20, Customer sells, transfers or otherwise disposes of the Residential Property; (v) Customer enters into any voluntary or involuntary bankruptcy or other insolvency or receivership proceeding, or makes as assignment for the benefit of creditors; (vi) any representation or warranty made by Customer or otherwise furnished to Company in connection with the Agreement shall prove at any time to have been untrue or misleading in any material respect; or (vii) Customer removes or allows a third party to remove, any portion of the Equipment from the Residential Property.

i. Upon a termination for cause by Company, the Company shall have the right to access and remove the Equipment and Customer shall be responsible for paying the Termination Fee as more fully described in Section 13(a). For the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election. Additionally, the Customer shall be liable to Company for any attorney's fees or other costs incurred in collection of the Termination Fee. In the event that Company and a purchaser of the Residential Property (who has not assumed the Agreement pursuant to Section 20) agree upon a purchase price of the Equipment, such purchase price shall be credited against the Termination Fee owed by Customer.

ii. Upon a termination for cause by Customer, Customer must choose to either (i) pursue the purchase option pursuant to Section 13(e), or (ii) request that Company remove the Equipment, at Company's sole cost, within a reasonable time period, and pay no Termination Fee; provided that, for the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election.

(d) **Expiration of Agreement**. At least ninety (90) days prior to the end of the Term, Customer shall provide Company with written notice of an election of one of the three following options: (i) to renew the Term of this Agreement, subject to modifications to be agreed to by Company and the Customer, for a period and price to be agreed upon between Company and the Customer, (ii) to purchase the Equipment by payment of the purchase option price set forth in Section 13(e) plus applicable taxes, plus any outstanding Monthly Service Payments and applicable taxes, for Service provided to Customer prior to the expiration of the Term, or (iii) to request that Company remove the Equipment and for Customer to pay Company the Termination Fee. In the event that Customer fails to make a timely election, Customer shall be deemed to have elected the request for Company to remove the Equipment and for Customer to pay the Termination Fee. For the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election. If options (i) or (ii) is selected by Customer but the Parties have failed to reach agreement as to the terms of the applicable option by the expiration of the then currrent Term, the Agreement will auto-renew on a month-to-month basis until (A) the date on which the Parties reach agreement and finalize the option, or (B) the date Customer provides written notice to Company to change its election to option (iii) above.

(Continue on Sheet No. 9.816)

(Continued from Sheet No. 9.815)

(e) **Customer Purchase Option**. Pursuant to a purchase option under Section 13(c), Section 13(d), or Section 20, the Customer may elect to purchase and take title to the Equipment upon payment of (i) the greater of (A) Company's unrecovered capital cost of the Equipment, or (B) the mutually agreed upon fair market value of the Equipment, plus (ii) Company's cost to reconfigure the Equipment to accept standard electric service from the Company, plus (iii) any outstanding Monthly Service Payments and applicable taxes for Service provided to Customer prior to the effective date of termination, plus (iv) any unrecovered maintenance costs expended by Company prior to the effective date of termination, minus (v) any cash security held by the Company under this Agreement. Company will invoice Customer the purchase option price within thirty (30) days of Customer's election of the purchase option, due and payable by Customer within thirty (30) days of the date of such invoice. If Customer and Company cannot reach agreement as to the fair market value of the Equipment within thirty (30) days of Customer's election of the purchase option, then such purchase option will expire and Customer must proceed subject to and pay the Termination Fee pursuant to Section 13(a).

14. Warranty and Representations.

(a) Company's Disclaimer of Express and/or Implied Warranties. **CUSTOMER ACKNOWLEDGES AND AGREES THAT COMPANY HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTEES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING, OR WITH RESPECT TO THE COMPANY'S OBLIGATIONS, SERVICES AND/OR THE EQUIPMENT. CUSTOMER ACKNOWLEDGES THAT THERE IS NO WARRANTY IMPLIED BY LAW, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND THE IMPLIED WARRANTY OF CUSTOM OR USAGE. CUSTOMER FURTHER ACKNOWLEDGES IN NO EVENT DOES COMPANY WARRANT AND/OR GUARANTY TO THE CUSTOMER THAT THE ELECTRICAL SERVICES TO THE RESIDENTIAL PROPERTY WILL BE UNINTERRUPTED OR THAT THE INSTALLATION OF THE EQUIPMENT AND PROVISION OF SERVICES PROVIDED HEREUNDER WILL AVERT OR PREVENT THE INTERRUPTION OF ELECTRIC SERVICES.**

(b) Customer Representations and Warranties. The Customer represents and warrants that (i) the Residential Property at which Company's Equipment is to be located is suitable for the location of such Equipment; (ii) the placing of such Equipment at such Residential Property will comply with all laws, rules, regulations, ordinances, zoning requirements or any other federal, state and local governmental requirements applicable to Customer; (iii) all information provided by the Customer related to the Residential Property is accurate and complete; and (iv) Customer holds sole and exclusive title to the Residential Property or has the sole and exclusive right of possession of the Residential Property for the Term.

15. LIMITATIONS OF LIABILITY.

(a) **IT IS UNDERSTOOD AND ACKNOWLEDGED BY CUSTOMER THAT COMPANY IS NOT AN INSURER OF LOSSES OR DAMAGES THAT MIGHT ARISE OR RESULT FROM THE EQUIPMENT NOT OPERATING AS EXPECTED. BY SIGNING THIS AGREEMENT, CUSTOMER ACKNOWLEDGES AND AGREES THAT COMPANY SHALL NOT BE LIABLE TO THE CUSTOMER FOR COMPLETE OR PARTIAL INTERRUPTION OF SERVICE, OR FLUCTUATION IN VOLTAGE, RESULTING FROM CAUSES BEYOND ITS CONTROL OR THROUGH THE ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS.**

(Continue on Sheet No. 9.817)

(Continued from Sheet No. 9.816)

(b) **SUBJECT TO SECTION 15(c), NEITHER COMPANY NOR CUSTOMER SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT OR INCIDENTAL LOSSES OR PUNITIVE DAMAGES UNDER THE AGREEMENT, INCLUDING LOSS OF USE, COST OF CAPITAL, LOSS OF GOODWILL, LOST REVENUES OR LOSS OF PROFIT, AND COMPANY AND CUSTOMER EACH HEREBY RELEASES THE OTHER FROM ANY SUCH LIABILITY.**

(c) **THE LIMITATIONS OF LIABILITY UNDER SECTION 15(a) AND SECTION 15(b) ABOVE SHALL NOT BE CONSTRUED TO LIMIT ANY INDEMNITY OR DEFENSE OBLIGATION OF CUSTOMER UNDER SECTION 18(c). Customer's initials below indicate that Customer has read, understood and voluntarily accepted the terms and provisions set forth in Section 15.**

Agreed and accepted by Customer: _____ (Initials)

16. **Force Majeure**. Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Residential Property or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected Party to comply with the terms of a collective bargaining agreement). If a Party is prevented or delayed in the performance of any such obligation by a Force Majeure event, such Party shall provide notice to the other Party of the circumstances preventing or delaying performance and the expected duration thereof. The Party so affected by a Force Majeure event shall endeavor, to the extent reasonable, to remove the obstacles which prevent performance and shall resume performance of its obligations as soon as reasonably practicable. Provided that the requirements of this Section 16 are satisfied by the affected Party, to the extent that performance of any obligation(s) is prevented or delayed by a Force Majeure event, the obligation(s) of the affected Party that is obstructed or delayed shall be extended by the time period equal to the duration of the Force Majeure event. Notwithstanding the foregoing, the occurrence of a Force Majeure event shall not relieve Customer of payment obligations under this Agreement.

17. **Confidentiality**. "Confidential Information" shall mean all nonpublic information, regardless of the form in which it is communicated or maintained (whether oral, written, electronic or visual) and whether prepared by Company or otherwise, which is disclosed to Customer. Confidential Information shall not be used for any purpose other than for purposes of this Agreement and shall not be disclosed without the prior written consent of Company.

18. **Insurance and Indemnity**.

(a) Insurance to Be Maintained by the Company. At any time that the Company is performing Services under this Agreement at the Customer Residential Property, the Company shall, maintain, at its sole cost and expense, liability insurance as required by law, including workers' compensation insurance mandated by the applicable laws of the State of Florida. Company may meet the above required insurance coverage with any combination of primary, excess, or self-insurance.

(b) Insurance to Be Maintained by the Customer. During and throughout the Term of this Agreement and until all amounts payable to the Company pursuant to this Agreement are paid in full, the Customer shall maintain a homeowner's property insurance policy with minimum limits equal to the value of the Residential Property and homeowner's liability insurance policy with minimum limits of Three Hundred Thousand ($300,000.00) Dollars.

(Continue on Sheet No. 9.818)

(Continued from Sheet No. 9.817)

(c) Indemnity. The Customer shall indemnify, hold harmless and defend Company from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property ("Losses") to the extent arising out of, connected with, relating to or in any manner directly or indirectly connected with this Agreement; provided, that nothing herein shall require Customer to indemnify Company for Losses caused by Company's own negligence, gross negligence or willful misconduct. The provisions of this paragraph shall survive termination or expiration of this Agreement.

19. **Non-Waiver**. The failure of either Party to insist upon the performance of any term or condition of this Agreement or to exercise any right hereunder on one or more occasions shall not constitute a waiver or relinquishment of its right to demand future performance of such term or condition, or to exercise such right in the future.

