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June 13, 2023

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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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Day, Deas, *CH*)
Mallow, Fogleman)
Office of the General Counsel (Imig, Sparks) *AEH*

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 6/13/2023 - 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.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
20230051-TX	Point Broadband Fiber Holding, LLC	8981
20230026-TX	CNS Networks LLC	8982
20230053-TX	HyperFiber, LLC d/b/a HyperFiber of Florida LLC	8983

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 entities listed above for payment by January 30.

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Higgins, G. Kelley, Zaslow) *ALM*
Division of Economics (Hampson) *JGH*
Office of the General Counsel (Brownless, Sandy) *JSC*

RE: Docket No. 20230001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

AGENDA: 06/13/23 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On May 19, 2023, Florida Power & Light Company (FPL or Company), filed for a mid-course correction of its 2023 fuel cost recovery charges (MCC Petition).¹ The Company last filed for a mid-course correction of its fuel charges in March 2023. The Company's March 2023 mid-course correction was approved at the April 4, 2023 Commission Conference.² Following the March 2023 mid-course correction, the Company's projected fuel-related revenue requirement continued to shift downward. This projected cost shift prompted the Company to file for a subsequent mid-course correction (instant petition) to incorporate the reduction into customer rates.

¹Document No. 03296-2023.

²Order No. PSC-2023-0122-PCO-EI, issued April 11, 2023, Docket No. 20230001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.*

Mid-Course Corrections

Mid-course corrections are used by the Florida Public Service Commission (Commission) between annual clause hearings whenever costs deviate from revenue by a significant margin. Under Rule 25-6.0424, Florida Administrative Code (F.A.C.), which is commonly referred to as the “mid-course correction rule,” a utility must notify the Commission whenever it expects to experience an under- or over-recovery of certain service costs greater than 10 percent. The notification of a 10 percent cost-to-revenue variance shall include a petition for mid-course correction to the fuel cost recovery or capacity cost recovery factors, or shall include an explanation of why a mid-course correction is not practical.

FPL’s Petition

In its MCC Petition, the Company currently estimates an additional \$359 million reduction of fuel-related costs for the 2023 period relative to its previous estimate. FPL is proposing to apply approximately \$256 million of this cost reduction to the time period July 2023 through December 2023, and the remaining approximately \$103 million is proposed to be included in its 2024 fuel cost recovery factors. The Company is requesting that its revised fuel cost recovery factors and associated tariff become effective beginning with the July 2023 billing cycle. The proposed effective date is further discussed in both Issues 1 and 2.

The Commission is vested with jurisdiction over the subject matter of this proceeding by the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

Date: June 1, 2023

Discussion of Issues

Issue 1: Should the Commission modify FPL's currently-authorized fuel cost recovery factors for the purpose of incorporating its projected 2023 fuel cost reduction?

Recommendation: Yes. Staff recommends the Commission authorize adjustments to FPL's fuel cost recovery factors for the purpose of incorporating a portion of the Company's projected 2023 fuel cost reduction. Accordingly, FPL's currently-authorized 2023 fuel cost recovery factors should be reduced by \$256,094,786. (Zaslow, G. Kelley, Higgins)

Staff Analysis: FPL submitted its last mid-course correction petition on March 1, 2023, to address a predicted over-recovery of 2023 fuel costs. At that time, the Company's 2023 net over-recovery of fuel costs was approximately \$494 million. FPL proposed to account for approximately \$379 million of the 2023 over-recovery during 2023 (specifically May 2023 through December 2023), and defer the remaining approximate \$115 million to be included in 2024.³ FPL states the purpose of implementing the cost reduction over this period is to partially offset the bill impact associated with the storm restoration costs approved for collection from April 2023 through March 2024 in Docket No. 20230017-EI.⁴ Due to the corresponding change in 2023 interest expense by applying the fuel cost recovery factors approved in Order No. PSC-2023-0122-PCO-EI, that balance now amounts to approximately \$109 million.⁵

Following its last mid-course correction, the Company has subsequently updated its 2023 fuel cost projection. FPL now projects its 2023 fuel-related costs are approximately \$359 million lower than estimated in February 2023. This reduction is primarily due to lower assumed prices for natural gas. The main factors influencing the decline in natural gas prices in 2023 are elevated quantities of natural gas in storage and increased natural gas production compared to previous years.⁶

The Company developed its (instant) proposed mid-course correction factors using nine months of forecasted sales data (July 2023 through March 2024). The factors proposed in this proceeding are currently contemplated to be charged for six months in 2023. As is typical procedure, later this year newly developed 12-month-applicable factors will be proposed for authorization to begin with the first billing cycle of January 2024.

Projected 2023 Fuel Cost Recovery Position

FPL's estimated 2023 fuel-related costs have decreased since the filing of its previous mid-course correction in March 2023.⁷ The Company now estimates a reduction to its 2023 fuel-

³Document No. 01638-2023.

⁴Order No. PSC-2023-0110-PCO-EI, issued March 23, 2023, in Docket No. 20230017-EI, *In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Ian and Nicole, by Florida Power & Light Company*.

⁵Document No. 03382-2023.

⁶May 2023 U.S. Energy Information Administration Short-Term Energy Outlook, https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf

⁷Document No. 01638-2023.

Date: June 1, 2023

related costs in the amount of \$358,764,356. The Company proposes to apply \$256,094,786 of this amount to rates in 2023, and \$102,669,570 to rates in 2024.⁸

The primary factor driving the change in projected 2023 fuel costs is lower assumed pricing for natural gas. The underlying market-based natural gas price data used for the 2023 fuel cost projection was sourced on February 1, 2023.⁹ This underlying data was used to produce an estimated average 2023 delivered natural gas cost of \$4.95 per million British thermal unit (MMBtu).¹⁰ However, as noted above and indicated in its MCC Petition, FPL now estimates its average cost of delivered natural gas in 2023 will be \$4.38 per MMBtu, representing a decrease of (11.5) percent.¹¹ The updated cost estimate was based on natural gas futures/prices sourced on May 1, 2023, or roughly three months later than the previous estimate used to set current rates.¹²

Staff compared the June through December 2023 commodity-only, i.e., excluding delivery cost, price projection for natural gas underlying the Company's mid-course correction filing with current market prices.¹³ Staff observes the arithmetic average of FPL's commodity-only natural gas price projection for the seven-month period June through December 2023 is \$2.75 per MMBtu.¹⁴ As previously indicated, FPL's pricing information was sourced on May 1, 2023. Using more current data, or information sourced on May 26, 2023, staff calculates an average natural gas (commodity-only) price of \$2.71 per MMBtu for the same seven-month period. The results of this comparison indicate that natural gas prices over the relevant timeframe have decreased since the development of the MCC Petition. However, staff notes that natural gas prices are continuously subject to market-influencing forces and therefore can be volatile.

Mid-Course Percentage

Using the values shown on Schedule E1-B of the MCC Petition and following the methodology prescribed in Rule 25-6.0424(1)(a), F.A.C., the mid-course percentage is equal to the estimated end-of-period total net true-up, including interest, divided by the current period's total actual and estimated jurisdictional fuel revenue applicable to period, or $(\$733,450,360) / \$3,502,348,466$.¹⁵ This calculation results in a mid-course correction level of (20.9) percent at December 31, 2023.¹⁶

⁸Document No. 03296-2023.

⁹Document No. 01638-2023.

¹⁰*Id.*

¹¹Document No. 03296-2023.

¹²*Id.*

¹³Staff obtained its natural gas pricing information from the CME Group Inc. CME Group pricing information with respect to natural gas can be located through the following web address: <https://www.cmegroup.com/markets/energy/natural-gas/natural-gas.quotes.html>

¹⁴Document No. 03382-2023.

¹⁵Document No. 03296-2023, Schedule E1-B.

¹⁶Through Order No. PSC-2023-0108-PCO-EI, FPL received authorization to defer (\$1,201,340,636) of its 2022 fuel cost under-recovery to 2024. Additionally, through Order No. PSC-2023-0122-PCO-EI, FPL received authorization to defer \$115,279,411 of its 2023 fuel cost over-recovery to 2024. Accounting for these deferrals, the mid-course percentage is equal to $\$352,610,865 / \$3,502,348,466$, or 10.1 percent.

Fuel Factor

FPL's currently-authorized annual levelized fuel factor is 3.526 cents per kilowatt-hour (kWh).¹⁷ The Company is requesting to decrease its currently-approved 2023 annual levelized fuel factor beginning July 2023 to 3.142 cents per kWh, or by (10.9) percent.

Bill Impacts

In Tables 1-1 and 1-2 below, staff displays the bill impacts of the mid-course correction proposal to typical residential customers using 1,000 kWh of electricity a month in FPL's Peninsular and Northwest (former Gulf Power Company) service territories. Following Tables 1-1 and 1-2, staff addresses the impact of the proposed MCC on non-residential customers:

Table 1-1
FPL Peninsular Service Territory
Monthly Residential Billing Detail for the First 1,000 kWh

Invoice Component	Currently-Authorized Charges June 2023 (\$)	Proposed Charges Beginning July 2023 (\$)	Difference (\$)	Difference (%)
Base Charge	\$80.11	\$80.11	\$0.00	0.0%
Fuel Charge	32.24	28.39	(3.85)	(11.9%)
Conservation Charge	1.22	1.22	0.00	0.0%
Capacity Charge	2.12	2.12	0.00	0.0%
Environmental Charge	3.12	3.12	0.00	0.0%
Storm Protection Plan Charge	3.82	3.82	0.00	0.0%
Storm Restoration Surcharge	15.30	15.30	0.00	0.0%
Transition Rider	(1.58)	(1.58)	0.00	0.0%
Gross Receipts Tax and Regulatory Assessment Fee	<u>3.60</u>	<u>3.50</u>	<u>(0.10)</u>	(2.8%)
Total	<u>\$139.95</u>	<u>\$136.00</u>	<u>(\$3.95)</u>	(2.8%)

Source: Document No. 03296-2023.

FPL's currently-authorized total residential charge for the first 1,000 kWh of usage for June 2023 is \$139.95.¹⁸ If the Company's mid-course correction proposal is approved, then the current total residential charge for the first 1,000 kWh of usage beginning in July will be \$136.00, a decrease of approximately (2.8) percent. Concerning non-residential customers, FPL reported that bill decreases based on average levels of usage for small-sized commercial customers would range from approximately (2.8) to (3.6) percent, (3.6) percent for medium-sized

¹⁷Document No. 03296-2023.

¹⁸Order No. PSC-2023-0122-PCO-EI.

commercial customers, (3.9) percent for large-sized commercial customers, and (6.4) percent for industrial customers.¹⁹

Table 1-2
FPL Northwest Service Territory
Monthly Residential Billing Detail for the First 1,000 kWh

Invoice Component	Currently-Authorized Charges June 2023 (\$)	Proposed Charges Beginning July 2023 (\$)	Difference (\$)	Difference (%)
Base Charge	\$80.11	\$80.11	\$0.00	0.0%
Fuel Charge	32.24	28.39	(3.85)	(11.9%)
Conservation Charge	1.22	1.22	0.00	0.0%
Capacity Charge	2.12	2.12	0.00	0.0%
Environmental Charge	3.12	3.12	0.00	0.0%
Storm Protection Plan Charge	3.82	3.82	0.00	0.0%
Storm Restoration Surcharge	15.30	15.30	0.00	0.0%
Transition Rider	16.85	16.85	0.00	0.0%
Gross Receipts Tax and Regulatory Assessment Fee	4.08	3.98	(0.10)	(2.5%)
Total	\$158.86	\$154.91	(\$3.95)	(2.5%)

Source: Document No. 03296-2023.

FPL's currently-authorized Northwest total residential charge for the first 1,000 kWh of usage for June 2023 is \$158.86.²⁰ If the Company's mid-course correction proposal is approved, the current total Northwest residential charge for the first 1,000 kWh of usage beginning in July will be \$154.91, a decrease of approximately (2.5) percent. Concerning non-residential customers, FPL reported that bill decreases based on average levels of usage for small-sized commercial customers would range from approximately (2.4) to (3.2) percent, and (3.2) percent for medium-size commercial customers, and (3.4) percent for large-size commercial customers. A figure associated with an industrial class for the Northwest service territory was not identified.²¹

Summary

FPL's MCC Petition indicates a need for its fuel recovery factors to be revised. The Company's currently projected 2023 fuel-related costs have been reduced by \$358,764,356. The Company proposes to account for \$256,094,786 of this fuel cost reduction in the current period and defer

¹⁹Document No. 03382-2023.

²⁰Order No. PSC-2023-0122-PCO-EI.

²¹Document No. 03382-2023.

Date: June 1, 2023

\$102,669,570 to 2024. The revised fuel cost recovery factors associated with staff's recommendation are shown on Appendix A.

Conclusion

Staff recommends the Commission approve adjustments to FPL's fuel cost recovery factors for the purpose of incorporating a portion of the Company's projected 2023 fuel cost reduction. Accordingly, FPL's currently-authorized 2023 fuel cost recovery factors should be reduced by \$256,094,786.

Date: June 1, 2023

Issue 2: If approved by the Commission, what is the appropriate effective date for FPL's revised fuel cost recovery factors?