20. **Assignment**. Neither this Agreement, nor the Service, nor any duty, interest or rights hereunder shall be subcontracted, assigned, transferred, delegated or otherwise disposed of by Customer without Company's prior written approval. Customer will provide written notice to Company of a prospective sale of the real property upon which the Equipment is installed, at least thirty (30) days prior to the sale of such property. In the event of the sale of the real property upon which the Equipment is installed, subject to the obligations of this Agreement including Section 7 (Customer Credit Requirements), the Customer has the option to purchase the Equipment pursuant to Section 13(e) or this Agreement may be assigned by the Customer to the purchaser if such obligations have been assumed by the purchaser and agreed to by the Customer and the Company in writing. This Agreement shall inure to the benefit of, and be binding upon the successors and assigns of the Customer and Company. This Agreement is free of any restrictions that would prevent the Customer from freely transferring the Residential Property. Company will not prohibit the sale, conveyance or refinancing of the Residential Property. Company may choose to file in the real estate records one or more precautionary UCC financing statements or fixture filings (collectively "Fixture Filing") that preserves their rights in the Equipment. The Fixture Filing is intended only to give notice of its rights relating to the Equipment and is not a lien or encumbrance against the Residential Property. Company shall explain the Fixture Filing to any subsequent purchasers of the Residential Property and any related lenders as requested. Company shall also accommodate reasonable requests from lenders or title companies to facilitate a purchase, financing or refinancing of the Residential Property.

21. **Dispute Resolution, Governing Law, Venue and Waiver of Jury Trial**. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Florida, exclusive of conflicts of laws provisions. Each Party agrees not to commence or file any formal proceedings against the other Party related to any dispute under this Agreement for at least forty-five (45) days after notifying the other Party in writing of the dispute. A court of competent jurisdiction in the Circuit Court for Palm Beach County, Florida or the United States District Court for the Southern District of Florida only, as may be applicable under controlling law, shall decide any unresolved claim or other matter in question between the Parties to this Agreement arising out of or related in any way to this Agreement, with such court having sole and exclusive jurisdiction over any such matters. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS THAT MIGHT EXIST TO HAVE A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED UPON, RELATING TO, ARISING OUT OF, UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

22. **Modification**. No statements or agreements, oral or written, made prior to the date hereof, shall vary or modify the written terms set forth herein and neither Party shall claim any amendment, modification or release from any provision hereof by reason of a course of action or mutual agreement unless such agreement is in writing, signed by both Parties and specifically states it is an amendment to this Agreement.

(Continue on Sheet No. 9.819)

(Continued from Sheet No. 9.818)

23. **Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

24. **Survival**. The obligations of the Parties hereunder which by their nature survive the termination or expiration of the Agreement and/or the completion of the Service hereunder, shall survive and inure to the benefit of the Parties. Those provisions of this Agreement which provide for the limitation of or protection against liability shall apply to the full extent permitted by law and shall survive termination or expiration of this Agreement and/or completion of the Service.

25. **Notices**. All notices, demands, offers or other written communications required or permitted to be given pursuant to this Agreement shall be in writing signed by the Party giving such notice and, shall be either hand-delivered, sent via certified mail, return receipt requested and postage prepaid, or sent via overnight courier to such Party's address as set forth in the first paragraph of this Agreement and with respect to Company, sent to the attention of _____. Each Party shall have the right to change the place to which notices shall be sent or delivered or to specify additional addresses to which copies of notices may be sent, in either case by similar notice sent or delivered in like manner to the other Party.

26. **Further Assurances**. Company and Customer each agree to do such other and further acts and things, and to execute and deliver such additional instruments and documents, as either Party may reasonably request from time to time whether at or after the execution of this Agreement, in furtherance of the express provisions of this Agreement.

27. **Entire Agreement**. The Agreement constitutes the entire understanding between Company and the Customer relating to the subject matter hereof, superseding any prior or contemporaneous agreements, representations, warranties, promises or understandings between the Parties, whether oral, written or implied, regarding the subject matter hereof.

IN WITNESS WHEREOF, the Parties hereby caused this Agreement to be executed by their duly authorized representatives, effective as of the Effective Date.

Customer

By: _____
(Signature)

_____
(Print or Type Name)

Date: _____

Florida Power & Light Company

By: _____
(Signature of Authorized Representative)

_____
(Print or Type Name)

Title: _____

Date: _____

Customer

By: _____
(Signature)

_____
(Print or Type Name)

Date: _____

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective:

NON-RESIDENTIAL OPTIONAL SUPPLEMENTAL POWER SERVICES AGREEMENT

THIS Non-Residential Optional Supplemental Power Services Agreement ("Agreement") is made and entered into this _____ day of _____, 20__ by and between _____, a _____, having its principal office at _____ (hereafter, the "Customer") and Florida Power & Light Company, a Florida corporation, having offices at 700 Universe Boulevard, Juno Beach, Florida 33408 (hereafter "Company") (each a "Party" and collectively the "Parties"). The Service (as defined in the paragraph below) provided under this Agreement is subject to the Rules and Orders of the Florida Public Service Commission ("FPSC") and to Company's Electric Tariff, including, but not limited to, the Optional Supplemental Power Services Rider, Rate Schedule OSP-1, as approved or subsequently revised by the FPSC (hereafter the "Rider") and the General Rules and Regulations for Electric Service as they are now written, or as they may be hereafter revised, amended or supplemented (collectively, hereafter refered to as the "Electric Tariff"). In case of conflict between any provision of this Agreement and the Electric Tariff, this Agreement shall control. Capitalized terms not defined herein shall have the meaning set forth in the Electric Tariff.

WHEREAS, the Customer hereby applies to Company for receipt of service, as more specifically described in a Statement of Work ("SOW") for the purpose of providing an alternative source of power supply and/or power conditioning service in the event Customer's normal electric supply is disrupted (hereafter the "Service"), at the Customer facility located at _____ (hereafter the "Facility").

NOW THEREFORE, in consideration of their mutual promises and undertakings, the Parties agree to the following terms and conditions in this Agreement:

1. **Effective Date**. This Agreement shall become effective upon the acceptance hereof by Company ("Effective Date"), evidenced by the signature of Company's authorized representative appearing below, which, together with the Electric Tariff and the SOW, shall constitute the entire agreement between the Customer and Company with respect to provision of the Service.

2. **Term of Agreement**. The term of this Agreement will commence on the Effective Date and will continue for ____ years following the Commercial Operation Date as defined in Section 4(a) below (the "Term").

3. **Scope of Services**. Company will design, procure, install, own, operate and provide maintenance to all alternative sources of power supply and/or power conditioning equipment ("Equipment") to furnish the Service as more specifically described in the SOW. Customer acknowledges and agrees that (i) the Equipment will be removable and will not be a fixture or otherwise part of the Facility, (ii) Company will own the Equipment, and (iii) Customer has no ownership interest in the Equipment. For the avoidance of doubt, it is the Parties' intent that this Agreement (i) is for the Company's provision of Services to Customer using Company's Equipment, and (ii) is not for the license, rental or lease of the Equipment by Company to Customer.

4. **Design and Installation**. Company will design, procure, and install the Equipment pursuant to the requirements of the SOW.

   (a) Commercial Operation. Upon completion of the installation of the applicable Equipment in accordance with the requirements of the SOW, Company shall deliver to Customer a notice that the Equipment is ready for commercial operation, with the date of such notice being the "Commercial Operation Date".

   (b) Commencement of Monthly Service Payment Upon Commercial Operation Date. Customer's obligation to pay the applicable Customer's monthly Service payment, plus applicable fuel charges and taxes due from Customer pursuant to Section 6 (Customer Payments), shall begin on the Commercial Operation Date and shall be due and payable by Customer pursuant to the General Rules and Regulations for Electric Service.

5. **Equipment Maintenance; Alterations**. During the Term, Company shall provide maintenance to the applicable Equipment in accordance with generally accepted industry practices. Customer shall promptly notify Company when Customer has knowledge of any operational issues or damage related to the Equipment. Company shall inspect and repair Equipment that is not properly operating within the timelines agreed upon in the SOW. Company will invoice Customer for repairs that are the Customer's financial responsibility under

(Continue on Sheet No. 9.821)

(Continued from Sheet No. 9.820)

Section 12(c), due and payable by Customer within thirty (30) days of the date of such invoice. The Customer shall not manually operate or test Equipment, move, modify, remove, adjust, alter or change in any material way the Equipment, or any part thereof, during the term of the Agreement, except in the event of an occurrence reasonably deemed by the Customer or Company to constitute a bona fide emergency. All replacements of, and alterations or additions to, the Equipment shall become part of the Equipment. In the event of a breach of this Section 5 by Customer, Company may, at its option and sole discretion, restore Equipment to its original condition at Customer's sole cost and expense.

6. **Customer Payments**.

(a) Fees. The Customer's monthly Service payment shall be in the amount set forth in the SOW ("Monthly Service Payment"). Any monthly fuel charges specified in the SOW will be in addition to the Monthly Service Payment. Monthly fuel charges, if applicable, will be recalculated annually by Company in accordance with the Rider, and such recalculated monthly fuel charges shall be effective upon written notice to Customer. Applicable taxes will also be included in or added to the Monthly Service Payment and any fuel charges. In the event that Company agrees to a Customer's request to connect Equipment on the Company's side of the billing meter, energy provided by such Equipment will be billed under the Customer's otherwise applicable general service rate schedule.