Recommendation: The fuel cost recovery factors, as shown on Appendix A, should become effective with the first billing cycle of July 2023. (Hampson, Brownless, Sandy)

Staff Analysis: Over the last 20 years in the Fuel Clause docket, the Commission has considered the effective date of rates and charges of revised fuel cost recovery factors on a case-by-case basis. The Commission has approved fuel cost recovery factor rate decreases effective sooner than the next full billing cycle after the date of the Commission's vote with the range between the vote and the effective date being from 25 to 2 days. The rationale for that action being that it was in the customers' best interest to implement the lower rate as soon as possible.²²

In its MCC Petition, FPL proposes to lower its 2023 fuel factors, beginning with the July 2023 billing cycle. In the instant case, there are 20 days between the Commission's vote on June 13, 2023, and the beginning of FPL's July 2023 billing cycle (July 3, 2023).²³

Concerning advisement of the instant request, the Company has engaged in numerous outreach efforts regarding the potential bill impacts of this proceeding. Specifically, FPL issued a press release on May 19, 2023, informing its customers of the MCC proposal. Also on May 19, the Company informed its customers of the potential adjustments related to the mid-course correction through a web-based billing information portal titled "2023 Bills." The Company also notified major business and governmental accounts/customers on May 22, 2023. General notification, or "billing inserts," began to be added to customer bills on May 22nd as well.²⁴

Conclusion

Staff recommends that the fuel cost recovery factors, as shown on Appendix A, become effective with the first billing cycle of July 2023.

²²Order No. PSC-2023-0122-PCO-EI.

²³Document No. 03382-2023.

²⁴*Id.*

Issue 3: Should this docket be closed?

Recommendation: No. The 20230001-EI docket is an on-going proceeding and should remain open. (Brownless, Sandy)

Staff Analysis: The fuel docket is an on-going proceeding and should remain open.

FLORIDA POWER & LIGHT COMPANY

~~Sixty-Third~~Sixty-Fourth Revised Sheet No.8.030
Cancels ~~Sixty-Second~~Sixty-Third Revised Sheet No.8.030

BILLING ADJUSTMENTS										
The following charges are applied to the Monthly Rate of each rate schedule as indicated and are calculated in accordance with the formula specified by the Florida Public Service Commission.										
RATE	FUEL			CONSERVATION		CAPACITY		ENVIRON- MENTAL	STORM PROTECTION	
SCHEDULE	c/kWh	c/kWh	c/kWh	c/kWh	\$/kW	c/kWh	\$/kW	c/kWh	c/kWh	\$/kW
	Levelized	On-Peak	Off-Peak							
RS-1, RS-1 w/RTR-1 1 st 1,000 kWh	3-2242.839			0.122		0.212		0.312	0.382	
RS-1, RS-1 w/RTR-1 all addn kWh	4-2243.839			0.122		0.212		0.312	0.382	
RS-1 w/RTR-1 All kWh		0-3790.338	(0-1610.143)	0.122		0.212		0.312	0.382	
GS-1	3-5363.151			0.125		0.220		0.323	0.346	
GST-1		3-0153.488	3-3753.008	0.125		0.220		0.323	0.346	
GSD-1, GSD1-EV, GSD-1 w/SDTR (Jan – May)(Oct – Dec)	3-5363.151				0.43		0.72	0.279		0.70
GSD-1 w/SDTR (Jun-Sept)		5-0234.476	3-3462.981		0.43		0.72	0.279		0.70
GSDT-1, HLFT-1 GSDT-1w/SDTR (Jan – May)(Oct – Dec)		3-0153.488	3-3753.007		0.43		0.72	0.279		0.70
GSDT-1 w/SDTR (Jun-Sept)		5-0234.476	3-3462.981		0.43		0.72	0.279		0.70
GSLD-1, CS-1, GSLD1-EV GSLD-1w/SDTR (Jan – May)(Oct – Dec)	3-5363.147				0.47		0.80	0.281		0.73
GSLD-1 w/SDTR (Jun-Sept)		5-0184.471	3-3422.978		0.47		0.80	0.281		0.73
GSLDT-1, CST-1, HLFT-2, GSLDT-1 w/SDTR (Jan-May & Oct-Dec)		3-0103.484	3-3713.004		0.47		0.80	0.281		0.73
GSLDT-1 w/SDTR (Jun-Sept)		5-0184.471	3-3422.978		0.47		0.80	0.281		0.73
GSLD-2, CS-2, GSLD-2 w/SDTR (Jan – May)(Oct – Dec)	3-5053.123				0.49		0.80	0.244		0.66
GSLD-2 w/SDTR (Jun-Sept)		4-0804.438	3-3172.956		0.49		0.80	0.244		0.66
GSLDT-2, CST-2, HLFT-3, GSLDT-2 w/SDTR (Jan – May)(Oct – Dec)		3-8813.458	3-3462.982		0.49		0.80	0.244		0.66
GSLDT-2 w/SDTR (Jun-Sept)		4-0804.438	3-3172.956		0.49		0.80	0.244		0.66
GSLD-3, CS-3	3-4203.055				0.45		0.73	0.226		0.10
GSLDT-3, CST-3		3-7063.382	3-3742.916		0.45		0.73	0.226		0.10
(Continued on Sheet No. 8.030.1)										

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective: ~~May 1, 2023~~

FLORIDA POWER & LIGHT COMPANY

~~Thirty-Ninth~~^{Fortieth} Revised Sheet No. 8.030.1
Cancels ~~Thirty-Eighth-Thirty-Ninth~~ Revised Sheet No. 8.030.1

RATE	FUEL			CONSERVATION			CAPACITY			ENVIRON- MENTAL	STORM PROTECTION		
	c/kWh	c/kWh	c/kWh	c/kWh	\$/kW	\$/kW	c/kWh	\$/kW	\$/kW	c/kWh	c/kWh	\$/kW	\$/kW
	Levelized	On-Peak	Off-Peak										
OS-2	2.5053 ^{1.123}			0.085			0.127			0.211	0.815		
MET	2.5053 ^{1.123}				0.42			0.69		0.258		0.74	
CILC-1(G)		3.9153 ^{4.88}	3.3753 ^{0.07}		0.51			0.81		0.234		0.68	
CILC-1(D)		3.8823 ^{4.59}	3.3472 ^{9.83}		0.51			0.81		0.234		0.68	
CILC-1(T)		3.7963 ^{3.82}	3.2732 ^{9.16}		0.51			0.79		0.208		0.11	
SL-1,OL-1, RL-1, PL- 1/SL-1M, LT-1,OS 1/II	3.4623 ^{0.85}			0.038			0.016			0.044	0.288		
SL-2, GSCU- 1/SL- 2M	3.5263 ^{1.51}			0.090			0.137			0.207	0.316		
					<u>RDC</u>	<u>DDC</u>		<u>RDC</u>	<u>DDC</u>			<u>RDC</u>	<u>DDC</u>
SST-1(T)		3.7963 ^{3.82}	3.2732 ^{9.16}		0.05	0.03		0.09	0.04	0.292		0.01	0.01
SST-1(D1)		3.9153 ^{4.88}	3.3753 ^{0.07}		0.05	0.03		0.09	0.04	0.565		0.12	0.05
SST-1(D2)		3.9103 ^{4.84}	3.3713 ^{0.04}		0.05	0.03		0.09	0.04	0.565		0.12	0.05
SST-1(D3)		3.8813 ^{4.58}	3.3462 ^{9.82}		0.05	0.03		0.09	0.04	0.565		0.12	0.05
ISST-1(D)		3.8823 ^{4.59}	3.3472 ^{9.83}		0.05	0.03		0.09	0.04	0.565		0.12	0.05
ISST-1(T)		3.7963 ^{3.82}	3.2732 ^{9.16}		0.05	0.03		0.09	0.04	0.292		0.01	0.01

(Continued on Sheet No. 8.030.2)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective: ~~May 1, 2023~~

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (D. Buys, Mouring) *ALM*
Office of the General Counsel (Dose, J. Crawford) *JSC*

RE: Docket No. 20230006-WS – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

AGENDA: 06/13/23 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Passidomo

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Section 367.081(4)(f), Florida Statutes (F.S.), authorizes the Commission to establish, not less than once each year, a leverage formula to calculate a reasonable range of returns on equity (ROE) for water and wastewater (WAW) utilities. The original version of the current leverage formula methodology was established in Order No. PSC-2001-2514-FOF-WS.¹ On October 23, 2008, the Commission held a formal hearing in Docket No. 20080006-WS to allow interested parties to provide testimony regarding the validity of the leverage formula.² Based on the record

¹Order No. PSC-2001-2514-FOF-WS, issued December 24, 2001, in Docket No. 20010006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity of water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

²At the May 20, 2008, Commission Conference, upon request of the Office of Public Counsel, the Commission voted to set the establishment of the appropriate leverage formula directly for hearing.

in that proceeding, the Commission approved the 2008 leverage formula in Order No. PSC-2008-0846-FOF-WS.³ In that order, the Commission reaffirmed the methodology that was previously approved in Order No. PSC-2001-2514-FOF-WS.⁴

From 2012 through 2017, the Commission found that the range of returns on equity derived from the annual leverage formulas were not optimal for determining the appropriate authorized ROE for WAW utilities due to Federal Reserve monetary policies that resulted in historically low interest rates. Consequently, the Commission decided it was reasonable to continue using the range of returns on equity of 8.74 percent to 11.16 percent from the 2011 leverage formula approved by Order No. PSC-2011-0287-PAA-WS until 2018.⁵

On November 8, 2017, Commission staff held a workshop to solicit input from interested persons regarding potential changes to the current leverage formula methodology. The only stakeholders that filed comments in the docket were the Office of Public Counsel (OPC) and Utilities, Inc. of Florida (UIF). OPC also filed post-workshop comments on January 31, 2018. On June 26, 2018, the Commission approved the current leverage formula by Order No. PSC-2018-0327-PAA-WS.⁶ The June 2018 Order approving the current leverage formula provided necessary and timely updates to the leverage formula methodology.

Section 367.081(4)(f), F.S., authorizes the Commission to establish a range of returns for setting the authorized ROE for WAW utilities. However, use of the leverage formula by the utilities is discretionary and a utility can file cost of equity testimony in lieu of using the leverage formula. The Commission may set an ROE for WAW utilities based on record evidence in any proceeding. If a utility files cost of equity testimony, the Commission will determine the appropriate ROE based on the evidentiary record in that proceeding.

The Commission has jurisdiction pursuant to Section 367.081, F.S.

³Order No. PSC-2008-0846-FOF-WS, issued December 31, 2008, in Docket No. 20080006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

⁴Order No. PSC-2001-2514-FOF-WS, issued December 24, 2001, in Docket No. 20010006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

⁵Order No. PSC-2011-0287-PAA-WS, issued July 5, 2011, in Docket No. 20110006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

⁶Order No. PSC-2018-0327-PAA-WS, issued June 26, 2018, in Docket No. 20180006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

Date: June 1, 2023

Discussion of Issues

Issue 1: What is the appropriate range of returns on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), Florida Statutes?

Recommendation: The appropriate range of returns on common equity is 8.46 percent at 100 percent equity to 10.67 percent at 40 percent equity. This range was determined using the leverage formula methodology approved in Order No. PSC-2018-0327-PAA-WS using a proxy group comprised of natural gas and WAW utilities and updated financial data. Accordingly, the following leverage formula should be used until the leverage formula is addressed again in 2024:

$$\text{ROE} = 7.00 + (1.468 \div \text{Equity Ratio})$$

Where the Equity Ratio = Common Equity \div (Common Equity + Preferred Equity + Long-Term and Short-Term Debt)

Range: 8.46% at 100% equity to 10.67% at 40% equity

The Commission should cap returns on common equity at 10.67 percent for all WAW utilities with equity ratios less than 40 percent. Imposing a cap serves to discourage imprudent financial risk. This cap is consistent with the methodology approved in Order No. PSC-2018-0327-PAA-WS. (D. Buys)

Staff Analysis: Section 367.081(4)(f), F.S., authorizes the Commission to establish a leverage formula to calculate a reasonable range of returns on common equity for WAW utilities. The Commission must establish this leverage formula not less than once a year. For administrative efficiency, the leverage formula is used to determine the appropriate return on equity for an average Florida WAW utility. However, use of the leverage formula by utilities is discretionary and a utility can file cost of equity testimony in lieu of using the leverage formula. As is the case with other regulated companies under the Commission's jurisdiction, the Commission has discretion in the determination of the appropriate ROE based on the evidentiary record in a proceeding. If one or more parties in a rate case or limited proceeding file testimony in lieu of using of the leverage formula, the Commission will determine the appropriate ROE based on the evidentiary record in that proceeding.

Methodology

In the instant docket, staff updated the current leverage formula using the most recent financial data applied to the methodology approved in Order No. PSC-2001-2514-FOF-WS, reaffirmed in Order No. PSC-2008-0846-FOF-WS and modified in Order No. PSC-2018-0327-PAA-WS. The methodology uses ROEs derived from widely accepted financial models applied to an index of natural gas and WAW companies that have actively traded stock and forecasted financial data. To establish the proxy group, staff selected five natural gas companies and six WAW companies that derive at least 50 percent of their total revenue from regulated operations and have a Standard and Poor's credit rating. These selected companies have market power and are influenced significantly by economic regulation and have an average Standard and Poor's (S&P) bond rating of "A".

Date: June 1, 2023

Consistent with the approved methodology, staff used a market capitalization weighted average for: (1) the Discounted Cash Flow (DCF) model results, (2) the Beta values in the Capital Asset Pricing Model (CAPM), and (3) the equity ratio of the proxy group.

Assumed Cost of Debt

Staff used a projected yield on Baa2 rated public utility bonds to estimate the bond yield of an average Florida WAW utility in the calculation of the weighted average cost of capital of the proxy group. A projected yield is used because required returns are forward looking and based on projections.

Consistent with the methodology approved in Order No. PSC-2018-0327-PAA-WS, staff used the average of the projected Corporate Baa rated bond yield of 5.875 percent for the upcoming four quarters as published in the May 1, 2023 Blue Chip Financial Forecast (Blue Chip). Staff then added the 120-month historical average spread of 0.121 between the Baa and A Corporate Utility Bond yields to the projected Corporate Baa rated bond yield to estimate a projected Baa3 rated utility bond yield of 7.00 percent for a typical Florida WAW utility.

The projected assumed Baa3 bond rate of 7.00 percent used in the updated leverage formula calculation includes a 50 basis point adjustment for small-company risk and a 50 basis point adjustment for a private placement premium.

Estimated Cost of Equity

The current leverage formula relies on two ROE models described below. Staff adjusted the results of these models to reflect differences in risk and debt cost between the proxy group and the average Florida WAW utility. The ROE models include a four percent adjustment for flotation costs. The ROE models are as follows:

A multistage Discounted Cash Flow (DCF) model applied to an index of natural gas and WAW utilities that have publicly traded stock and are followed by Value Line. This DCF model is an annually compounded model and uses prospective dividend growth rates as published by Value Line.

A Capital Asset Pricing Model (CAPM) that relies on a market return for companies followed by Value Line, the average projected yield on the U.S. Treasury's 30-year bonds as of May 1, 2023, published by Blue Chip, and the weighted average beta for the index of natural gas and WAW utilities. The market return for the CAPM was calculated using a quarterly DCF model with stock prices as of May 17, 2023. Consistent with the Commission's approved methodology since 2001, the CAPM result was adjusted upward to reflect a flotation cost of approximately four percent.

Consistent with Order No. PSC-2018-0327-PAA-WS, staff averaged the results of the DCF and CAPM models and adjusted the result of 8.83 percent as follows:

A bond yield differential of 48 basis points was added to reflect the difference in yields between an A/A2 rated bond, which is the median bond rating for the combined utility index, and a BBB-/Baa3 rated bond. Florida WAW utilities are assumed to be comparable to companies with the lowest investment grade bond rating which is Baa3. This adjustment compensates for the

difference between the credit quality of ‘A’ rated debt and the assumed credit quality of a typical Florida WAW utility.

A private placement premium of 50 basis points is added to reflect the difference in yields on publicly traded debt and privately placed debt, which is illiquid. Investors require a premium for the lack of liquidity of privately placed debt.

A small-utility risk premium of 50 basis points is added because the average Florida WAW utility is too small to qualify for privately placed debt and smaller companies are considered by investors to be more risky than larger companies.

After the above adjustments, the resulting cost of equity estimate of 10.31 percent is included in the weighted average capital structure of the proxy group to derive the leverage formula. The derivation resulted in an adjustment of 36 basis points to reflect an estimated required return of 10.67 percent at an equity ratio of 40 percent. Table 1-1 shows the components that comprise the upper range of the leverage formula.

Table 1-1
Adjusted Return on Equity

DCF Model	7.07%
CAPM	10.58%
Average	8.83%
Bond Yield Differential	0.48%
Private Placement Premium	0.50%
Small Utility Risk Premium	0.50%
Adjusted ROE Average	10.31%
Adj. To Reflect Required Equity Return at a 40% Equity Ratio	0.36%
Upper Range of ROE	10.67%

Source: Staff Worksheets

Leverage Formula

The updated leverage formula is: $ROE = 7.00 \% + (1.468 \div \text{Equity Ratio})$

The resulting range of returns is 8.46 percent at 100 percent equity to 10.67 percent at 40 percent equity.

Using the most recent financial data in the leverage formula increases the lower end of the current allowed ROE range by 62 basis points and increases the upper end of the range by 22 basis points. Overall, the spread between the range of returns on equity based on the updated leverage formula is 221 basis points (8.46 percent to 10.67 percent). In comparison, the range of returns on equity for the existing leverage formula from 2022 is 261 basis points (7.84 percent to 10.45 percent).

Date: June 1, 2023

In developing the updated leverage formula, staff acknowledges that the leverage formula depends on four basic assumptions:

- 1) Business risk is similar for all WAW utilities;
- 2) The cost of equity is an exponential function of the equity ratio but a linear function of the debt to equity ratio over the relevant range;
- 3) The marginal weighted average cost of investor capital is constant over the equity ratio range of 40 percent to 100 percent; and
- 4) The debt cost rate at an assumed Moody's Baa3 bond rating, plus a 50 basis point private placement premium and a 50 basis point small-utility risk premium, represents the average marginal cost of debt to an average Florida WAW utility over an equity ratio range of 40 percent to 100 percent.

For these reasons, the leverage formula is assumed to be appropriate for the average Florida WAW utility.

Based on the aforementioned, staff believes the revised leverage formula methodology applied to a proxy group of natural gas and WAW utilities with updated financial data based on market-capitalization weighted averages produces a reasonable range of ROEs for WAW utilities and reflects current financial markets. As such, staff recommends the following leverage formula be used until a new leverage formula is determined in 2024:

$$\text{ROE} = 7.00\% + (1.468 \div \text{Equity Ratio})$$

Where the Equity Ratio = Common Equity \div (Common Equity + Preferred Equity + Long-Term and Short-Term Debt).

The appropriate range of returns on equity is 8.46% at 100% equity to 10.67% at 40% equity.

Additionally, staff recommends that the Commission cap returns on common equity at 10.67 percent for all WAW utilities with equity ratios less than 40 percent. Staff recommends a cap to discourage imprudent financial risk. This cap is consistent with the methodology in Order No. PSC-2018-0327-PAA-WS.

Date: June 1, 2023

Issue 2: Should this docket be closed?

Recommendation: No. Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, the decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open to allow staff to monitor changes in capital market conditions and to readdress the reasonableness of the leverage formula as conditions warrant. (Dose)

Staff Analysis: Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, the decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open to allow staff to monitor changes in capital market conditions and to readdress the reasonableness of the leverage formula as conditions warrant.

SUMMARY OF RESULTS
2023 Water and Wastewater Leverage Formula

	Updated <u>Results</u>	Currently <u>In Effect</u>
(1) DCF ROE for Proxy Group	7.07%	6.65%
(2) CAPM ROE for Proxy Group	<u>10.58%</u>	<u>10.35%</u>
AVERAGE	8.83%	8.50%
Bond Yield Differential	0.48%	0.49%
Private Placement Premium	0.50%	0.50%
Small-Utility Risk Premium	0.50%	0.50%
Adjustment to Reflect Required Equity	<u>0.36%</u>	<u>0.46%</u>
Return at a 40% Equity Ratio		
 Cost of Equity for Average Florida		
WAW Utility at 40% Equity Ratio	<u>10.67%</u>	<u>10.45%</u>

2022 Leverage Formula (Currently in Effect)

Return on Common Equity = 6.10% + (1.74 ÷ Equity Ratio)

Range of Returns on Equity = 7.84% to 10.45%

2023 Leverage Formula

Return on Common Equity = 7.00% + (1.468 ÷ Equity Ratio)

Range of Returns on Equity = 8.46% to 10.67%

**Marginal Cost of Investor Capital
Average Water and Wastewater Utility**

<u>Capital Component</u>	<u>Ratio</u>	<u>Marginal Cost Rate</u>	<u>Weighted Marginal Cost Rate</u>
Common Equity	44.29%	10.31%	4.56%
Total Debt	<u>55.71%</u>	7.00%*	<u>3.90%</u>
	<u>100.00%</u>		<u>8.46%</u>

A 40% equity ratio is the floor for calculating the required return on common equity.
The return on equity at a 40% equity ratio: $7.00\% + (1.468 \div 0.40) = 10.67\%$

**Marginal Cost of Investor Capital
Average Water and Wastewater Utility at 40% Equity Ratio**

<u>Capital Component</u>	<u>Ratio</u>	<u>Marginal Cost Rate</u>	<u>Weighted Marginal Cost Rate</u>
Common Equity	40.00	10.67%	4.26%
Total Debt	<u>60.00</u>	7.00%*	<u>4.20%</u>
	<u>100.00%</u>		<u>8.46%</u>

Where: $ER = \text{Equity Ratio} = CE \div (CE + \text{Pref. Equity} + LTD + STD)$

*Assumed Baa3 rate for April 2023 plus a 50 basis point private placement premium and a 50 basis point small utility risk premium.

Sources:

Value Line Selection and Opinion
Company 10-K Filings

Discounted Cash Flow Model Results
April 1, 2023 – April 30, 2023

<u>COMPANY</u>	<u>STOCK PRICE</u>			<u>DCF</u>	<u>Weight</u>	<u>DCF</u>
	<u>High</u>	<u>Low</u>	<u>Avg.</u>	<u>Results</u>		<u>Weighted Results</u>
Atmos Energy Corporation	116.37	111.11	113.74	8.01%	19.76%	1.58%
NiSource, Inc.	28.82	27.76	28.29	8.60%	13.02%	1.12%
Northwest Natural Holding	48.81	46.90	47.86	7.36%	2.01%	0.15%
ONE Gas, Inc.	82.68	77.10	79.89	7.31%	5.21%	0.38%
Spire, Inc.	71.52	67.65	69.59	7.60%	4.50%	0.34%
American States Water	93.85	88.68	91.26	6.74%	3.79%	0.26%
American Water Works	152.42	145.44	148.93	6.25%	30.53%	1.91%
Essential Utilities, Inc.	45.03	42.63	43.83	6.19%	13.14%	0.81%
California Water Services	61.12	56.77	58.94	6.83%	3.79%	0.26%
Middlesex Water	81.33	74.07	77.70	7.57%	1.54%	0.12%
SJW Group	<u>80.80</u>	<u>76.15</u>	<u>78.48</u>	<u>5.46%</u>	<u>2.72%</u>	<u>0.15%</u>
Average Weighted DCF Result:						<u>7.07%</u>

The ROE of 7.07% represents the expected cost of equity required to match the average stock price, less 4% for flotation costs, with the present value of expected cash flows.

Sources:

Stock prices obtained from Yahoo Finance for the 30-day period April 1, 2023 through April 30, 2023.

Natural Gas company dividends, earnings, and ROE obtained from Value Line Ratings & Reports issued February 24, 2023.

Water and Wastewater company dividends, earnings, and ROE obtained from Value Line Ratings & Reports issued April 7, 2023.

**Capital Asset Pricing Model Cost of Equity for
Water and Wastewater Industry**

CAPM analysis formula

$$K = RF + \text{Beta} (MR - RF) + 0.20\%$$

$$K = \text{Investor's required rate of return}$$

$$RF = \text{Risk-free rate} \\ (\text{April 2023 Blue Chip forecast for 30-year U.S. Treasury Bond Yield})$$

<u>3Q 2022</u>	<u>4Q 2022</u>	<u>1Q 2023</u>	<u>2Q 2023</u>	<u>3Q 2023</u>
3.80%	3.80%	3.80%	3.70%	3.70%

$$\text{Average} = 3.76\%$$

$$\text{Beta} = \text{Measure of industry-specific risk (market cap weighted average for the proxy group of natural gas and WAW utilities)}$$

$$MR = \text{Market Return (Value Line Investment Analyzer Web Browser)}$$

$$10.58\% = 3.76\% + 0.867 (11.39\% - 3.76\%) + 0.20\%$$

Note:

Staff calculated the market return using a quarterly DCF model for a large number of dividend paying stocks followed by Value Line. As of May 17, 2023; the result was 11.39%. The market return is adjusted to reflect a flotation cost of 3 percent. Staff added 20 basis points to the CAPM result to reflect a total assumed flotation cost of approximately four percent.

Bond Yield for Water and Wastewater Industry

<u>Credit Rating</u>	<u>(A)</u>	<u>Spread</u>	<u>(A-)</u>	<u>Spread</u>	<u>(BBB+)</u>	<u>Spread</u>	<u>(BBB)</u>	<u>Spread</u>	<u>(BBB-)</u>
		0.121		0.121		0.121		0.121	

120-Month Avg. Spread: 0.121%

Total Equity Bond

Yield Differential 0.121% x 4 = 0.484%

	<u>2Q 2023</u>	<u>3Q 2023</u>	<u>4Q 2023</u>	<u>1Q 2024</u>
Forecast Corporate Baa Bond	5.80	6.00	5.90	5.80

Average Forecasted Corporate
Baa Bond Rate

5.875%

Assumed Bond Yield for Baa3 Utilities: 0.121% + 5.875% = 5.996%

	<u>Updated Results</u>	<u>Currently In Effect</u>
Private Placement Premium	0.50%	0.50%
Small-Utility Risk Premium	0.50%	0.50%
Assumed Bond Yield for Baa3 Utilities	<u>6.00%</u>	<u>5.10%</u>
Assumed Bond Yield for Florida WAW Utilities	<u>7.00%</u>	<u>6.10%</u>

Sources:

Value Line Selection and Opinion

Blue Chip Financial Forecast issued May 1, 2023

2022 Leverage Formula Proxy Group

<u>Company</u>	<u>S&P Bond Rating</u>	<u>Regulated Revenue</u>	<u>V/L Market Capital (Millions \$)</u>	<u>Equity Ratio</u>	<u>Equity Ratio (Weighted)</u>	<u>Value Line Beta</u>	<u>Value Line Beta (Weighted)</u>
Atmos Energy Corporation	A-	96.04%	16,700	53.62%	10.60%	0.85	0.1680
NiSource, Inc.	BBB+	68.71%	11,000	41.12%	5.35%	0.90	0.1172
Northwest Natural Holding	A+	95.40%	1,700	42.43%	0.85%	0.80	0.0161
One Gas, Inc.	A-	99.36%	4,400	44.41%	2.31%	0.80	0.0417
Spire Inc.	A-	88.52%	3,800	41.34%	1.86%	0.85	0.0382
American States Water	A+	69.29%	3,200	50.25%	1.90%	0.70	0.0265
American Water Works	A	85.67%	25,800	38.32%	11.70%	0.90	0.2748
Essential Utilities, Inc.	A	96.80%	11,100	43.95%	5.77%	0.95	0.1248
Cal. Water Serv. Group	A+	94.14%	3,200	54.02%	2.05%	0.70	0.0265
Middlesex Water	A	93.03%	1,300	52.29%	0.80%	0.75	0.0115
SJW Group	<u>A-</u>	<u>97.15%</u>	<u>2,300</u>	<u>40.15%</u>	<u>1.09%</u>	<u>0.80</u>	<u>0.0218</u>
Average	A	89.47%	\$84,500	45.63%	44.29%	0.820	0.867

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Ellis) *TB*
Division of Economics (Hampson) *JGH*
Office of the General Counsel (Stiller) *JSC*

RE: Docket No. 20220202-EI – Petition for approval of new clean energy impact program, a new renewable energy certificates (REC) buying program, by Duke Energy Florida, LLC.