(b) Late Payment. Charges for Services due and rendered which are unpaid as of the past due date are subject to a Late Payment Charge of the greater of $5.00 or 1.5% applied to any past due unpaid balance of all accounts, except the accounts of federal, state, and local governmental entities, agencies, and instrumentalities. A Late Payment Charge shall be applied to the accounts of federal, state, and local governmental entities, agencies, and instrumentalities at a rate no greater than allowed, and in a manner permitted, by applicable law. Further if the Customer fails to make any undisputed payment owed the Company hereunder within five (5) business days of receiving written notice from the Company that such payment is past due, Company may cease to supply Service under this Agreement until the Customer has paid the bills due. It is understood, however, that discontinuance of Service pursuant to the preceeding sentence shall not constitute a breach of this Agreement by Company, nor shall it relieve the Customer of the obligation to comply with all payment obligations under this Agreement.

7. **Customer Credit Requirements**. At the discretion of the Company and subject to the confidentiality obligations set forth in this Agreement, Company may request and Customer shall provide Company with the most recent financial statements of each of the Customer and/or its parent company and with such other documents, instruments, agreements and other writings to determine the creditworthiness of Customer. The Company may also use debt ratings provided by the major credit rating agencies or consult other credit rating services to determine Customer creditworthiness. In the reasonable discretion of Company to assure Customer payment of Monthly Service Payments, Company may request and Customer will be required to provide cash security, a surety bond or a bank letter of credit, in an amount as set forth in the SOW, prior to Company's procurement or installation of Equipment. Each Customer that provides a surety bond or a bank letter of credit must enter into the agreement(s) set forth in Sheet No. 9.440 of the Company's Electric Tariff for the surety bond and Sheet Nos. 9.430 and 9.435 of the Company's Electric Tariff for the bank letter of credit. Failure to provide the requested security in the manner set forth above within ninety (90) days of the date of this Agreement shall be a material breach of this Agreement unless such 90-day period is extended in writing by Company. Upon the end of the Term and after Company has received final payment for all bills, including any applicable Termination Fee pursuant to Section 13(a), for Service incurred under this Agreement, any cash security held by the Company under this Agreement will be refunded, and the obligors on any surety bond or letter of credit will be released from their obligations to the Company.

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(Continued from Sheet No. 9.821)

8. **Grant of Easement to Company**. Customer hereby grants Company an access easement to the Facility sufficient to allow Company, in Company's sole discretion, to (i) laydown and stage the Equipment, tools, materials, other equipment and rigging and to park construction crew vehicles in connection with the installation or removal of the Equipment, (ii) inspect and provide maintenance to the Equipment; or (iii) provide any other service contemplated or necessary to perform under this Agreement. Furthermore, if any event creates an imminent risk of damage or injury to the Equipment, any person or person's property, Customer grants Company immediate unlimited access to the Facility to take such action as Company deems appropriate to prevent such damage or injury (collectively "Access"). Upon execution of this Agreement and the Parties agreement to the Equipment location, Company shall obtain a legal description of the necessary Access locations and provide Customer with an applicable easement form for Customer's approval and signature. The Customer must also obtain and provide mortgage subordinations, as necessary to protect the Company's right of Access. Upon receiving the signed easement form and any associated mortgage subordinations, the Company shall record Company's easement rights in the public records of the County where the Facility is located. All such costs related thereto shall be the included as part of calculating the Customer's Monthly Service Payment. Failure to provide the above requested documents in the manner set forth above within ninety (90) days of the date of this Agreement shall be a material breach of this Agreement unless such 90-day period is extended in writing by Company. Customer agrees that it will not interfere with Company's right of access to the Facility as reasonably necessary for (i) Company's laydown and installation of the Equipment, (ii) Company's maintenance and/or removal of Equipment, and (iii) Company's performance of the Service.

9. **Company Operation and Testing of Equipment**. The Company shall have the exclusive right to manually and/or remotely operate the Equipment, and, except as expressly provided in the SOW, has the right to manually and/or remotely operate the Equipment at all times it deems appropriate, including, but not limited to, for the purpose of testing the Equipment to verify that it will operate within required parameters.

10. **Customer Responsibilities**. Except for an agreed upon Change (as defined in the SOW), the Customer shall not modify its electrical system at the Facility in a manner that exceeds the capacity of the Equipment. Company shall be entitled to rely on the accuracy and completeness of any information provided by the Customer related to the Facility. The Customer shall be obligated, at its sole expense, to keep the Facility free and clear of anything that may (i) impair the maintenance or removal of Equipment, (ii) impair the Company's operation of the Equipment pursuant to Section 9, or (iii) cause damage to the Equipment.

11. **Permits and Regulatory Requirements**. Company shall be responsible for obtaining and for compliance with any license or permit required to be in Company's name to enable it to provide the Service. The Customer shall be responsible for obtaining and for compliance with any license, permits, and/or approvals from proper authorities required to be in Customer's name in order for the Customer to receive the Service. Each Party agrees to cooperate with the other Party and to assist the other Party in obtaining any required permits.

12. **Title and Risk of Loss**.

    (a) Title. The Customer agrees that Equipment installed at the Facility is and will remain the sole property of Company unless and until such time as the Customer exercises any purchase option set forth in the Agreement and pays such applicable purchase price to Company. Company reserves the right to modify or upgrade Equipment as Company deems necessary, in its sole discretion, for the continued supply of the Service. Any modifications, upgrades, alterations, additions to the Equipment or replacement of the Equipment shall become part of the Equipment and shall be subject to the ownership provisions of this Section 12(a). The Parties agree that the Equipment is personal property of Company and not a fixture to the Facility and shall retain the legal status of personal property as defined under the applicable provisions of the Uniform Commercial Code. With respect to the Equipment, and to preserve the Company's title to, and rights in the Equipment, Company may file one or more precautionary UCC financing statements or fixture filings, as applicable, in such jurisdictions, as Company deems appropriate. Furthermore, the Parties agree that Company has the

(Continue on Sheet No. 9.823)

(Continued from Sheet No. 9.822)

right to record notice of its ownership rights in the Equipment in the public records of the county of the Facility.

(b) Liens. Customer shall keep the Equipment free from any liens by third parties. Customer shall provide timely notice of Company's title and ownership of the Equipment to all persons that may come to have an interest in or lien upon the Facility.

(c) Risk of Loss to Equipment (Customer Responsibility). **CUSTOMER SHALL BEAR ALL RISK OF LOSS OR DAMAGE OF ANY KIND WITH RESPECT TO ALL OR ANY PART OF THE EQUIPMENT LOCATED AT THE FACILITY TO THE EXTENT SUCH LOSS OR DAMAGE IS CAUSED BY THE ACTIONS, NEGLIGENCE, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF CUSTOMER, ITS EMPLOYEES, CONTRACTORS, AGENTS, INVITEES AND/OR GUESTS, AND IN THE EVENT THAT THE EQUIPMENT IS DAMAGED BY A FORCE MAJEURE EVENT OR BY THIRD PARTY CRIMINAL ACTS OR TORTIOUS CONDUCT, THE CUSTOMER SHALL BE LIABLE TO THE EXTENT SUCH DAMAGES ARE RECOVERABLE UNDER THE CUSTOMER'S INSURANCE AS REQUIRED TO BE PROVIDED BY SECTION 18(b) OR UNDER ANY OTHER AVAILABLE INSURANCE OF CUSTOMER (COLLECTIVELY, A "CUSTOMER CASUALTY").** Any proceeds provided by such insurance for loss or damage to the Equipment shall be promptly paid to Company.

(d) Risk of Loss to Equipment (Company Responsibility). In the event the Equipment is damaged and is not a Customer Casualty, the Company will repair or replace the Equipment at Company's cost, or, in the event that Equipment is so severely damaged that substantial replacement is necessary, the Company may in its sole discretion either (i) terminate this Agreement for its convenience upon written notice to Customer, provided that Company will have have the right to remove the Equipment at its cost within a reasonable period of time, and Customer will be obligated to pay any outstanding Monthly Service Payments, fuel charges and applicable taxes for Service provided to Customer up to and through the date the Equipment was damaged, or (ii) replace the Equipment and adjust the Monthly Service Payments to reflect the new in-place cost of the Equipment less the in-place cost of the replaced Equipment. For the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election.

13. **Expiration or Termination of Agreement**.

(a) **Early Termination for Convenience by Customer**. Subject to the obligation of Customer to pay Company the Termination Fee (as defined below), the Customer has the right to terminate this Agreement for its convenience upon written notice to Company at least one-hundred eighty (180) days prior to the effective date of termination. The "Termination Fee" will be an amount equal to (i) any outstanding Monthly Service Payments, fuel charges and applicable taxes for Service provided to Customer prior to the effective date of termination, plus (ii) any unrecovered fuel and maintenance costs expended by Company prior to the effective date of termination, plus (iii) the unrecovered capital costs of the Equipment less any salvage value of Equipment removed by Company, plus (iv) any removal cost of any Equipment, minus (v) any payment security amounts recovered by the Company under Section 7 (Customer Credit Requirements). For the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election. Company will invoice Customer the Termination Fee, due and payable by Customer within thirty (30) days of the date of such invoice. Company's invoice may include an estimated salvage value of Equipment removed by Company. Company retains the right to invoice Customer based upon actual salvage value within one-hundred eighty (180) days of the date of the Company's removal of Equipment.

(Continue on Sheet No. 9.824)

(Continued from Sheet No. 9.823)

(b) **Early Termination by Company for Convenience or by Company Due to Change in Law**. The Company has the right to terminate this Agreement for its convenience upon written notice to Customer at least one-hundred eighty (180) days prior to the effective date of termination, or, in whole or in part, immediately upon written notice to Customer as a result of FPSC actions or change in applicable laws, rules, regulations, ordinances or applicable permits of any federal, state or local authority, or of any agency thereof, that have the effect of terminating, limiting or otherwise prohibiting Company's ability to provide the Service. Upon a termination for convenience by Company pursuant to this Section 13(b), Customer must choose to either: (i) Purchase the Equipment upon payment of (A) a transfer price mutually agreeable to Company and Customer, plus (B) Company's cost to reconfigure the Equipment to accept standard electric service from the Company, plus (C) any outstanding Monthly Service Payments, fuel charges and applicable taxes for Service provided to Customer prior to the effective date of termination, plus (D) any unrecovered fuel and maintenance costs expended by Company prior to the effective date of termination, minus (E) any cash security held by the Company under this Agreement; or (ii) Request that Company remove the Equipment, at Company's sole cost, within a reasonable time period, provided that, for the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election. If Customer and Company cannot reach agreement as to the transfer price of the Equipment within ninety (90) days of Company's notice of termination for convenience, Customer shall be deemed to have elected the request for Company to remove the Equipment.

(c) **Early Termination of Agreement for Cause**. In addition to any other termination rights expressly set forth in this Agreement, Company and Customer, as applicable, may terminate this Agreement for cause upon any of the following events of default (each an "Event of Default"): (i) Customer fails to timely pay the Monthly Service Payment and fails to cure such deficiency within five (5) business days of written notice from the Company; (ii) Company materially breaches its obligations under the Agreement and such failure is not cured within thirty (30) days after written notice thereof by Customer; (iii) Customer fails to perform or observe any other covenant, term or condition under the Agreement and such failure is not cured within thirty (30) days after written notice thereof by Company; (iv) Subject to Section 20, Customer sells, transfers or otherwise disposes of the Facility; (v) Customer or any guarantor of Customer's obligations or liabilities hereunder ("Guarantor") sells, transfers or otherwise dispose of all or substantially all of its assets; (vi) Customer or Guarantor enters into any voluntary or involuntary bankruptcy or other insolvency or receivership proceeding, or makes as assignment for the benefit of creditors; (vii) any representation or warranty made by Customer or Guarantor or otherwise furnished to Company in connection with the Agreement shall prove at any time to have been untrue or misleading in any material respect; or (viii) Customer removes or allows a third party to remove, any portion of the Equipment from the Facility.

i. Upon a termination for cause by Company, the Company shall have the right to access and remove the Equipment and Customer shall be responsible for paying the Termination Fee as more fully described in Section 13(a). For the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election. Additionally, the Customer shall be liable to Company for any attorney's fees or other costs incurred in collection of the Termination Fee. In the event that Company and a purchaser of the Facility (who has not assumed the Agreement pursuant to Section 20) agree upon a purchase price of the Equipment, such purchase price shall be credited against the Termination Fee owed by Customer.

(Continue on Sheet No. 9.825)

(Continued from Sheet No. 9.824)

ii. Upon a termination for cause by Customer, Customer must choose to either (i) pursue the purchase option pursuant to Section 13(e), or (ii) request that Company remove the Equipment, at Company's sole cost, within a reasonable time period, and pay no Termination Fee; provided that, for the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election.

(d) **Expiration of Agreement**. At least ninety (90) days prior to the end of the Term, Customer shall provide Company with written notice of an election of one of the three following options: (i) to renew the Term of this Agreement, subject to modifications to be agreed to by Company and the Customer, for a period and price to be agreed upon between Company and the Customer, (ii) to purchase the Equipment by payment of the purchase option price set forth in Section 13(e) plus applicable taxes, plus any outstanding Monthly Service Payments, fuel charges and applicable taxes, for Service provided to Customer prior to the expiration of the Term, or (iii) to request that Company remove the Equipment and for Customer to pay Company the Termination Fee. In the event that Customer fails to make a timely election, Customer shall be deemed to have elected the request for Company to remove the Equipment and for Customer to pay the Termination Fee. For the avoidance of doubt, Company has the right, but not the obligation, to access and remove any and all Equipment, at its sole discretion. Title to Equipment that Company elects not to remove shall transfer to Customer upon written notice by Company to Customer of such an election. If options (i) or (ii) is selected by Customer but the Parties have failed to reach agreement as to the terms of the applicable option by the expiration of the then current Term, the Agreement will auto-renew on a month-to-month basis until (A) the date on which the Parties reach agreement and finalize the option, or (B) the date Customer provides written notice to Company to change its election to option (iii) above.

(e) **Customer Purchase Option**. Pursuant to a purchase option under Section 13(c), Section 13(d), or Section 20, the Customer may elect to purchase and take title to the Equipment upon payment of (i) the greater of (A) Company's unrecovered capital cost of the Equipment, or (B) the mutually agreed upon fair market value of the Equipment, plus (ii) Company's cost to reconfigure the Equipment to accept standard electric service from the Company, plus (iii) any outstanding Monthly Service Payments, fuel charges and applicable taxes for Service provided to Customer prior to the effective date of termination, plus (iv) any unrecovered fuel and maintenance costs expended by Company prior to the effective date of termination; minus (v) any cash security held by the Company under this Agreement. Company will invoice Customer the purchase option price within thirty (30) days of Customer's election of the purchase option, due and payable by Customer within thirty (30) days of the date of such invoice. If Customer and Company cannot reach agreement as to the fair market value of the Equipment within thirty (30) days of Customer's election of the purchase option, then such purchase option will expire and Customer must proceed subject to and pay the Termination Fee pursuant to Section 13(a).

(f) **Termination of Easements**. Following expiration or termination of this Agreement and satisfaction of all Customer obligations under this Section 13, Company shall provide Customer with a release of Easements in a form mutually agreed upon between the Parties.

(Continue on Sheet No. 9.826)

(Continued from Sheet No. 9.825)

14. Warranty and Representations.

(a) Company's Disclaimer of Express and/or Implied Warranties. CUSTOMER ACKNOWLEDGES AND AGREES THAT COMPANY HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTEES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING, OR WITH RESPECT TO THE COMPANY'S OBLIGATIONS, SERVICES AND/OR THE EQUIPMENT. CUSTOMER ACKNOWLEDGES THAT THERE IS NO WARRANTY IMPLIED BY LAW, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND THE IMPLIED WARRANTY OF CUSTOM OR USAGE. CUSTOMER FURTHER ACKNOWLEDGES IN NO EVENT DOES COMPANY WARRANT AND/OR GUARANTY TO THE CUSTOMER THAT THE ELECTRICAL SERVICES TO THE FACILITY WILL BE UNINTERRUPTED OR THAT THE INSTALLATION OF THE EQUIPMENT AND PROVISION OF SERVICES PROVIDED HEREUNDER WILL AVERT OR PREVENT THE INTERRUPTION OF ELECTRIC SERVICES.

(b) Customer Representations and Warranties. The Customer represents and warrants that (i) the Facility at which Company's Equipment is to be located is suitable for the location of such Equipment; (ii) the placing of such Equipment at such Facility will comply with all laws, rules, regulations, ordinances, zoning requirements or any other federal, state and local governmental requirements applicable to Customer; (iii) all information provided by the Customer related to the Facility is accurate and complete; (iv) Customer holds title to the real property on which the Facility is located or has the right of possession of the real property on which the Facility is located for the Term; and (v) Customer has the right to grant Company easement rights related to the real property on which the Facility is located, or has the right to require the owner of the real property on which the Facility is located to grant Company such easement rights.

15. LIMITATIONS OF LIABILITY.

(a) IT IS UNDERSTOOD AND ACKNOWLEDGED BY CUSTOMER THAT COMPANY IS NOT AN INSURER OF LOSSES OR DAMAGES THAT MIGHT ARISE OR RESULT FROM THE EQUIPMENT NOT OPERATING AS EXPECTED. BY SIGNING THIS AGREEMENT, CUSTOMER ACKNOWLEDGES AND AGREES THAT COMPANY SHALL NOT BE LIABLE TO THE CUSTOMER FOR COMPLETE OR PARTIAL INTERRUPTION OF SERVICE, OR FLUCTUATION IN VOLTAGE, RESULTING FROM CAUSES BEYOND ITS CONTROL OR THROUGH THE ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS.

(b) SUBJECT TO SECTION 15(c), NEITHER COMPANY NOR CUSTOMER SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT OR INCIDENTAL LOSSES OR PUNITIVE DAMAGES UNDER THE AGREEMENT, INCLUDING LOSS OF USE, COST OF CAPITAL, LOSS OF GOODWILL, LOST REVENUES OR LOSS OF PROFIT, AND COMPANY AND CUSTOMER EACH HEREBY RELEASES THE OTHER FROM ANY SUCH LIABILITY.

(c) THE LIMITATIONS OF LIABILITY UNDER SECTION 15(a) AND SECTION 15(b) ABOVE SHALL NOT BE CONSTRUED TO LIMIT ANY INDEMNITY OR DEFENSE OBLIGATION OF CUSTOMER UNDER SECTION 18(c).

Customer's initials below indicate that Customer has read, understood and voluntarily accepted the terms and provisions set forth in Section 15.