AGENDA: 06/13/23 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: 7/15/2023 – 8-month effective date

SPECIAL INSTRUCTIONS: None

Case Background

On November 15, 2022, Duke Energy Florida, LLC (DEF or Company) filed a petition for approval of its Clean Energy Impact (CEI) Program and associated tariff. The Program would provide DEF customers the opportunity to purchase renewable energy certificates (RECs) directly from the Company. RECs are a tradeable market-based verification unit which are certified by a third party entity to represent renewable attributes of electricity generated from a renewable source, typically in increments of 1,000 kilowatt-hours (kWh). RECs are generally purchased to comply with regulatory requirements, to support renewable energy claims, or to meet voluntary renewable energy targets. When a REC is purchased and retired, it can no longer be traded but the purchaser of the REC can claim the environmental aspects of the energy produced. For the CEI Program, DEF proposes to use RECs generated by its renewable

resources, which currently includes 13 solar facilities. The Company will retire RECs as the purchases are completed.

On December 15, 2022, DEF waived the 60-day file and suspend requirement pursuant to Section 366.06(3), Florida Statutes (F.S.). After the filing of DEF's original petition, staff requested further information via data requests to clarify terms of the proposed program and tariff language. On April 3, 2023, staff met with DEF and informed the Company of concerns surrounding the proposed tariff language. In response to staff inquiries and the informal meeting, on April 14, 2023, DEF filed an amended petition and amended tariff. This recommendation addresses the amended petition and associated tariff.

The Commission has jurisdiction under Sections 366.04, 366.05, 366.91, and 366.92, F.S.

Date: June 1, 2023

Discussion of Issues

Issue 1: Should the Commission approve DEF's petition for the Clean Energy Impact Program and associated tariffs, as amended on April 14, 2023?

Recommendation: Yes. DEF's proposed CEI Program provides DEF customers an opportunity to voluntarily demonstrate support for renewable energy through a mechanism that provides a benefit to the general body of ratepayers. Net program revenues from REC sales should be included as a credit in the Fuel and Purchased Power Cost Recovery Clause (Fuel Clause), offsetting other fuel expenses. In addition, staff recommends that DEF provide a summary of program costs and benefits as a part of its annual Fuel Clause filing. The proposed tariffs, as provided in Attachment A, should become effective upon issuance of a Commission Order approving the CEI Program and tariff. (Wooten, Hampson)

Staff Analysis: Currently, customers interested in demonstrating support for renewable energy can purchase RECs from one of several tradeable markets. RECs purchased on the market are retired in the name of the purchaser, who is then the only person entitled to claim credit for the attributes of the renewable energy represented by the REC. A REC that has been purchased and retired can no longer be traded and cannot be sold again.

The CEI Program provides DEF customers the option to purchase RECs directly from the Company. Handling REC sales through a tariff allows the company to charge customers conveniently as a line item on their utility bill and allows DEF the opportunity to provide sales of smaller REC amounts to residential customers. RECs purchased under the CEI Program would be generated by DEF owned renewable facilities, currently comprised of 13 solar facilities. These 13 facilities are separate from the 10 solar facilities associated with DEF's Clean Energy Connection (CEC) program, as RECs generated by those facilities will be retired by DEF on behalf of the CEC participants.

The voluntary REC purchases would allow DEF to generate additional revenue from assets already part of DEF's rate base. The Company is not using and does not need the environmental attributes associated with these RECs for any regulatory compliance purposes. The Company will retire RECs purchased by non-residential customers in their names, and will retire annually all RECs purchased by residential customers in the name of the Company.

Program participation would be limited by the number of RECs available, which DEF would annually estimate based on a percentage of RECs expected to be generated for the year. If REC demand exceeds supply, the proposed amended tariff also allows DEF to implement an annual random selection process or wait list system at the Company's discretion. In response to staff concerns regarding the lack of specificity for REC allocation, DEF revised its tariff and included language that describes the planned reservation of RECs based on customer class. Annually, 10 percent of available RECs will be reserved for the residential customer class, with the caveat that if the reserved amount is not fully purchased by September 30, then the remaining available RECs will be available for sale to all customer classes until the end of the year. The remaining 90 percent of available RECs reserved for non-residential customers would also be subject to the same rules regarding unpurchased REC allocations. Program participants can purchase RECs

Date: June 1, 2023

that exceed their electric usage but are restricted by REC availability and reserved customer class allocation amounts.

Participation requirements under the CEI Program vary based on customer class. Residential participants would be able to purchase portions of RECs in increments of 250 kWh, which is the required monthly minimum purchase amount according to the tariff. Participating residential customers can cancel with 30 days notice to the Company. Non-residential participants would be required to enter into a service agreement and purchase a minimum of 1,000 RECs to participate in the CEI Program. The service agreement that non-residential customers enter would be offered on an annual basis with a service term up to 5 years. Staff notes that program participants who are delinquent in their payments for the CEI Program could not be disconnected from electric service, provided they had paid the remainder of their bill, but could be removed from the CEI Program.

DEF would annually set the rate for RECs based upon market REC pricing, plus an administrative fee to cover expenses related to the program. The Company intends to choose a tradeable market that will be used to determine REC pricing for the proposed program, but has yet to finalize its tradeable market choice. The Company will set REC pricing based upon the previous 12 months monthly average price at DEF's chosen tradeable market. The Company will provide the annual calculation of customer REC pricing and blocks of RECs, via its website for both customer classes, with the website links shown in the amended tariff.

The administrative fee would be set annually by DEF and be based on estimated administrative expenses and the estimated RECs to be sold during the year. Per the proposed tariff, the administrative fee would not be allowed to exceed 20 percent of the market REC price. DEF estimated the annual program administrative expenses to be approximately \$400,000, and are comprised of program labor costs, marketing expenses, IT/software expenses, and REC registration fees. Based on DEF's estimates and the administrative fee limit, the minimum market REC price to breakeven would be \$3.30 per REC in 2023, decreasing to \$2.48 by 2028.

In DEF's original petition, program revenues and expenses were intended to be included in base rates; however, in response to staff concerns, the petition was amended to include revenues, net of expenses, in DEF's Fuel Clause filings. Staff believes that including net revenues through the Fuel Clause allows the Commission to ensure that the program continues to generate benefits for the general body of ratepayers that are reflected in rates on a more timely basis. Staff also believes that passing revenues generated from REC sales through the Fuel Clause is appropriate because RECs are generated from energy produced from utility-owned generation resources whose costs are recovered from DEF's general body of ratepayers.

DEF proposes to provide an annual program report within its annual Fuel Clause filings, including a summary of annual sales, by customer class, of RECs for the previous year. Staff recommends that DEF's proposed summary should also include, at a minimum, the number of program participants in total and by customer class, the amount of RECs generated by DEF, the amount of RECs made available to the CEI Program, the amount of revenue generated both in total and by type (REC sales and administration fees), and the total program administrative expenses. Staff believes that these reporting requirements will provide the Commission

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additional information to ensure the program is continuing sustainably and is providing a net benefit to the general body of ratepayers.

Conclusion

DEF's proposed CEI Program allows customers to voluntarily demonstrate support for renewable energy while providing a benefit to the general body of ratepayers. Net program revenues from REC sales should be included as a credit in the Fuel Clause, offsetting other fuel expenses. In addition, staff recommends that DEF provide a summary of program costs and benefits as a part of its annual Fuel Clause filing. The proposed tariffs, as provided in Attachment A, should become effective upon issuance of a Commission Order approving the CEI Program and tariffs.

Date: June 1, 2023

Issue 2: Should this docket be closed?

Recommendation: Yes. 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. (Stiller)

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.



SECTION NO. VI
TWENTY-SEVENTH REVISED SHEET NO. 6.100
CANCELS TWENTY-SIXTH REVISED SHEET NO. 6.100

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ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE:



SECTION NO. VI
ORIGINAL NO. 6420

Page 1 of 2

**RATE SCHEDULE CEI-1
CLEAN ENERGY IMPACT PROGRAM**

Availability:

This optional Clean Energy Impact Program (the "Program") provides customers the option to foster and promote the use of renewable energy through the purchase of renewable energy attributes from Duke Energy Florida (Company) owned Renewable Energy Resources. This Program is available on a voluntary first come, first served basis to residential and non-residential customers, receiving concurrent service from the Company who contract for a block(s) of Renewable Energy Certificates (RECs) generated from Renewable Energy Resources. The maximum number of customers served under this Program shall be determined by the maximum number of blocks of RECs available for purchase through the Program. This Program is not available for temporary service or for resale service. This Program shall remain open to eligible customers pursuant to the Program's terms and conditions.

Definitions:

Renewable Energy Resources: For the purposes of this Program, Renewable Energy Resources shall include generation resources owned by the Company tied to the Company's grid which generate energy from renewable resources, such as solar photovoltaic (PV) facilities and wind facilities. The RECs purchased under the Program may be derived from any combination of different Renewable Energy Resources which fosters a blend of renewable energy.

Renewable Energy Certificates: RECs shall mean tradable units that represent the commodity formed by unbundling the environmental attributes of a unit of renewable or environmentally friendly energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWH (1,000 kWh) of electricity from a renewable or environmentally friendly generation source.

Applicable:

This optional Program is offered in conjunction with the applicable rates, terms, and conditions under which the customer takes service from the Company.

Residential Customers: Residential customers will be offered RECs in block increments sized at 250 kWh per block, which is a quarter of 1 REC (1,000 kWh). Residential customers may purchase as many blocks of RECs as they choose, with a minimum monthly purchase of 1 block.

Residential customers shall elect to participate in the Program by completing the request at the Company's electronic platform located at www.duke-energy.com or by verbally requesting participation to a Company representative. Upon request by the Customer, the Company shall prepare a service confirmation (the "Service Confirmation") that shall specify the number of blocks and price to be purchased monthly. The Service Confirmation shall be provided to customer for Program. The Service Confirmation shall remain in effect for the term stated therein and shall automatically renew unless the customer notifies the Company of their intent to be removed from the Program. The customer may terminate the Service Confirmation at any time by providing the Company not less than thirty (30) days' notice of its desire to cancel its participation in this rider.

Residential customers will not be eligible to enroll in the Program if within the last 12 months, the customer has:

- 1) Defaulted on a payment arrangement;
- 2) Entered into a multi-month payment arrangement;
- 3) Had a payment that was not honored by a financial institution; or
- 4) Been disconnected for non-payment of electric service.

Non-Residential Customers: Non-Residential customers must purchase a minimum of 1,000 RECs annually. For non-residential customers interested in purchases above the 1,000 REC minimum, RECs shall be offered in 1 REC increments. There is no upper limit to the number of RECs that individual non-residential customers may purchase, though there may be the possibility for a customer's requested REC amount being unavailable at time of purchase if the demand for RECs exceeds the available supply.

Non-residential customers in Company's service territory may purchase RECs as a standalone product, separate from their standard electric service by entering into a Service Agreement, which will be drafted by the Company. The stand-alone product will be offered on an annual basis, subject to availability. The Service Agreement shall be for a term of up to 5-years, subject to credit approval and availability.

If non-residential customers elect to be billed monthly for Program REC purchases in conjunction with their monthly electric service bill, they will not be eligible to enroll in the program if within the last 12 months, the customer has:

- 1) Defaulted on a payment arrangement;
- 2) Entered into a multi-month payment arrangement;
- 3) Had a payment that was not honored by a financial institution; or
- 4) Been disconnected for non-payment of electric service.

(Continued on Page No. 2)

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE:



SECTION NO. VI
ORIGINAL NO. 6.421

Page 2 of 2

**RATE SCHEDULE CEI-1
CLEAN ENERGY IMPACT PROGRAM
(Continued from Page No. 1)**

Rate:

In addition to all other charges stated in the applicable Schedule with which this Program is used, the following charge shall also apply to each block the customer purchases:

The cost of blocks of RECs to customers will be set annually beginning when Commission approval of the Program is received. The annual REC price will be based on the monthly average of the applicable REC market rate (from the tradeable market) for the previous 12 months. In addition to the average market rate, the REC price will also include an administrative fee, which will not exceed 20% of the related average market rate per REC. For residential customers, the block price will equal one quarter of the REC price plus administrative fee described above.

The administrative fee will be reviewed annually to evaluate if fees collected matched the administrative expenses. If they do not match, the administrative fee will be adjusted the following year, but will never exceed 20% of the applicable annual average market rate per REC. The Company may bill non-residential customers separately for REC purchases on a quarterly or annual basis, not on their Duke Energy bill.

The Company shall display the annual calculation of the customer cost of RECs (and blocks of RECs) on its website, within the Clean Energy Impact webpage:

Residential page: <https://www.duke-energy.com/home/products/clean-energy-impact/>

Non-Residential page: <https://www.duke-energy.com/business/products/clean-energy-impact/>

The Rate shall apply to the customer's bill regardless of the customer's actual kilowatt-hour consumption.