Agreed and accepted by Customer: _____ (Initials)

(Continue on Sheet No. 9.827)

(Continued from Sheet No. 9.826)

16. **Force Majeure**. Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected Party to comply with the terms of a collective bargaining agreement). If a Party is prevented or delayed in the performance of any such obligation by a Force Majeure event, such Party shall provide notice to the other Party of the circumstances preventing or delaying performance and the expected duration thereof. The Party so affected by a Force Majeure event shall endeavor, to the extent reasonable, to remove the obstacles which prevent performance and shall resume performance of its obligations as soon as reasonably practicable. Provided that the requirements of this Section 16 are satisfied by the affected Party, to the extent that performance of any obligation(s) is prevented or delayed by a Force Majeure event, the obligation(s) of the affected Party that is obstructed or delayed shall be extended by the time period equal to the duration of the Force Majeure event. Notwithstanding the foregoing, the occurrence of a Force Majeure event shall not relieve Customer of payment obligations under this Agreement.

17. **Confidentiality**. "Confidential Information" shall mean all nonpublic information, regardless of the form in which it is communicated or maintained (whether oral, written, electronic or visual) and whether prepared by a disclosing Party or otherwise ("Disclosing Party"), which is disclosed to a receiving Party ("Receiving Party"). Confidential Information shall not be used for any purpose other than for purposes of this Agreement. The Receiving Party shall use the same degree of care to protect the Confidential Information as the Receiving Party employs to protect its own information of like importance, but in no event less than a reasonable degree of care based on industry standard. Except to the extent required by applicable law, Customer shall not make any public statements that reference the name of Company or its affiliates without the prior written consent of Company.

18. **Insurance and Indemnity**.

    (a) Insurance to Be Maintained by the Company.

        i. At any time that the Company is performing Services under this Agreement at the Customer Facility, the Company shall, maintain, at its sole cost and expense, with insurer(s) rated "A-, VII" or higher by A.M. Best's Key Rating Guide, (i) commercial general liability policy with minimum limits of One Million ($1,000,000.00) Dollars per occurrence for bodily injury or death and/or property damage, (ii) automobile liability policy with minimum limits of One Million ($1,000,000.00) Dollars combined single limit for all owned, non-owned, leased and hired automobiles, (iii) umbrella liability policy with minimum limits of Two Million ($2,000,000.00) Dollars per occurrence, and (iv) workers' compensation insurance coverage as mandated by the applicable laws of the State of Florida and Employers' Liability cover with limits of One Million ($1,000,000.00) Dollars per accident, by disease and per policy and per employee.

        ii. Upon the request of Customer, the Company shall provide the Customer with insurance certificates which provide evidence of the insurance coverage under this Agreement.

        iii. Notwithstanding any other requirement set forth in this Section 18(a), Company may meet the above required insurance coverage and limits with any combination of primary, excess, or self-insurance. In the event Company self-insures any of the above required coverages, Company will provide Customer with a letter of self-insurance upon written request by Customer.

(Continue on Sheet No. 9.828)

(Continued from Sheet No. 9.827)

(b) Insurance to Be Maintained by the Customer.

i. The Customer, during and throughout the Term of this Agreement, shall, maintain, at its sole cost and expense, with insurer(s) rated "A-, VII" or higher by A.M. Best's Key Rating Guide, (i) commercial general liability policy with minimum limits of One Million ($1,000,000.00) Dollars per occurrence for bodily injury or death and/or property damage, (ii) automobile liability policy with minimum limits of One Million ($1,000,000.00) Dollars combined single limit for all owned, non-owned, leased and hired automobiles, (iii) umbrella liability policy with minimum limits of Two Million ($2,000,000.00) Dollars per occurrence, and (iv) workers' compensation insurance coverage as mandated by the applicable laws of the State of Florida and Employers' Liability cover with limits of One Million ($1,000,000.00) Dollars per accident, by disease and per policy and per employee. With respect to insurance required in (i), (ii), and (iii) above, Customer shall name Company as an additional insured and provide a waiver of subrogation in favor of Company.

ii. In the event Customer is subject to Section 728.28 Florida Statute, Customer acknowledges, without waiving the right to sovereign immunity as provided by Section 768.28, Florida Statutes, that Customer is self-insured for general liability under Florida sovereign immunity statutes with coverage limits of Two Hundred Thousand ($200,000.00) Dollars per person and Three Hundred Thousand ($300,000.00) Dollars per occurrence, or such monetary waiver limits that may change and be set forth by the legislature. Customer shall also maintain workers' compensation insurance in accordance with Chapter 440, Florida Statute. Coverage shall also include Employers' Liability coverage with limits of One Million ($1,000,000.00) Dollars per accident.

(c) Indemnity. The Customer shall indemnify, hold harmless and defend Company from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property ("Losses") to the extent arising out of, connected with, relating to or in any manner directly or indirectly connected with this Agreement; provided, that nothing herein shall require Customer to indemnify Company for Losses caused by Company's own negligence, gross negligence or willful misconduct. The provisions of this paragraph shall survive termination or expiration of this Agreement.

19. **Non-Waiver**. The failure of either Party to insist upon the performance of any term or condition of this Agreement or to exercise any right hereunder on one or more occasions shall not constitute a waiver or relinquishment of its right to demand future performance of such term or condition, or to exercise such right in the future.

20. **Assignment**. Neither this Agreement, nor the Service, nor any duty, interest or rights hereunder shall be subcontracted, assigned, transferred, delegated or otherwise disposed of by Customer without Company's prior written approval. Customer will provide written notice to Company of a prospective sale of the real property upon which the Equipment is installed, at least thirty (30) days prior to the sale of such property. In the event of the sale of the real property upon which the Equipment is installed, subject to the obligations of this Agreement including Section 7 (Customer Credit Requirements), the Customer has the option to purchase the Equipment pursuant to Section 13(e) or, this Agreement may be assigned by the Customer to the purchaser if such obligations have been assumed by the purchaser and agreed to by the Customer and the Company in writing. This Agreement shall inure to the benefit of, and be binding upon the successors and assigns of the Customer and Company.

(Continue on Sheet No. 9.829)

(Continued from Sheet No. 9.828)

21. **Dispute Resolution, Governing Law, Venue and Waiver of Jury Trial**. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Florida, exclusive of conflicts of laws provisions. Each Party agrees not to commence or file any formal proceedings against the other Party related to any dispute under this Agreement for at least forty-five (45) days after notifying the other Party in writing of the dispute. A court of competent jurisdiction in the Circuit Court for Palm Beach County, Florida or the United States District Court for the Southern District of Florida only, as may be applicable under controlling law, shall decide any unresolved claim or other matter in question between the Parties to this Agreement arising out of or related in any way to this Agreement, with such court having sole and exclusive jurisdiction over any such matters. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS THAT MIGHT EXIST TO HAVE A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED UPON, RELATING TO, ARISING OUT OF, UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

22. **Modification**. No statements or agreements, oral or written, made prior to the date hereof, shall vary or modify the written terms set forth herein and neither Party shall claim any amendment, modification or release from any provision hereof by reason of a course of action or mutual agreement unless such agreement is in writing, signed by both Parties and specifically states it is an amendment to this Agreement.

23. **Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

24. **Survival**. The obligations of the Parties hereunder which by their nature survive the termination or expiration of the Agreement and/or the completion of the Service hereunder, shall survive and inure to the benefit of the Parties. Those provisions of this Agreement which provide for the limitation of or protection against liability shall apply to the full extent permitted by law and shall survive termination or expiration of this Agreement and/or completion of the Service.

25. **Notices**. All notices, demands, offers or other written communications required or permitted to be given pursuant to this Agreement shall be in writing signed by the Party giving such notice and, shall be either hand-delivered, sent via certified mail, return receipt requested and postage prepaid, or sent via overnight courier to such Party's address as set forth in the first paragraph of this Agreement, and with respect to Company, sent to the attention of _____. Each Party shall have the right to change the place to which notices shall be sent or delivered or to specify additional addresses to which copies of notices may be sent, in either case by similar notice sent or delivered in like manner to the other Party.

26. **Further Assurances**. Company and Customer each agree to do such other and further acts and things, and to execute and deliver such additional instruments and documents, as either Party may reasonably request from time to time whether at or after the execution of this Agreement, in furtherance of the express provisions of this Agreement.

27. **Governmental Entities**. For those Customers which are a governmental entity of the State of Florida or political subdivision thereof ("Governmental Entity"), to the extent the Governmental Entity is legally barred by Florida state or federal law from executing or agreeing to any provision of this Agreement, then such provision of this Agreement will be deemed modified to the extent necessary to make such provisions consistent with Florida state or federal law. The remainder of this Agreement shall not be affected thereby and will survive and be enforceable.

(Continue on Sheet No. 9.830)

FLORIDA POWER & LIGHT COMPANY **Original Sheet No. 9.830**

(Continued from Sheet No. 9.829)

28. **Entire Agreement**. The Agreement constitutes the entire understanding between Company and the Customer relating to the subject matter hereof, superseding any prior or contemporaneous agreements, representations, warranties, promises or understandings between the Parties, whether oral, written or implied, regarding the subject matter hereof.

IN WITNESS WHEREOF, the Parties hereby caused this Agreement to be executed by their duly authorized representatives, effective as of the Effective Date.

Customer	**Florida Power & Light Company**
By: _____ (Signature of Authorized Representative)	By: _____ (Signature of Authorized Representative)
_____ (Print or Type Name)	_____ (Print or Type Name)
Title: _____	Title: _____
Date: _____	Date: _____

Issued by: Tiffany Cohen, Director, Rates and Tariff
Effective:

Item 14

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Doherty, Guffey)
Office of the General Counsel (Crawford)

RE: Docket No. 20190048-EI – Petition for approval to amend street lighting, outdoor lighting and LED lighting pilot tariffs, by Florida Power & Light Company.