Special Provisions:

1. The Company reserves the right to terminate this Program at any time.
2. Participants may be terminated from the Program by Company if the customer becomes delinquent on the Program. The Company reserves the right to remove customers from the Program who do not pay Program fees for two consecutive months or who start bankruptcy proceedings. The Company also reserves the right to remove customers that enter a payment arrangement plan.
3. RECs generated by the Renewable Energy Resources portfolio shall be retired by the Company on behalf of all residential participants on a yearly basis. Non-residential RECs will be retired in the customer's name. The retirement of RECs will be done in the North American Registry (NAR). RECs will not be retired until payment from the customer has been confirmed. The Company will provide documentation of the REC retirement upon request by the customer. The Company will solely retain all claims related to its ownership, maintenance, facility procurement, and generation of the energy from DEF-owned Renewable Energy Resources, as well as the emissions, fuel, and all other impacts, benefits, reductions, displacements, and/or offsets occurring on the Company's system in connection with the generation, facility procurement, and use of the energy from Renewable Energy Resources to serve the Company's system or customers.
4. The Company will reserve 10% of the Program's estimated available RECs annually to be purchased by residential customers. If this 10% is not fully purchased by residential customers by the end of the third quarter each year (September 30), then the available RECs within this residential allocation will become for sale to all customers through year-end. The same will apply for the capacity reserved for business customers if not subscribed to by September 30 that the RECs could become available to residential customers. Otherwise, RECs are available on a first come, first-served basis. The Company may, in its discretion, implement an annual random selection process system and/or a wait list if it determines that the demand for RECs exceeds the supply. RECs will be retired by the Company on behalf of program participants annually.

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE:

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Buys, Ellis, King) *TB*
Office of the General Counsel (Imig) *AH*

RE: Docket No. 20230041-EQ – Petition for approval of revisions to standard offer contract and rate schedule COG-2, by Tampa Electric Company.

AGENDA: 06/13/23 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility (IOU) to continuously offer to purchase capacity and energy from renewable generating facilities 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 revised 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 March 31, 2023, Tampa Electric Company (TECO) filed a petition for approval of its amended standard offer contract based on its 2023 Ten-Year Site Plan. The Commission has jurisdiction over this amended standard offer contract pursuant to Sections 366.04 through 366.055, and 366.91, F.S.

Date: June 1, 2023

Discussion of Issues

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

Recommendation: Yes. The provisions of TECO's amended standard offer contract and associated rate schedule COG-2 conform to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs. (Wooten, Buys)

Staff Analysis: Section 366.91(3), F.S., and Rule 25-17.250, F.A.C., require that 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 Rules 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 an 18.7 megawatt (MW) natural gas-fueled reciprocating engine (RE) as the next avoidable planned generating unit in its 2023 Ten-Year Site Plan. The projected in-service date of the avoided RE is January 1, 2030, with planned construction beginning in January 2028. This unit is one of two REs due in-service in 2030 for a total of approximately 37 MW. There are no preset subscription limits under Rule 25-17.260, F.A.C., and an RF/QF may contract for more than the amount of the avoided unit. TECO must petition the Commission if it receives a standard offer contract that is not needed for reliability or would increase costs to the general body of ratepayers. Pursuant to Rule 25-17.250, F.A.C., when this unit is no longer available to be used for the standard offer contract, such as when the utility commences construction, TECO must file a revised standard offer contract based on the next unit of the same generating type, if any. Based on TECO's 2023 Ten-Year Site Plan there are currently no further avoidable fossil-fueled generating units identified.

Under TECO's standard offer contract, the RF/QF operator commits 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, 2030), and thereafter, begin receiving capacity payments in addition to firm 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 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 TECO's estimates of the annual payments for the normal and levelized capacity payment options available under the revised standard offer contract to an operator with a 50 MW 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 with the projected in-service date of the avoided unit (January 1, 2030), and continue for 10 years, while early and early levelized capacity payments begin 5 years prior to the in-service date, or 2024 for this example.

**Table 1 - Estimated Annual Payments to a 50 MW Renewable Facility
(80% Capacity Factor)**

Year	Energy Payments	Capacity Payment			
		Normal	Levelized	Early	Early Levelized
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
2024	12,639	-	-	5,121	5,967
2025	12,566	-	-	5,225	5,967
2026	13,135	-	-	5,331	5,967
2027	11,835	-	-	5,440	5,967
2028	12,746	-	-	5,550	5,967
2029	12,253	-	-	5,663	5,967
2030	12,240	9,748	10,902	5,779	5,967
2031	13,079	9,946	10,902	5,896	5,967
2032	13,360	10,148	10,902	6,016	5,967
2033	15,269	10,355	10,902	6,139	5,967
2034	14,496	10,566	10,902	6,263	5,967
2035	15,376	10,781	10,902	6,391	5,967
2036	16,902	11,000	10,902	6,521	5,967
2037	17,591	11,224	10,902	6,654	5,967
2038	19,783	11,453	10,902	6,789	5,967
2039	23,338	11,686	10,902	6,928	5,967
2040	23,365	11,924	10,902	7,069	5,967
2041	24,918	12,166	10,902	7,212	5,967
2042	25,73	12,414	10,902	7,359	5,967
2043	27,256	12,667	10,902	7,509	5,967
Total	337,878	156,076	152,629	124,854	119,331
Total (NPV)	171,076	67,027	67,027	67,027	67,027

Source: TECO's Response to Staff's First Data Request¹

¹Document No. 03029-2023, filed May 2, 2023, in Docket No. 20230041-EQ.

Date: June 1, 2023

TECO's standard offer contract, in type-and-strike format, is included as Attachment A to this recommendation. The changes made to TECO's tariff sheets are consistent with the updated 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 amended standard offer contract and associated rate schedule COG-2 conform to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs.

Date: June 1, 2023

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. (Imig)

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.



~~EIGHTEENTH-NINETEENTH~~ REVISED SHEET NO. 8.010
CANCELS ~~SEVENTEENTH-EIGHTEENTH~~ REVISED
SHEET NO. 8.010

COGENERATION and SMALL POWER PRODUCTION

Title	Sheet No.
<u>Schedule COG-1, As-Available Energy:</u> Standard Rate for Purchase of As-Available Energy from Qualifying Cogeneration and Small Power Production Facilities (Qualifying Facilities)	8.020
<u>Appendix A</u> - Methodology to be Used in the Calculation of Avoided Energy Cost - Schedule COG-1	8.101
<u>Standard Offer Contract:</u> Standard Offer Contract for the Purchase of Contracted Capacity and Associated Energy from a Renewable Generating Facility or a Small Qualifying Facility	8.202
<u>Evaluation Procedure for Standard Offer Contracts</u>	8.266
<u>Schedule COG-2:</u> Standard Offer Contract Rate for the Purchase of Contracted Capacity and Associated Energy	8.284
<u>Appendix A:</u> Value of Deferral Methodology	8.328
<u>Appendix B:</u> Methodology to be Used in Calculation of Avoided Energy Cost	8.344
<u>Appendix C:</u> 2028-2030 Reciprocating Engine	8.406
<u>Appendix D:</u> Reserved for Future Use	-
<u>Appendix E:</u> Reserved for Future Use	-
<u>Appendix F:</u> Reserved for Future Use	-
<u>Interconnection Agreement:</u> Interconnection Agreement	8.600
<u>General Standards for Safety:</u> General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System	8.700
<u>Service Agreement For The Purchase of Emergency On-Demand Energy At Negotiated Rates</u>	8.800

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



FIFTH REVISED SHEET NO. 8.015
CANCELS FOURTH REVISED SHEET NO. 8.015

Title	Sheet No.
<u>Standard Interconnection Agreement for Tier 1 Renewable Generator Systems</u>	8.1000
<u>Agreement Adopting Standard Interconnection Agreement for Tier 1, Tier 2 or Tier 3 Renewable Generator Systems</u>	8.1031
<u>Standard Interconnection Agreement for Tier 2 Renewable Generator Systems</u>	8.1035
<u>Standard Interconnection Agreement for Tier 3 Renewable Generator Systems</u>	8.1070
<u>Standard Interconnection Agreement for Non-Export Parallel Operators 10MVA or Less</u>	8.1110

ISSUED BY: G.L. Gillette, President

DATE EFFECTIVE: July 21, 2015



FOURTH REVISED SHEET NO. 8.020
CANCELS THIRD REVISED SHEET NO. 8.020

**STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
QUALIFYING COGENERATION AND SMALL POWER
PRODUCTION FACILITIES (QUALIFYING FACILITIES)**

SCHEDULE

COG-1, As-Available Energy

AVAILABLE

Tampa Electric Company will purchase energy offered by any Qualifying Facility irrespective of its location, which is directly or indirectly interconnected with the Company, under the provisions of this schedule or at contract negotiated rates. Tampa Electric Company will negotiate and may contract with a Qualifying Facility, irrespective of its location, which is directly or indirectly interconnected with the Company where such negotiated contracts are in the best interest of the Company's ratepayers.

APPLICABLE

To any cogeneration, renewable energy, or small power production Qualifying Facility producing energy for sale to the Company on an As-Available basis. As-Available Energy is described by the Florida Public Service Commission (FPSC) Rule 25-17.0825, Florida Administrative Code (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. Because of the lack of assurance as to the quantity, time, or reliability of delivery of As-Available Energy, no Capacity Payment shall be made to a Qualifying Facility for delivery of As-Available Energy. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.080.

CHARACTER OF SERVICE

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

Continued to Sheet No. 8.030

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012

TAMPA ELECTRIC COMPANY

TWENTY-EIGHTH REVISED SHEET NO. 8.030
CANCELS TWENTY-SEVENTH REVISED SHEET NO. 8.030

Continued from Sheet No. 8.020

LIMITATIONS

All service pursuant to this schedule is 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.

RATES FOR PURCHASES BY THE COMPANY

A. Capacity Rates

Capacity payments to Qualifying Facilities will not be paid under this schedule. Capacity payments to small Qualifying Facilities of less than 100 kW or Solid Waste Facilities may be obtained under either a Standard Offer Contract as described in Schedule COG-2, Firm Capacity and Energy or a negotiated contract.

Capacity payments to Qualifying Facilities of 100 kW or greater may only be obtained under a negotiated contract as described in FPSC Rule 25-17.0832.

B. Energy Rates

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour (¢/KWH), 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 calculation of payments to the Qualifying Facility shall be based on the energy deliveries from the Qualifying Facility to the Company and the applicable avoided energy rate, in accordance with FPSC Rule 25-17.082, F.A.C. All sales shall be adjusted for losses reflecting delivery voltage.

The methodology to be used in the calculation of the avoided energy cost is described in Appendix A.

C. 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.

Continued to Sheet No. 8.040

ISSUED BY: W. N. Cantrell, President

DATE EFFECTIVE: March 9, 2004

TAMPA ELECTRIC COMPANY

TWENTY-FIFTH REVISED SHEET NO. 8.040
CANCELS TWENTY-FOURTH REVISED SHEET NO. 8.040

Continued from Sheet No. 8.030

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COST

Upon request by a qualifying facility or any interested person, the Company shall provide within 30 days its most current projections of its generation mix, fuel price by type of fuel, and at least a five year projection of fuel forecasts to estimate future as-available energy prices as well as any other information reasonably required by the qualifying facility to project future avoided cost prices including, but not limited to, a 24 hour advance forecast of hour-by-hour avoided energy costs. The Company may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

Continued to Sheet No. 8.050

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999



TWENTY-SECOND REVISED SHEET NO. 8.050
CANCELS TWENTY-FIRST REVISED SHEET NO. 8.050

Continued from Sheet No. 8.040

DELIVERY VOLTAGE ADJUSTMENT

For purchases from Qualifying Facilities directly interconnected to the Company, the Company's actual hourly avoided energy costs shall be adjusted according to the delivery voltage by the following multipliers:

<u>Voltage Level</u>	<u>Adjustment Factor</u>
Secondary	1.0524
Primary	1.0513
Subtransmission	1.0219

For purchases from Qualifying Facilities not directly interconnected to the Company, any adjustments to the Company's actual hourly avoided energy costs for delivery voltage will be determined based on the Company's current annual system average transmission loss factor.

METERING REQUIREMENTS

The Qualifying Facility within the territory served by the Company shall be required to purchase from the Company the metering equipment necessary to measure its energy deliveries to the Company. Energy purchased from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering As-Available Energy to the Company. Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

Hourly recording meters shall be required for Qualifying Facilities with an installed capacity of 100 kilowatts or more. Where the installed capacity is less than 100 kilowatts, the Qualifying Facility may select any one of the following options: **(a)** an hourly recording meter, **(b)** a dual kilowatt-hour register time-of-day meter, or **(c)** a standard kilowatt-hour meter.

For Qualifying Facilities with hourly recording meters, monthly payments for As-Available Energy shall be calculated based on the product of: **(1)** the Company's actual As-Available Energy Payment Rate for each hour during the month; and **(2)** the quantity of energy sold by the Qualifying Facility during that hour.

For Qualifying Facilities with dual kilowatt-hour register time-of-day meters, monthly payments for As-Available Energy shall be calculated based on the product of: **(1)** the average of the Company's actual hourly As-Available Energy Payment Rates for the on-peak and off-peak periods during the month; and **(2)** the quantity of energy sold by the Qualifying Facility during that period.

Continued to Sheet No. 8.060

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: January 1, 2023

TAMPA ELECTRIC COMPANY

**SECOND REVISED SHEET NO. 8.060
CANCELS FIRST REVISED SHEET NO. 8.060**

Continued from Sheet No. 8.050

For Qualifying Facilities with standard kilowatt-hour meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly As-Available Energy Payment Rate for the off-peak periods during that month; and (2) the quantity of energy sold by the Qualifying Facility during that month.

For a time-of-day metered Qualifying Facility, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31 from 12 noon to 9:00 p.m. and November 1 - March 31 from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m.. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

BILLING OPTIONS

The Qualifying Facilities may elect to make either simultaneous purchases and sales or net sales. The billing option elected may only be changed in accordance with FPSC Rule 25-17.082:

1. when the Qualifying Facility 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 Qualifying Facility or Tampa Electric Company; or
3. when the Qualifying Facility is selling As-Available Energy and has not changed billing methods within the last twelve months; and
4. when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or any contract between the Qualifying Facility and Tampa Electric Company.

If the Qualifying Facility elects to change billing methods in accordance with FPSC Rule 25-17.082, such a change shall be subject to the following provisions:

1. upon at least thirty (30) days advance written notice;

Continued to Sheet No. 8.061

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999

TAMPA ELECTRIC COMPANY

**THIRD REVISED SHEET NO. 8.061
CANCELS SECOND REVISED SHEET NO. 8.061**

Continued from Sheet No. 8.060

2. upon the installation by Tampa Electric 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; and
3. upon completion and approval by Tampa Electric 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.

Should a Qualifying Facility elect to make simultaneous purchases and sales, purchases of electric service by the Qualifying Facility from the interconnecting utility shall be billed at the retail rate schedule under which the Qualifying Facility load would receive service as a customer of the utility; sales of electricity delivered by the Qualifying Facility to the purchasing utility shall be purchased at the utility's avoided capacity and energy rates, where applicable, in accordance with Rules 25-17.0825 and 25-17.0832.

Should a Qualifying Facility elect a net billing arrangement, the hourly net energy sales delivered to the purchasing utility shall be purchased at the utilities avoided capacity and energy rates, where applicable, in accordance with Rules 25-17.0825 and 25-17.0832, purchases from the interconnecting utility shall be billed at the retail rate schedule, under which the QF load would receive service as a customer of the utility.

Continued to Sheet No. 8.070

ISSUED BY: W. N. Cantrell, President

DATE EFFECTIVE: March 9, 2004



THIRTEENTH REVISED SHEET NO. 8.070
CANCELS TWELFTH REVISED SHEET NO. 8.070

Continued from Sheet No. 8.061

CHARGES/CREDITS TO QUALIFYING FACILITY

A. Basic Service Charges

A Basic Service Charge will be rendered for maintaining an account for a Qualifying Facility 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 QF is interconnected to the Company.

QFs not directly interconnected to the Company, will be billed \$990 monthly as a Basic Service Charge.

Daily Basic Service charges, applicable to QFs directly interconnected to the Company, by Rate Schedule are:

<u>Rate Schedule</u>	<u>Basic Service Charge (\$)</u>	<u>Rate Schedule</u>	<u>Basic Service Charge (\$)</u>
RS	0.71	GST	0.75
GS	0.75	GSDT (secondary)	1.08
GSD (secondary)	1.08	GSDT (primary)	5.98
GSD (primary)	5.98	GSDT (subtrans.)	17.48
GSD (subtrans.)	17.48	SBDT (secondary)	1.91
SBD (secondary)	1.91	SBDT (primary)	6.80
SBD (primary)	6.80	SBDT (subtrans.)	18.31
SBD (subtrans.)	18.31	GSLDTPR	19.52
GSLDPR	19.52	GSLDTSU	83.90
GSLDSU	83.90	SBLDTPR	20.35
SBLDPR	20.35	SBLDTSU	84.73
SBLDSU	84.73		

When appropriate, the Basic Service Charge will be deducted from the Qualifying Facility's monthly payment. A statement of the charges or payments due the Qualifying Facility will be rendered monthly. Payment normally will be made by the twentieth business day following the end of the billing period.

Continued to Sheet No. 8.071

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: September 1, 2022

TAMPA ELECTRIC COMPANY

FIRST REVISED SHEET NO. 8.071
CANCELS ORIGINAL SHEET NO. 8.071

Continued from Sheet No. 8.070

B. Interconnection Charge for Non-Variable Utility Expenses:

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

C. Interconnection Charge for Variable Utility Expenses

The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the 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 Qualifying Facility if no sales to the Company are involved.

Continued to Sheet No. 8.080

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999

TAMPA ELECTRIC COMPANY

**THIRD REVISED SHEET NO. 8.080
CANCELS SECOND REVISED SHEET NO. 8.080**

Continued from Sheet No. 8.071

D. Taxes and Assessments

The Qualifying Facility 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 As-Available Energy produced by the Qualifying Facility.

If the Company obtains any tax savings as a result of its purchases of As-Available Energy produced by the Qualifying Facility, which tax savings would not have otherwise been obtained, those tax savings shall be credited to the Qualifying Facility.

TERMS OF SERVICE

- 1) It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generation capability.
- 2) Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.
- 3) 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:
 - 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 utility exceed, by the greatest amount, the utility'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 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 Qualifying Facility exceed the actual sales to the utility in that month.

Continued to Sheet No. 8.090

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999

TAMPA ELECTRIC COMPANY

**FOURTH REVISED SHEET NO. 8.090
CANCELS THIRD REVISED SHEET NO. 8.090**

Continued from Sheet No. 8.080

- 4) The company shall specify the point of interconnection and voltage level.
- 5) The Company will, under the provisions of this schedule, require an interconnection agreement with the Qualifying Facility using either the Company's filed Interconnection Agreement or a negotiated Interconnection Agreement. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, and may require modifications to the Company's General Standards for Safety and Interconnection where applicable.
- 6) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

SPECIAL PROVISIONS

- 1) Negotiated contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.
- 2) In accordance with the provision in Rule 25-17.0883, the Company is required to provide transmission and distribution service to enable a retail customer to transmit electrical power generated at one location to the customer's facilities at another location when provision of such service and its associated charge, 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.

A determination of whether or not transmission service for self-service wheeling is likely to result in higher cost electric service will be made 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 25-17.0889, F.A.C., upon request by a Qualifying Facility, the Company shall provide transmission service in accordance with its Open Access Transmission Tariff to wheel As-Available Energy or Firm Capacity and Energy produced by a Qualifying Facility from the Qualifying Facility to another electric utility.

Continued to Sheet No. 8.100

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999

TAMPA ELECTRIC COMPANY

**SEVENTH REVISED SHEET NO. 8.100
CANCELS SIXTH REVISED SHEET NO. 8.100**

Continued from Sheet No. 8.090

- 4) The rates, terms, and conditions for any transmission and ancillary services provide to a Qualifying Facility shall be those approved by the Federal Energy Regulatory Commission (FERC) and contained in the Company's Open Access Transmission Tariff.
- 5) A Qualifying Facility may apply for transmission and ancillary services from the Company in accordance with the Company's Open Access Transmission Tariff. 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 Open Access Transmission Tariff is also posted at the address: http://www.enx.com/FOA/teco_home.html.
- 6) If the Qualifying Facility is located outside of the Company's transmission area, then the Qualifying Facility must arrange for long term firm third-party transmission, ancillary services and an interconnection agreement on all necessary external transmission paths for the term of the contract.
- 7) The Company may deny, curtail, or discontinue transmission service to a Qualifying Facility on a non-discriminatory basis if the provision of such service would adversely affect the safety, adequacy, reliability, or cost of providing electric service to the Company's general body of retail and wholesale customers.

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999



**SIXTH REVISED SHEET NO. 8.101
CANCELS FIFTH REVISED SHEET NO. 8.101**

**METHODOLOGY TO BE USED
IN THE CALCULATION OF
AVOIDED ENERGY COST
SCHEDULE COG-1
APPENDIX A**

The methodology Tampa Electric (TEC) has implemented in order to determine the appropriate avoided energy costs and any payments thereof to be rendered to qualifying facilities (QFs) is consistent with the provisions of Order No. 23625 in Docket No.891049-EU, issued on October 16, 1990, and with the Amendment of Rules 25-17.080 et seq, Florida Administrative Code.

The avoided energy costs methodology used to determine payments to Qualified Facilities (QFs) 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 purchase power cost, 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 QF's contribution. When this is the case and the QF is present, the incremental fuel portion of the avoided energy cost is equal to the difference between TEC's production cost at two load levels, with and without the QFs' contribution.

In those situations where the Company's available maximum generation resources not including its minimum operating reserves are insufficient to carry its native load and firm interchange sales, in the absence of the QF contribution, TEC'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.

Examples of these situations are found in Exhibits 1-4.

Continued to Sheet No. 8.102

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012



THIRD REVISED SHEET NO. 8.102
CANCELS SECOND REVISED SHEET NO. 8.102

Continued from Sheet No. 8.101

The as-available avoided energy cost, as determined by this methodology, is priced at a level not to exceed Tampa Electric'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

Tampa Electric Company uses production costing methods for determining avoided energy cost payments to qualifying facilities (QFs). 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 Tampa Electric's units operating at their allocated level of generation are 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 (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.

Continued to Sheet No. 8.103

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010



FOURTH REVISED SHEET NO. 8.103
CANCELS THIRD REVISED SHEET NO. 8.103

Continued from Sheet No. 8.102

9. The Company's available maximum generation resources 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 Tampa Electric from all QFs making as-available energy sales to Tampa Electric. In the absence of metered information on exports from a QF making as-available energy sales to Tampa Electric, 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.

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.

Continued to Sheet No. 8.104

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 25, 2013



THIRD REVISED SHEET NO. 8.104
CANCELS SECOND REVISED SHEET NO. 8.104

Continued from Sheet No. 8.103

AVOIDED ENERGY COST CALCULATIONS

Example 1: No Off-System Purchases, TEC'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:

In these instances, the price per megawatt hour (\$/MWH) that Tampa Electric will pay the QFs is determined by calculating the production cost at two load levels.

This first calculation determines TEC's production cost "without" the benefit of cogeneration.

The second calculation determines TEC's production cost "with" the benefit of cogeneration.

After each of the two calculations are made, the avoided energy cost rate is calculated by dividing the difference in production cost between the two calculations described above by the "Standard Tariff Block." [The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to TEC from all QFs making as-available energy sales to Tampa Electric. In the absence of metered information on exports from a QF making as-available energy sales to Tampa Electric 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, firm energy purchases from QFs 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" QF megawatts purchased during the hour to determine payment to each QF supplying as-available energy, and each QF supplying firm energy in those instances where the avoided unit would not have been operated during the hour. See Exhibit 1.

Continued to Sheet No. 8.105

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012



**THIRD REVISED SHEET NO. 8.105
CANCELS SECOND REVISED SHEET NO. 8.105**

Continued from Sheet No. 8.104

Example 2: Off-System Purchases Are Not Being Made. TEC's Generation Can Only Carry Its Native Load and Firm Sales With The QF Contribution.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever Tampa Electric is not purchasing off-system interchange is as follows:

In this instance, the avoided energy cost that Tampa Electric will pay the QFs 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 TEC's generation is not fully dispatched, and additional generation capability is available to price a portion of the QF block, then the QF block will be priced at a combination of the difference between TEC's production cost at two load levels as previously defined and at system lambda. See Exhibit 3.

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 Tampa Electric is making off-system purchases for native load is as follows:

In this instance, the price per MWH that Tampa Electric will pay is determined by applying the highest incremental cost of the off-system purchases to the QF block. See Exhibit 4.

DELIVERY VOLTAGE ADJUSTMENT

A credit for avoided line losses reflecting the voltage at which generation by the QFs is received is included in Tampa Electric'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. 8.050 for calculating the compensation for avoided line losses at the transmission and distribution system voltage levels based on the appropriate classification of service.

Continued to Sheet No. 8.106

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012

TAMPA ELECTRIC COMPANY

**SECOND REVISED SHEET NO. 8.106
CANCELS FIRST SHEET NO. 8.106**

Continued from Sheet No. 8.105

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 Tampa Electric 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.

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.

Continued to Sheet No. 8.107

ISSUED BY: W. N. Cantrell, President

DATE EFFECTIVE: March 9, 2004



THIRD REVISED SHEET NO. 8.109
CANCELS SECOND REVISED SHEET NO. 8.109

Continued from Sheet No. 8.107

EXHIBIT 1

Example: No Off-System Purchases, TEC's Generation Is Capable Of Carrying Its Native Load and Firm Sales.

Given:

Actual QF Energy = 50 MWh
TEC's Maximum Available Generation = 1560 MWh
Native Load = 1550 MWh
Firm Sales = 10 MWh

First Calculation ("WITHOUT" QF):

Production Cost at 1560 MWh = \$20,275/Hour

Second Calculation ("WITH" QF):

Production Cost at 1510 MWh = \$19,500/Hour

Third Calculation (QF Rate \$/MWh):

Actual Hourly Avoided Energy Cost =
 $(\$20,275/\text{Hour} - \$19,500/\text{Hour}) / (50\text{MWh})$

or

As-Available Energy Payment Rate (AEPR) = \$15.50/MWh

Continued to Sheet No. 8.110

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012



SEVENTH REVISED SHEET NO. 8.110
CANCELS SIXTH REVISED SHEET NO. 8.110

Continued from Sheet No. 8.109

EXHIBIT 2

Example: Off-System Purchases Are Not Being Made. TEC's Generation Can Carry Its Native Load and Firm Sales Only With The QF Contribution.