AGENDA: 05/14/19 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-day suspension date waived by the utility until 05/14/2019

SPECIAL INSTRUCTIONS: None

Case Background

On February 20, 2019, Florida Power & Light Company (FPL or utility) filed a petition for approval to amend its street lighting (SL-1), outdoor lighting (OL-1), and LED lighting pilot (LT-1) tariffs. The proposed tariff revisions are designed to establish monthly charges for lighting facilities that are not contained in FPL's lighting tariffs (i.e., non-standard lighting).

With FPL's acquisition of the City of Vero Beach (COVB) electric utility system, the Commission granted FPL approval to charge its approved rates and charges to the COVB customers upon the closing date of the Asset Sale and Purchase Agreement between FPL and

COVB.[1] The Asset Sale and Purchase Agreement closed on December 17, 2018, and FPL started billing the former COVB customers its rates and charges.

FPL conducted an analysis of COVB's former tariffs and outdoor lighting and determined that 30 percent of the fixtures and poles previously served by COVB constitute non-standard lighting. The non-standard lighting previously served by COVB is made up of 19 fixtures types and three pole types that are not offered under FPL's lighting tariffs. Therefore, FPL does not have existing rates in its tariff to apply to the former COVB non-standard lighting customers. The remaining 70 percent of the lighting facilities in the former COVB service territory constitute standard lighting and is billed under FPL's tariffs.

On February 27, 2019, FPL provided a letter waiving the 60-day file and suspend provision on Section 366.06(3), Florida Statutes (F.S.), until the May 14, 2019 Agenda Conference. On March 1, 2019, staff issued its first data request to FPL for which responses were received on March 11, 2019. On April 26, 2019, FPL filed amended tariffs adding language regarding the calculation of the maintenance charges for non-standard lighting and to clarify that for the LT-1 tariff, the proposed new special provision applies to poles only. The proposed tariff sheets in legislative format, as amended on April 26, 2019, are shown in Attachment A to this recommendation. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, F. S.

[1] Order No. PSC-2018-0566-FOF-EU, issued on November 30, 2018, in Docket No. 20170235-EI, *In re: Petition by Florida Power & Light Company (FPL) for authority to charge FPL rates to former City of Vero Beach customers and for approval of FPL's accounting treatment for City of Vero Beach transaction.*

Discussion of Issues

Issue 1: Should the Commission approve FPL's proposed changes to its SL-1, OL-1, and LT-1 tariffs as shown in Attachment A?

Recommendation: Yes. The Commission should approve the proposed changes to FPL's SL-1, OL-1 and LT-1 tariffs as shown in Attachment A to this recommendation. The proposed revisions allow FPL to bill the former COVB customers with non-standard lighting and respond to customers' future requests for special fixtures or poles. The general body of ratepayers will be protected as non-standard lighting customers will be responsible for all costs associated with their lighting facilities. The revised tariffs should become effective on May 14, 2019. (Doherty, Guffey)

Staff Analysis: Currently, FPL offers lighting service under its SL-1, OL-1, and LT-1 tariffs. The SL-1 and OL-1 tariffs include specific fixtures and poles a customer can choose from. The charges for each fixture are comprised of three components: a fixture charge, a maintenance charge, and an energy charge. The LT-1 tariff provides customers with Light Emitting Diode (LED) fixture options and flexible payment methods; however, the LT-1 tariff contains specific poles a customer can choose from.[2] Pole charges vary by type of pole (e.g., concrete, wood, fiberglass)

FPL proposed to add a special provision to its SL-1, OL-1, and LT-1 tariffs to allow FPL to determine monthly charges for customers with non-standard lighting. Pursuant to the special provision, FPL would apply a facilities charge factor of 1.63 percent to the average installed cost of the lighting facilities to determine the fixture or pole charge. The calculation of the 1.63 facilities charge factor is shown in Exhibit G to the petition and includes a return, depreciation, and property taxes. The facilities charge factor assures recovery of the lighting facilities investment.

FPL explained that it does not know the average installed costs of the former COVB lighting facilities as COVB did not have sufficient records to support such calculation. To determine the average installed cost of the former COVB non-standard lighting facilities, FPL used the current estimated value of the facilities. While the proposed tariff revisions initially apply to the former COVB non-standard lighting customers, FPL stated that the special provision would apply to all customers who request a fixture or pole that is not included in FPL's existing tariffs. FPL stated that any requested lighting facilities would need to meet FPL's reliability standards.

To determine the maintenance charges for non-standard lighting fixtures, FPL would use the approved maintenance cost for a fixture with the same wattage. For wattages that fall between two existing wattages, the maintenance charge will be averaged based on the two existing wattages. All other Commission-approved street lighting energy charges and cost recovery factors, such as fuel, will apply.

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[2] Order No. PSC-17-0115-TRF-EI, issued March 28, 2017, in Docket No. 160245-EI, *In re: Petition for approval of a new optional pilot LED streetlight tariff, by Florida Power & Light Company.*

Former COVB Customer Bill Impacts and Notification

In its response to staff's data request, FPL stated that 83 former COVB customers are served by non-standard lighting. These customers are comprised of one governmental customer, 81 commercial customers, and one residential customer. Since the Asset Sale and Purchase Agreement closed on December 17, 2018, FPL has been billing these 83 former COVB lighting customers pursuant to the proposed tariff, subject to refund or recovery of the difference pending the outcome of this proceeding. FPL has three lighting tariffs (SL-1, OL-1, and LT-1), while COVB had only one tariff for all lighting customers. By performing field surveys, FPL is able to identify the appropriate FPL tariff for all former COVB lighting customers.

With the proposed tariff revisions, an estimated 63 customers have seen their lighting bill decrease and 20 customers have seen their bill increase. Customer monthly bill decreases range from $0.39 to $326.61 a month, while the increases range from $1.32 to $786 a month. FPL explained that the customer (a condominium association) who saw the $786 increase had a note in COVB's billing file that referenced an agreement with COVB to pay a non-tariffed rate. FPL explained that when it contacted the customer, the customer was unaware that it was being billed less than the COVB tariffed rate. FPL represented it is working with the customer to reduce its lighting bill.

FPL further explained that other former COVB customers experienced increases in their bills, because COVB charged the customers for an incorrect fixture. FPL has corrected this error from the COVB billing and is charging the lighting customers for the actual fixture provided. FPL stated that all former COVB non-standard lighting customers whose lighting bill increased by more than $8.00 were contacted by phone call or by an in person visit. To date, the commission has not received any customer comments or complaints regarding the requested tariff amendments.

It is incumbent on public utilities to charge only those rates filed with and approved by the Commission, pursuant to Section 366.06, F.S. Staff recognizes the unique circumstances surrounding FPL's acquisition and provision of service to the COVB customers, and that the majority of customers affected by the proposed tariff will experience a rate decrease. However, FPL should be cautioned to charge only those rates reflected in its Commission-approved tariffs, and that it is authorized to change such rates only after securing the Commission's approval.

Conclusion

The Commission approved a similar lighting tariff for Gulf Power Company (Gulf) in Gulf's 2001 rate case[3] in response to customers requesting more fixture or pole options. More recently, the Commission approved Tampa Electric Company's (TECO) optional customer specified

[3] Order No. PSC-02-0787-FOF-EI, issued June 10, 2002, in Docket No. 010949-EI, *In re: Request for rate increase by Gulf Power Company.*

lighting tariff to allow TECO to respond to customer requests for special fixtures or poles in a timely and efficient manner.[4]

Staff has reviewed FPL's petition and supporting documentation and believes the addition of the Special Provision to the SL-1, OL-1, and LT-1 tariffs is reasonable and appropriate. The Commission should approve the proposed changes to FPL's SL-1, OL-1, and LT-1 tariffs as shown in Attachment A to this recommendation. The proposed revisions allow FPL to bill the former COVB customers with non-standard lighting and respond to customers' future requests for special fixtures or poles. The general body of ratepayers will be protected as non-standard lighting customers will be responsible for all costs associated with their lighting facilities. The revised tariffs should become effective on May 14, 2019.

[4] Order No. PSC-2019-0063-TRF-EI, issued February 18, 2019, in Docket No. 20180222-EI, *In re: Petition for approval of customer specified lighting tariff by Tampa Electric Company.*

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Crawford)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

FLORIDA POWER & LIGHT COMPANY

Thirty-~~Sixth~~Seventh Revised Sheet No. 8.716
Cancels Thirty-~~Fifth~~Sixth Revised Sheet No. 8.716

(Continued from Sheet No. 8.715)

REMOVALOFFACILITIES:

If Street Lighting facilities are removed by either Customer request or termination or breach of the agreement, the Customer shall pay FPL an amount equal to the original installed cost of the removed facilities less any salvage value and any depreciation (based on current depreciation rates as approved by the Florida Public Service Commission) plus removal cost.