Given:

Actual QF Energy = 50 MWhs
TEC's Maximum Available Generation = 1460 MWhs
Native Load = 1500 MWhs
Firm Sale = 10 MWhs

First Calculation:

Production Cost at 1460 MWhs = \$18,900/Hour

Second Calculation:

Production Cost at 1459 MWhs = \$18,882.50/Hour

Third Calculation (QF Rate \$/MWh):

Actual Hourly Avoided Energy Cost at 1 MW (System Lambda1) =
 $(\$18,900/\text{Hour} - \$18,882.50/\text{Hour}) / (1 \text{ MW})$

or

As-Available Energy Payment Rate (AEPR) = \$17.50/MWh

NOTE:

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.

Continued to Sheet No. 8.111

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012



FOURTH REVISED SHEET NO. 8.111
CANCELS THIRD REVISED SHEET NO. 8.111

Continued from Sheet No. 8.110

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 QF's Contribution, TEC's Native Load and Firm Sales Can Be Carried Only With Additional Power Purchases.

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1530 MWs
TEC's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sale = 10 MWs

Step 1 (Calculations for First 30 MWs)

First Calculation ("WITHOUT" QF):

Production Cost at 1530 MWs = \$20,590/Hour

Second Calculation ("With" QF):

Production Cost at 1500 MWs = \$20,050/Hour

Third Calculation:

Actual Hourly Avoided Energy Cost at 30 MWs =
 $(\$20,590/\text{Hour}) - (\$20,050/\text{Hour}) = \$540/\text{Hour}$

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 =
 $(\$20,590/\text{Hour} - \$20,571.50/\text{Hour}) \times (20 \text{ MWs}) = \$370/\text{Hour}$

Step 3 (Calculation of Composite Rate for Total 50 MW Block)

Composite Actual Hourly Avoided Energy Cost of 50 MW Block =
 $(\$540 + \$370) / 50 \text{ MW}$

or

As-Available Energy Payment Rate (AEPR) = \$18.20/MWH

Note: 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.

Continued to Sheet No. 8.112

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012



THIRD REVISED SHEET NO. 8.112
CANCELS SECOND REVISED SHEET NO. 8.112

Continued from Sheet No. 8.111

EXHIBIT 4

Example: Off-System Purchases Are Being Made, TEC's Native Load and Firm Sales Can Be Carried Only With Additional Purchase Power.

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1500 MWs
TEC's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sales = 20 MWs
Off-System Purchases¹ = 10 MWs Costing \$400/Hour

Actual Incremental Hourly Avoided Energy Cost = \$400 / 10 MW

or

AEPR = \$40/Hour

NOTE:

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



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



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



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



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



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



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



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 Contract 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 Contract 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 Contract Capacity and Associated Energy under this Contract.

Continued to Sheet No. 8.216

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



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



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



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



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.

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ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



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CANCELS ORIGINAL SHEET NO. 8.226

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

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



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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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DATE EFFECTIVE: July 29, 2008



FIRST REVISED SHEET NO. 8.232
CANCELS ORIGINAL SHEET NO. 8.232

- 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.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



FIRST REVISED SHEET NO. 8.234
CANCELS ORIGINAL SHEET NO. 8.234

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

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



~~NINTH-TENTH~~ REVISED SHEET NO. 8.236
CANCELS ~~EIGHTH-NINTH~~ REVISED SHEET NO. 8.236

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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 ~~6.5927.132~~%

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.

Continued to Sheet No. 8.238

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



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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

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: August 7, 2009



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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

ISSUED BY: C. R. Black, President

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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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ISSUED BY: C. R. Black, President

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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;

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



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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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- 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

DATE EFFECTIVE: June 30, 2009



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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



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?

ISSUED BY: C. R. Black, President

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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.

ISSUED BY: C. R. Black, President

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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:

Continued to Sheet No. 8.282

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



FIRST REVISED SHEET NO. 8.282
CANCELS ORIGINAL SHEET NO. 8.282

Continued from Sheet No. 8.278

- 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:
 - o Property damage insurance:
 - o Business interruption insurance:
 - o Rating of insurance carrier:
- i. Please provide estimates of the following:
 - o Expected annual metered electric output,
 - o Expected annual metered useful thermal output, in Btu/hr X operating hours/year,
 - o 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



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



ORIGINAL SHEET NO. 8.286

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

DATE EFFECTIVE: May 22, 2007



ORIGINAL SHEET NO. 8.288

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

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



ORIGINAL SHEET NO. 8.292

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

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



ORIGINAL SHEET NO. 8.294

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

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



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CANCELS ORIGINAL SHEET NO. 8.296

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



FIRST REVISED SHEET NO. 8.298
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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

DATE EFFECTIVE: July 29, 2008



ORIGINAL SHEET NO. 8.302

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



~~SECOND-THIRD~~ REVISED SHEET NO. 8.304
CANCELS ~~FIRST-SECOND~~ REVISED SHEET NO. 8.304

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 ~~6.5927~~ 1.32%. 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: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



**FOURTEENTH REVISED SHEET NO. 8.306
CANCELS THIRTEENTH REVISED SHEET NO. 8.306**

Continued from Sheet No. 8.304

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:

Voltage Level	Adjustment Factor
Secondary	1.0524
Primary	1.0513
Subtransmission	1.0219

Continued to Sheet No. 8.308

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: January 1, 2023



ORIGINAL SHEET NO. 8.308

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



SIXTH REVISED SHEET NO. 8.312
CANCELS FIFTH REVISED SHEET NO. 8.312

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 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.

Daily Basic Service charges, applicable to CEPs directly interconnected to the Company, by Rate Schedule are:

<u>Rate Schedule</u>	<u>Basic Service Charge (\$)</u>	<u>Rate Schedule</u>	<u>Basic Service Charge (\$)</u>
RS	0.71	GST	0.75
GS	0.75	GSDT (secondary)	1.08
GSD (secondary)	1.08	GSDT (primary)	5.98
GSD (primary)	5.98	GSDT (subtrans.)	17.48
GSD (subtrans.)	17.48	SBDT (secondary)	1.91
SBD (secondary)	1.91	SBDT (primary)	6.80
SBD (primary)	6.80	SBDT (subtrans.)	18.31
SBD (subtrans.)	18.31	GSLDTPR	19.52
GSLDPR	19.52	GSLDTSU	83.90
GSLDSU	83.90	SBLDTPR	20.35
SBLDPR	20.35	SBLDTSU	84.73
SBLDSU	84.73		

Continued to Sheet No. 8.314

ISSUED BY: A. D Collins, President

DATE EFFECTIVE: September 1, 2022



SECOND REVISED SHEET NO. 8.314
CANCELS FIRST REVISED SHEET NO. 8.314

If CEP takes service under Rate Rider GSLM-2 or GSLM-3, an additional Basic Service Charge of \$6.57 a day 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: A. D. Collins, President

DATE EFFECTIVE: January 1, 2022



ORIGINAL SHEET NO. 8.316

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



ORIGINAL SHEET NO. 8.318

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



ORIGINAL SHEET NO. 8.322

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.

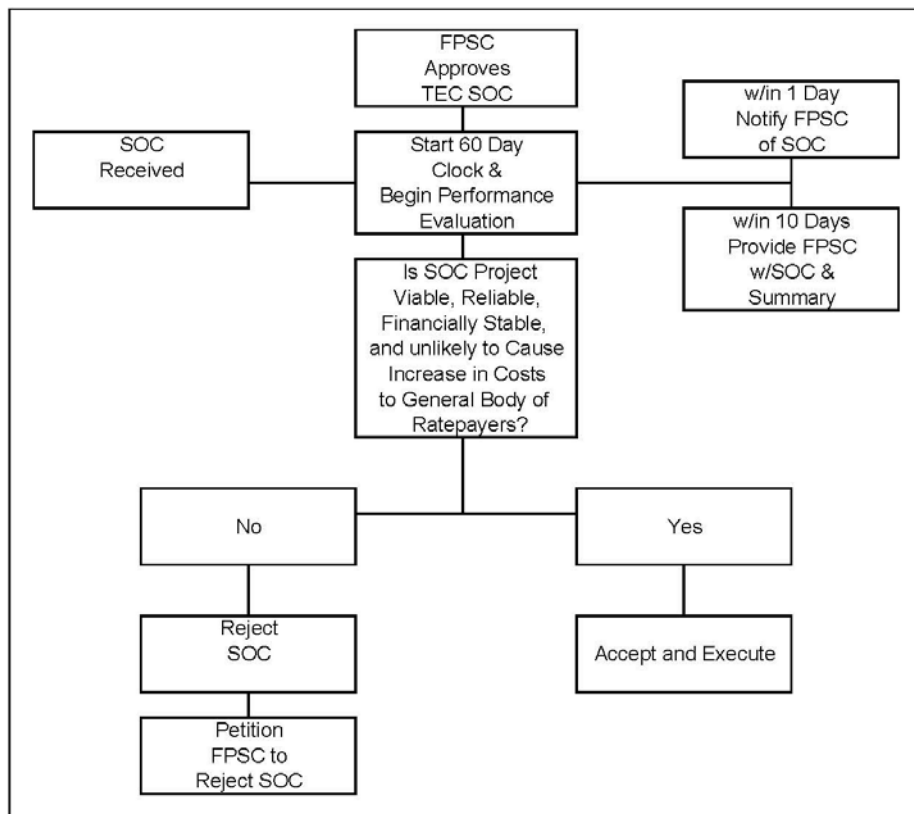
ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



ORIGINAL SHEET NO. 8.324

PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS



ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



~~TWELFTH-THIRTEENTH~~ REVISED SHEET NO. 8.326
CANCELS ~~ELEVENTH-TWELFTH~~ REVISED SHEET NO.
8.326

**RATE SCHEDULE COG-2
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ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



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:

$$VAC_m = 1/12 [K I_n (1-R_p) / (1-R_p^L) + O_n]$$

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



ORIGINAL SHEET NO. 8.332

- 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:

$$A_m = [A_c(1 + i_p)^{(m-1)} + A_o(1 + i_o)^{(m-1)}] / 12 \quad \text{for } m = 1 \text{ to } t$$

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



ORIGINAL SHEET NO. 8.334

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).

$$R_o = (1 + i_o) / (1 + r)$$

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



FIRST REVISED SHEET NO. 8.336
CANCELS ORIGINAL SHEET NO. 8.336

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:

Continued to Sheet No. 8.338

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



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



SECOND REVISED SHEET NO. 8.344
CANCELS FIRST REVISED SHEET NO. 8.344

**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

DATE EFFECTIVE: June 19, 2012



FIRST REVISED SHEET NO. 8.352
CANCELS ORIGINAL SHEET NO. 8.352

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



**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



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



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



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



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



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



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 λ ¹) =
 $(\$18,900/\text{hour} - \$18,882.50/\text{hour}) / (1 \text{ MW})$

or

As-Available Energy Payment Rate (AEPR) = \$17.50/MWH

¹ In this example, system λ 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



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 =
 $(\$20,590/\text{hour}) - (\$20,050/\text{hour}) = \$540/\text{hour}$

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 λ^1) for 20 MWs =
 $(\$20,590/\text{hour} - \$20,571.50/\text{hour}) \times (20 \text{ MWs}) = \$370/\text{hour}$

Step 3 (Calculation of Composite Rate for Total 50 MW Block)

Composite Actual Hourly Avoided Energy Cost of 50 MW Block = $(\$540 + \$370) / 50 \text{ MW}$
or

As-Available Energy Payment Rate (AEPR) = \$18.20/MWH

¹ In this example, system λ is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

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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 Purchase¹ = 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



~~TWELFTH-THIRTEENTH~~ REVISED SHEET NO. 8.406
CANCELS ~~ELEVENTH-TWELFTH~~ REVISED SHEET NO.
8.406

**RATE SCHEDULE COG-2
APPENDIX C**

2028-2030 Reciprocating Engine

This Designated Avoided Unit is a 18.7 MW (winter rating) natural gas-fired Reciprocating Engine with a JANUARY 1, 2028-2030, 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 Reciprocating Engine, 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: A. D. Collins, President

DATE EFFECTIVE: June 7, 2022



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



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



**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:

$$\text{MCP} = \$0$$

- 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:

$$\text{MCP} = [(\text{BCC}) \times (.02 \times (\text{CF} - 45))] \times \text{CC}$$

Continued on Sheet No. 8.418

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 21, 2015



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:

$$MCP = (BCC) \times CC$$

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:

$$= 80\% \times \text{Monthly Average On-peak Operating Factor} + 20\% \times \text{Monthly Average Off-peak Operating Factor}$$

During November 1 - March 31:

$$= 90\% \times \text{Monthly Average On-peak Operating Factor} + 10\% \times \text{Monthly Average Off-peak Operating Factor}$$

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



~~FIFTEENTH-SIXTEENTH~~ REVISED SHEET NO. 8.422
CANCELS ~~FOURTEENTH-FIFTEENTH~~ REVISED SHEET
NO. 8.422

Continued from Sheet No. 8.418

PARAMETERS FOR AVOIDED CAPACITY COSTS

Beginning with the in-service date (01/1/~~2028~~2030) of the Company's Designated Avoided Unit, a 18.7MW (Winter Rating) natural gas-fired Reciprocating Engine, for a 1 year deferral:

		<u>VALUE</u>
VAC_m	= Company's monthly value of avoided capacity, \$/kW/month, for each month of year n	13.45 <u>16.25</u>
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year	1.65 <u>1.72</u>
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	1411.95 <u>1505.40</u>
O_n	= total fixed operation and maintenance expense for the year n, in mid-year \$/kW/year, of the Designated Avoided Unit(s);	24.85 <u>34.21</u>
i_p	= annual escalation rate associated with the plant cost of the Designated Avoided Unit(s)	2.0%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);	2.2%
r	= discount rate, defined as the Company's incremental after tax cost of capital;	6.59 <u>27.132</u> %