MONTHLYRATE:

Luminaire Type		Lamp Size Initial Lumens	Watts	kWh/Mo. Estimate	Charge for FPL-Owned Unit($) Fixtures	Maintenance	Energy Non-Fuel **	Total ***	Charge for Customer-Owned Unit($) **** Relamping/ Energy	Energy Only
High Pressure Sodium Vapor		6,300	70	29	$4.11	$1.97	$0.88	$6.96	$2.86	$0.88
" "		9,500	100	41	$4.18	$1.98	$1.25	$7.41	$3.24	$1.25
" "		16,000	150	60	$4.31	$2.01	$1.83	$8.15	$3.85	$1.83
" "		22,000	200	88	$6.53	$2.55	$2.68	$11.76	$5.20	$2.68
" "		50,000	400	168	$6.59	$2.56	$5.11	$14.26	$7.64	$5.11
" "	*	27,500	250	116	$6.94	$2.77	$3.53	$13.24	$6.27	$3.53
" "	*	140,000	1,000	411	$10.46	$4.97	$12.50	$27.93	$17.51	$12.50
Mercury Vapor	*	6,000	140	62	$3.25	$1.76	$1.89	$6.90	$3.66	$1.89
" "	*	8,600	175	77	$3.31	$1.76	$2.34	$7.41	$4.11	$2.34
" "	*	11,500	250	104	$5.50	$2.53	$3.16	$11.19	$5.71	$3.16
" "	*	21,500	400	160	$5.47	$2.49	$4.87	$12.83	$7.37	$4.87

* These units are closed to new FPL installations.
** The non-fuel energy charge is 3.042 ¢ per kWh.
*** Bills rendered based on "Total" charge. Unbundling of charges is not permitted.
**** New customer-owned facilities are closed to this rate effective January 1, 2017.

Charges for other FPL-owned facilities:

Wood pole used only for the street lighting system	$5.20
Concrete pole used only for the street lighting system	$7.11
Fiberglass pole used only for the street lighting system	$8.42
Steel pole used only for the street lighting system *	$7.11
Underground conductors not under paving	4.026 ¢ per foot
Underground conductors under paving	9.835 ¢ per foot

The Underground conductors under paving charge will not apply where a CIAC is paid pursuant to section "a)" under "Customer Contributions." The Underground conductors not under paving charge will apply in these situations.

SPECIAL PROVISION:

Where the Company provides facilities other than those listed above, the monthly charges, as applicable shall be computed as follows:

Facilities Charge: 1.63% of the Company's average installed cost of the pole, light fixture, or both.

Maintenance Charge: FPL shall use the maintenance charges in this tariff for fixtures that fall under the special provision based on wattage. If a special provision fixture falls between two wattages, the maintenance charge will be averaged between those two existing wattages.

Non-Fuel Energy Charge: 3.042 ¢/kWh

(Continued on Sheet No. 8.717)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: ~~April1,2019~~

Thirty-~~Second~~Third Revised Sheet No. 8.726
FLORIDA POWER & LIGHT COMPANY Cancels Thirty-~~First~~Second Revised Sheet No. 8.726

(Continued from Sheet No. 8.725)

Charges for other Company-owned facilities:

Wood pole and span of conductors:	$11.76
Concrete pole and span of conductors:	$15.89
Fiberglass pole and span of conductors:	$18.67
Steel pole used only for the street lighting system *	$15.89
Underground conductors (excluding trenching)	$0.090 per foot
Down-guy, Anchor and Protector	$10.69

For Customer-owned outdoor lights, where the Customer contracts to relamp at no cost to FPL, the monthly rate for non-fuel energy shall be 3.247¢ per kWh of estimated usage of each unit plus adjustments.

Conservation Charge	See Sheet No. 8.030.1
Capacity Payment Clause	See Sheet No. 8.030.1
Environmental Charge	See Sheet No. 8.030.1
Fuel Charge	See Sheet No. 8.030.1
Storm Charge	See Sheet No. 8.040
Franchise Fee	See Sheet No. 8.031
Tax Clause	See Sheet No. 8.032

SPECIAL PROVISION:

Where the Company provides facilities other than those listed above, the monthly charges, as applicable shall be computed as follows:

Facilities Charge: 1.63% of the Company's average installed cost of the pole, light fixture, or both.

Maintenance Charge: FPL shall use the maintenance charges in this tariff for fixtures that fall under the special provision based on wattage. If a special provision fixture falls between two wattages, the maintenance charge will be averaged between those two existing wattages.

Non-Fuel Energy Charge: 3.247 ¢/kWh

TERM OF SERVICE:

Not less than one year. In the event the Company installs any facilities for which there is an added monthly charge, the Term of Service shall be for not less than three years.

If the Customer terminates service before the expiration of the initial term of the agreement, the Company may require reimbursement for the total expenditures made to provide such service, plus the cost of removal of the facilities installed less the salvage value thereof, and less credit for all monthly payments made for Company-owned facilities.

WILLFUL DAMAGE:

In the event of willful damage to these facilities, FPL will provide the initial repair of each installed item at its expense. Upon the second occurrence of willful damage, and subsequent occurrence to these FPL-owned facilities, the Customer will be responsible for the cost for repair or replacement.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service", the provision of this schedule shall apply.

COMPANY-OWNED FACILITIES:

Company-owned luminaires normally will be mounted on Company's existing distribution poles and served from existing overhead wires. The Company will provide one span of secondary conductor from existing secondary facilities to a Company-owned light at the Company's expense. When requested by the Customer, and at the option of the Company, additional spans of wire or additional poles or underground conductors may be installed by the Company upon agreement by the Customer to use the facilities for a minimum of three years and pay each month the charges specified under MONTHLY RATE.

MONTHLY RATE

The Customer will make a lump sum payment for the cost of changes in the height of existing poles or the installation of additional poles in the Company's distribution lines or the cost of any other facilities required for the installation of lights to be served hereunder.

(Continued on Sheet No. 8.727)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: ~~April 1, 2019~~

FLORIDA POWER & LIGHT COMPANY

~~Fifth~~Sixth Revised Sheet No. 8.737
~~Cancel Fourth~~Cancels Fifth Revised Sheet No. 8.737

(Continued from Sheet No. 8.736)

Maintenance per Fixture (FPL Owned Fixture and Pole)	$1.82
Maintenance per Fixture for FPL Fixtures on Customer Pole	$1.27
LED Conversion Recovery	$1.03

Notes:
The non-fuel energy charge is 3.042¢ per kWh.
Bills rendered based on "Total" charge. Unbundling of charges is not permitted.

Charges for other FPL-owned facilities:

Wood pole used only for the street lighting system	$5.20
Standard Concrete pole used only for the street lighting system	$7.11
Round Fiberglass pole used only for the street lighting system	$8.42
Decorative Tall Fiberglass pole used only for the street lighting system	$17.77
Decorative Concrete pole used only for the street lighting system	$14.43
Underground conductors	4.026 ¢ per foot

SPECIAL PROVISIONS:

Where the Company provides poles other than those listed above, the monthly charges, as applicable shall be computed as follows:

Facilities Charge: 1.63% of the Company's average installed cost of the pole.

BILLING
During the initial installation period:
Facilities in service for 15 days or less will not be billed;
Facilities in service for 16 days or more will be billed for a full month.

WILLFULDAMAGE:

Upon the second occurrence of willful damage to any FPL-owned facilities, the Customer will be responsible for the cost incurred for repair or replacement. If the lighting fixture is damaged, based on prior written instructions from the Customer, FPL will:

a) If a commercially available and FPL approved device exists, install a protective shield. The Customer shall pay $280.00 for the shield plus all associated costs. However, if the Customer chooses to have the shield installed before the second occurrence, the Customer shall only pay the cost of the shield; or

b) Replace with a like unshielded fixture. For this, and each subsequent occurrence, the Customer shall pay the estimated costs of the replacement fixture; or

c) Terminate service to the fixture. In this case, the lighting facilities will be removed from the field and from billing; the customer will pay the lighting facilities charges for the remaining period of the currently active term of service plus the cost to remove the facilities.

Option selection shall be made by the Customer in writing and apply to all fixtures which FPL has installed on the Customer's behalf on the same account. Selection changes may be made by the Customer at any time and will become effective ninety (90) days after written notice is received.

(Continued on Sheet No. 8.738)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: ~~April 1, 2019~~

Item 15

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Bruce)
Office of the General Counsel (Crawford)

RE: Docket No. 20190075-SU – Revision of wastewater service availability charges for Ni Florida in Pasco County.

AGENDA: 05/14/19 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Ni Florida, LLC (Ni Florida or utility) is a Class A utility serving approximately 752 water connections in Lee County and 2,785 wastewater connections in Pasco County. The utility reported operating revenues of $272,880 for water and $237,778 for wastewater in its 2018 annual report.

As a result of an inquiry into Ni Florida's service availability charges, staff discovered an error in the charges that were approved in the utility's last rate case.[1] Therefore, on March 29, 2019, staff established the instant docket to revise the utility's wastewater service availability charges. This recommendation addresses revised wastewater service availability charges for Ni Florida. The Commission has jurisdiction pursuant to Sections 367.091 and 367.101, Florida Statutes (F.S.).

[1] Order No. PSC-16-0525-PAA-WS, issued November 21, 2016, in Docket No. 20160030-WS, *In re: Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.*

Discussion of Issues

Issue 1: Should Ni Florida's existing wastewater service availability charges be revised, and if so, what are the appropriate charges?

Recommendation: Yes. Ni Florida's existing wastewater service availability charges should be revised. Staff recommends a main extension charge of $1,710 per equivalent residential connection (ERC) be approved because it is reasonable and within the guidelines of Rule 25-30.580, Florida Administrative Code (F.A.C.). The existing plant capacity charge should be discontinued. The recommended main extension charge should be based on an estimated 173 gallons per day per ERC of treated wastewater demand.[2] The utility should file a revised tariff sheet and a proposed notice to reflect the Commission-approved main extension charge. Ni Florida should provide notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge should be effective for connections made on or after the stamped approval date on the tariff sheet. The utility should provide proof of noticing within 10 days of rendering the approved notice. (Bruce)

Staff Analysis: Pursuant to Section 367.101, F.S., the Commission shall set just and reasonable charges and conditions for service availability. As mentioned in the case background, staff discovered an error in the development of the utility's existing wastewater service availability charges, which are a main extension charge of $1,405 and a plant capacity charge of $2,500. Rule 25-30.580, F.A.C., establishes guidelines for designing service availability charges. Pursuant to the rule, the maximum amount of contributions-in-aid-of construction (CIAC), net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at capacity. The minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution system and sewage collection systems.

Main Extension Charge

The main extension charge is designed to allow customers to pay their pro rata share of the cost of the wastewater collection system, which is installed by the utility. In order to determine the appropriate main extension charge, the total cost in the Collection Sewers – Force (360), Collection Sewers – Gravity (361), and Services to Customers (363) plant accounts are added and divided by the design capacity of the lines. In developing the utility's existing main extension charge, staff inadvertently did not include the Services to Customers (363) account of $1,156,689 in the total cost of the wastewater collection system. By correcting the error, the cost of the wastewater collection system increases from $5,339,566 to $6,496,255. The lines have a design capacity of 3,800 ERCs. Based on the cost approved in the last rate case of the existing wastewater collection system, staff recommends the main extension charge be revised to $1,710 ($6,496,255/3,800) per ERC for the wastewater system.

Staff's recommended main extension charge for wastewater is consistent with the guidelines in Rule 25-30.580, F.A.C., which require that, at a minimum, the cost of the utility's lines should be contributed. Staff's recommended main extension charge for wastewater will allow the utility to

[2] Id.

recover a portion of its investment in the wastewater collection system from future connections consistent with Rule 25-30.580 (2), F.A.C.

Plant Capacity Charge

Staff reviewed the contribution level of the utility with the revised main extension charge at design capacity. Staff determined the contribution level would be approximately 67.15 percent at design capacity and within the guidelines of Rule 25-30.580, F.A.C. As a result of correcting the main extension charge, the existing plant capacity charge would cause the utility to be over contributed at design capacity. Therefore, staff recommends that the existing plant capacity charge be discontinued. The utility represented to staff that it agrees with staff's revised calculations.

Conclusion

Staff recommends that Ni Florida's existing wastewater service availability charges should be revised. Staff recommends a main extension charge of $1,710 per ERC be approved because it is reasonable and within the guidelines of Rule 25-30.580, F.A.C. The existing plant capacity charge should be discontinued. The recommended main extension charge should be based on an estimated 173 gallons per day per ERC of treated wastewater demand. The utility should file a revised tariff sheet and a proposed notice to reflect the Commission-approved main extension charge. Ni Florida should provide the notice to property owners who have requested service beginning 12 months prior to the establishment of this docket. The approved charge should be effective for connections made on or after the stamped approval date on the tariff sheet. The utility should provide proof of noticing within 10 days of rendering the approved notice.

Issue 2: Should Ni Florida be required to refund service availability charges collected in excess of the revised main extension charge?

Recommendation: Yes. Ni Florida should be required to refund service availability charges collected in excess of the revised main extension charge because it would allow customers to pay only their pro rata share of the wastewater collection system. The refund should be made with interest in accordance with Rule 25-30.360, F.A.C. The utility should be required to file monthly reports on the status of the refund by the twentieth of the following month pursuant to Rule 25-30.311(7), F.A.C. (Bruce)

Staff Analysis: As discussed in Issue 1, staff discovered an error in the development of the utility's existing main extension charge wherein staff inadvertently did not include the plant account of Services to Customers (363) in the total cost of the wastewater collection system. Staff also designed a plant capacity charge based on the contribution level at that time. However, based on the contribution level with the revised main extension charge at design capacity, staff is recommending the plant capacity charge be discontinued and a main extension charge of $1,710. As a result, staff believes the utility should refund the service availability charges in excess of the revised main extension charge in order for customers to pay only their pro rata share of the wastewater collection system.

Although, the utility's existing service availability charges are a main extension charge of $1,405 and a plant capacity charge of $2,500, the utility indicated to staff that it only collected $2,500 per ERC not including the CIAC gross-up tax. For this reason, the incremental difference between the $2,500 and the revised main extension charge is $790. Since January 2, 2017, the effective date of the existing service availability charges, the utility collected service availability charges from 17 customers (16 residential customers [16 ERCs] and 1 general service customer [5.3 ERCs]). Based on staff's calculation of what was collected from customers for service availability and staff's recommended revised main extension charge, the utility collected a total of $16,827 (residential $12,640 + $4,187 general service[3]). This amount does not include the approved CIAC gross up tax.[4] Furthermore, the utility should make refunds to any additional customers who paid excess service availability and have not been identified herein. Therefore, staff recommends the utility refund those customers' service availability charges, including the CIAC gross-up tax, collected in excess of the revised main extension charge.

Based on the above, Ni Florida should be required to refund service availability charges collected in excess of the revised service availability charges. The refund should be made with interest in accordance with Rule 25-30.360, F.A.C. The utility should be required to file monthly reports on the status of the refund by the twentieth of the following month pursuant to Rule 25-30.311(7), F.A.C.

[3] (16 x $790) + (5.3 x $790)
[4] Order No. PSC-2018-0269-TRF-WS, issued May 30, 2018, in Docket No. 20180100-WS, *In re: Application for approval of tariff for the gross-up of CIAC for water rates in Lee County and wastewater rates in Pasco County, by Ni Florida, LLC.*

Issue 3: Should this docket be closed?

Recommendation: The docket should remain open pending staff's verification that the revised tariff sheet and notice have been filed by Ni Florida and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the charge held subject to refund pending resolution of the protest. Also, the docket should remain open to allow staff to verify that the utility has properly refunded the service availability charges collected in excess of the revised service availability charges. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers and the completion of the refund, the docket should be administratively closed. (Crawford)

Staff Analysis: The docket should remain open pending staff's verification that the revised tariff sheet and notice have been filed by Ni Florida and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with the charge held subject to refund pending resolution of the protest. Also, the docket should remain open to allow staff to verify that the utility has properly refunded the service availability charges collected in excess of the revised service availability charges. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers and the completion of the refund, the docket should be administratively closed.

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State of Florida

Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Doherty) RD ED
Office of the General Counsel (Trierweiler) WF JSC

RE: Docket No. 20190076-EI – Petition for approval of revised underground residential distribution tariffs, by Duke Energy Florida, LLC.

AGENDA: 05/14/19 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/30/19 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On April 1, 2019, Duke Energy Florida, LLC (Duke) filed a petition for approval of its 2019 revisions to its underground residential differential tariffs and associated charges. These tariffs represent the additional costs Duke incurs to provide underground service in place of overhead service in new residential subdivisions. This recommendation is to suspend the proposed tariff. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should Duke's proposed underground differential tariffs be suspended?

Recommendation: Yes. Staff recommends that the tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Doherty)

Staff Analysis: Staff recommends that the tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariffs. (Trierweiler)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.

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-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Doherty) RD
Office of the General Counsel (Schrader) EDH JSH JCKS

RE: Docket No. 20190078-EI – Petition for approval of 2019 revisions to underground residential distribution tariffs, by Gulf Power Company.

AGENDA: 05/14/19 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/30/19 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On April 1, 2019, Gulf Power Company (Gulf) filed a petition for approval of its 2019 revisions to its underground residential distribution tariffs and associated charges. These tariffs represent the additional costs Gulf incurs to provide underground service in place of overhead service in new residential subdivisions. This recommendation is to suspend the proposed tariff. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should Gulf's proposed underground differential tariffs be suspended?

Recommendation: Yes. Staff recommends that the tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Doherty)

Staff Analysis: Staff recommends that the tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariffs proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariffs. (Schrader)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.

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-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Doherty)
Office of the General Counsel (Trierweiler)

RE: Docket No. 20190081-EI – Petition for approval of 2019 revisions to underground residential and commercial differential tariffs, by Florida Power & Light Company.

AGENDA: 05/14/19 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/30/19 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On April 1, 2019, Florida Power & Light Company (FPL) filed a petition for approval of its 2019 revisions to its underground residential and commercial differential tariffs and associated charges. These tariffs represent the additional costs FPL incurs to provide underground service in place of overhead service in new residential subdivisions. In addition, FPL's tariff includes underground commercial differential charges that are applicable to commercial customers. This recommendation is to suspend the proposed tariff. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should FPL's proposed underground differential tariffs be suspended?

Recommendation: Yes. Staff recommends that the tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Doherty)

Staff Analysis: Staff recommends that the tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariffs. (Trierweiler)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.

Item 19

State of Florida

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Cicchetti, Buys, Hightower)
Division of Economics (Merryday)
Division of Engineering (Ellis)
Office of the General Counsel (Brownless)

RE: Docket No. 20180046-EI – Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017 for Florida Power & Light Company.

AGENDA: 05/14/19 – Regular Agenda – Post-hearing – Participation limited to Commissioners and Commission staff.

COMMISSIONERS ASSIGNED: Brown, Polmann, Clark, Fay

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

RECOMMENDATION TO BE FILED BY 3 PM ON MONDAY, MAY 6, 2019.