Continued to Sheet No. 4.424

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



~~FIFTEENTH~~SIXTEENTH REVISED SHEET NO. 8.424
CANCELS ~~FOURTEENTH~~FIFTEENTH 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.	2028 <u>2030</u>
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 2022 <u>2023</u>	7.878 <u>54</u>
m	=	Earliest year in which early capacity payments to the CEP may begin;	2022 <u>2023</u> *
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);	1265.14 <u>1295.49</u> *
t	=	the term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m;	26 <u>27</u> *

* 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: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



FIFTEENTH-SIXTEENTH REVISED SHEET NO. 8.426
CANCELS **FOURTEENTH-FIFTEENTH** REVISED SHEET NO. 8.426

Continued from Sheet No. 8.424

~~2028-2030~~ RECIPROCATING ENGINE – AVOIDED UNIT
MONTHLY CAPACITY PAYMENT RATE (\$/KW-MONTH)
NON-LEVELIZED PAYMENT OPTIONS

CONTRACT YEAR		OPTION 1	OPTION 2						
		NORMAL PAYMENT	EARLY PAYMENT						
FROM	TO	Starting 01/1/2830 \$/kW-mo.	Starting 01/1/2729 \$/kW-mo.	Starting 01/1/2628 \$/kW-mo.	Starting 01/1/2527 \$/kW-mo.	Starting 01/01/2426 \$/kW-mo.	Starting 01/01/2325 \$/kW-mo.	Starting 01/01/2224 \$/kW-mo.	Starting 01/01/2123 \$/kW-mo.
1/1/2311/23	12/31/2312/31/23					9.34	8.57	8.03	8.54
1/1/2411/24	12/31/2412/31/24					9.34	8.74	9.31 8.49	8.71
1/1/2511/25	12/31/2512/31/25				40.24	9.53	10.18	9.50 8.36	8.89
1/1/2611/26	12/31/2612/31/26			41.17	40.41	11.14	8.92	9.70 8.53	9.07
1/1/2711/27	12/31/2712/31/27		42.24	41.39	12.21	11.36	10.60	9.89 8.70	9.25
1/1/2811/28	12/31/2812/31/28	43.45	42.49	13.40	12.46	11.60	9.29	10.10	9.44
1/1/2911/29	12/31/2912/31/29	43.72	14.74	13.67	12.71	11.83	10.81	8.88	9.63
1/1/3011/30	12/31/3012/31/30	16.25	15.04	13.95	12.97	12.07	11.03	10.30	9.83
1/1/3111/31	12/31/3112/31/31	16.58	15.35	14.24	13.23	12.32	11.26	10.51	10.03
1/1/3211/32	12/31/3212/31/32	16.91	15.66	14.53	13.50	12.57	11.49	10.73	10.23
1/1/3311/33	12/31/3312/31/33	17.26	15.98	14.82	13.78	12.82	11.72	10.94	10.44
1/1/3411/34	12/31/3412/31/34	17.61	16.30	15.12	14.06	13.09	11.96	11.17	10.65
1/1/3511/35	12/31/3512/31/35	17.97	16.63	15.43	14.34	13.35	12.20	11.39	10.87
1/1/3611/36	12/31/3612/31/36	18.33	16.97	15.74	14.63	13.62	12.45	11.63	11.09
1/1/3711/37	12/31/3712/31/37	18.71	17.32	16.07	14.93	13.90	12.69	11.86	11.32
1/1/3811/38	12/31/3812/31/38	19.09	17.67	16.39	15.24	14.18	12.96	12.10	11.55
1/1/3911/39	12/31/3912/31/39	19.48	18.03	16.73	15.55	14.47	13.23	12.35	11.78
1/1/4011/40	12/31/4012/31/40	19.87	18.40	17.07	15.86	14.77	13.50	12.60	12.02
1/1/4111/41	12/31/4112/31/41	20.28	18.77	17.41	16.18	15.07	13.77	12.86	12.27
1/1/4211/42	12/31/4212/31/42	20.69	19.15	17.77	16.51	15.37	14.05	13.12	12.52
1/1/4311/43	12/31/4312/31/43	21.11	19.54	18.13	16.85	15.69	14.34	13.39	12.77
1/1/4411/44	12/31/4412/31/44	21.54	19.94	18.50	17.19	16.01	14.63	13.66	13.03
1/1/4501/45	12/31/4512/31/45	21.98	20.35	18.88	17.54	16.33	14.93	13.94	13.30

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: June 7, 2022



FIFTEENTH-SIXTEENTH REVISED SHEET NO. 8.426
CANCELS **FOURTEENTH-FIFTEENTH** REVISED SHEET NO. 8.426

1/1/46	12/31/46	18.93	17.58	16.36	15.26	14.26	13.34	12.50	
1/1/47	12/31/47	22.43	20.76	19.26	17.90	16.67	15.54	14.51	13.57
1/1/48	12/31/48	19.34	17.94	16.70	15.57	14.54	13.64	12.75	
1/1/49	12/31/49	22.88	21.18	19.65	18.27	17.01	15.86	14.81	13.84
1/1/48	12/30/48	19.74	18.30	17.04	15.89	14.84	13.89	13.04	
1/1/49	12/31/49	23.35	21.62	20.05	18.64	17.35	16.18	15.11	14.13
		23.82	22.06	20.46	19.02	17.70	16.51	15.42	14.41

Continued to Sheet No. 8.427

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



~~TENTH~~ ELEVENTH REVISED SHEET NO. 8.427
CANCELS ~~NINTH~~ TENTH REVISED SHEET NO. 8.427

Continued from Sheet No. 8.426									
203028 RECIPROCATING ENGINE - AVOIDED UNIT									
MONTHLY CAPACITY PAYMENT RATE (-\$/KW-MONTH)									
LEVELIZED PAYMENT OPTIONS									
		OPTION 3	OPTION 4						
		LEVELIZED NORMAL PAYMENT	EARLY LEVELIZED PAYMENT						
CONTRACT YEAR		Starting 01/1/3028	Starting 01/1/2927	Starting 01/1/2826	Starting 01/1/2725	Starting 01/01/2624	Starting 01/01/2523	Starting 01/01/2422	Starting 01/01/23
FROM	TO	\$/KW-mo	\$/KW-mo	\$/KW-mo	\$/KW-mo	\$/KW-mo	\$/KW-mo	\$/KW-mo	\$/KW-mo
4/1/22	12/31/22							9.54	
1/1/23	12/31/23						40.33	9.54	10.35
1/1/24	12/31/24					41.20	40.33	11.24	10.35
1/1/25	12/31/25				42.46	41.20	12.21	11.24	10.35
1/1/26	12/31/26			43.22	42.46	13.29	12.21	11.24	10.35
1/1/27	12/31/27		44.40	43.22	14.48	13.29	12.21	11.24	10.35
1/1/28	12/31/28	45.72	44.40	15.81	14.48	13.29	12.21	11.24	10.35
1/1/29	12/31/29	45.72	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/30	12/31/30	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/31	12/31/31	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/32	12/31/32	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/33	12/31/33	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/34	12/31/34	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/35	12/31/35	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/36	12/31/36	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/37	12/31/37	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/38	12/31/38	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/39	12/31/39	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/40	12/31/40	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/41	12/31/41	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/42	12/31/42	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/43	12/31/43	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/44	12/31/44	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35

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DATE EFFECTIVE: June 7, 2022



~~TENTH-ELEVENTH~~ REVISED SHEET NO. 8.427
CANCELS ~~NINTH-TENTH~~ REVISED SHEET NO. 8.427

1/1/45 01/01/45	12/31/45 12/31/45	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/46 01/01/46	12/31/46 12/31/46	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/47 01/01/47	12/31/47 12/31/47	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/48	12/30/48	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35
1/1/49	12/31/49	18.93	17.28	15.81	14.48	13.29	12.21	11.24	10.35

Continued to Sheet No. 8.428

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



~~THIRTEENTH~~~~FOURTEENTH~~ REVISED SHEET NO. 8.428
CANCELS ~~TWELFTH~~~~THIRTEENTH~~ 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 8,1148.084 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: A. D. Collins, President

DATE EFFECTIVE: June 7, 2022



~~THIRTEENTH~~ ~~FOURTEENTH~~ REVISED SHEET NO. 8.434
CANCELS ~~TWELFTH~~ ~~THIRTEENTH~~ REVISED SHEET NO.
8.434

Continued from Sheet No. 8.428

FC = Fuel Component of the Energy Payment in \$/MWH as defined by:

$$FC = \frac{8,114\text{Btu}084\text{Btu}/\text{kWh} \times FP}{1,000}$$

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: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~



~~FIFTEENTH-SIXTEENTH~~ REVISED SHEET NO. 8.436
CANCELS ~~FOURTEENTH-FIFTEENTH~~ 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, ~~2028~~2030, 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	2,692.81
H = The average annual heat rate, in British Thermal Units (Btus) per kilowatt-hour (Btu/kWh), of the Designated Avoided Unit(s)	8, 114 <u>084</u>

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: ~~June 7, 2022~~

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



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



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 inverter. The inverter 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 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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Buys, Ellis, King) *TB*
Office of the General Counsel (Sparks) *AH*

RE: Docket No. 20230044-EQ – Petition for approval of amended standard offer contract (Schedule COG-2), by Duke Energy Florida, LLC.

AGENDA: 06/13/23 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility (IOU) to continuously offer to purchase capacity and energy from renewable generating facilities 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 revised 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 (TYSP). On March 31, 2023, Duke Energy Florida, LLC (DEF) filed a petition for approval of its amended standard offer contract and rate schedule COG-2 based on its 2023 TYSP. The Commission has jurisdiction over this amended standard offer contract pursuant to Sections 366.04 through 366.055, and 366.91, F.S.

Date: June 1, 2023

Discussion of Issues

Issue 1: Should the Commission approve the amended standard offer contract and rate schedule COG-2 filed by Duke Energy Florida, LLC?

Recommendation: Yes. The provisions of DEF's amended standard offer contract and associated rate schedule COG-2 conform to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs. (Wooten, Buys)

Staff Analysis: Section 366.91(3), F.S., and Rule 25-17.250, F.A.C., require that 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 Rules 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 TYSP, or if no avoided unit is identified, its next avoidable planned purchase. While DEF's 2023 TYSP does not feature an avoidable fossil-fueled generating unit or planned purchases that could be deferred during the planning period, DEF has identified a 215 megawatt (MW) natural gas-fueled combustion turbine (CT) as the next avoidable planned generating unit based on its current planning process. The projected in-service date of the avoided CT is June 1, 2034. In order to comply with the rule, the Commission has previously approved using a unit outside of the TYSP planning period as the avoided unit for standard offer contract purposes.¹

Under DEF's standard offer contract, the RF/QF operator commits 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 June 1, 2034), and thereafter, begin receiving capacity payments in addition to

¹See Order No. PSC-2018-0316-PAA-EQ, issued June 20, 2018, in Docket No. 20180083-EQ, *In re: Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company*; Order No. PSC-2020-0212-PAA-EQ, issued June 26, 2020, in Docket No. 20200114-EQ, *In re: Florida Power & Light Company's Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract*; Order No. PSC-2020-0213-PAA-EQ, issued June 26, 2020, in Docket No. 20200115-EQ, *In re: Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and rate schedule QS-2, by Gulf Power Company*; and Order No. PSC-2022-0203-PAA-EQ, issued June 9, 2022, in Docket No. 20220072-EQ, *In re: Petition for approval of revised standard offer contract and a revised accompanying rate schedule QS-2, by Florida Power & Light Company*.

firm 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 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 DEF's estimates of the annual payments for the normal and levelized capacity payment options available under the revised standard offer contract to an operator with a 50 MW facility, operating at a capacity factor of 95 percent, which is the minimum capacity factor required under the contract to qualify for full capacity payments. Normal and levelized capacity payments begin with the projected in-service date of the avoided unit (June 1, 2034) and continue for 10 years, while early and early levelized capacity payments begin 2 years prior to the in-service date, or 2032 for this example.

**Table 1 - Estimated Annual Payments to a 50 MW Renewable Facility
(95% Capacity Factor)**

Year	Energy Payment	Capacity Payment			
		Normal	Levelized	Early	Early Levelized
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
2024	19,772	-	-	-	-
2025	17,188	-	-	-	-
2026	16,698	-	-	-	-
2027	16,142	-	-	-	-
2028	16,912	-	-	-	-
2029	16,501	-	-	-	-
2030	15,872	-	-	-	-
2031	15,302	-	-	-	-
2032	14,926	-	-	2,535	2,751
2033	15,594	-	-	2,581	2,753
2034	16,479	2,046	2,199	2,628	2,756
2035	17,615	3,571	3,773	2,676	2,759
2036	19,021	3,636	3,777	2,724	2,762
2037	19,845	3,702	3,781	2,774	2,765
2038	20,910	3,769	3,785	2,824	2,768
2039	22,147	3,837	3,790	2,875	2,772
2040	22,513	3,907	3,794	2,928	2,775
2041	22,595	3,978	3,799	2,981	2,779
2042	24,085	4,050	3,803	3,035	2,782
2043	24,563	4,124	3,808	3,090	2,786
Total	374,681	36,618	36,309	33,650	33,208
Total (NPV)	199,751	13,501	13,501	13,501	13,501

Source: DEF's Response to Staff's First Data Request²

²Document No. 02747-2023, filed April 18, 2023, in Docket No. 20230044-EQ.

Date: June 1, 2023

DEF's standard offer contract, in type-and-strike format, is included as Attachment A to this recommendation. The changes made to DEF's tariff sheets are consistent with the updated avoided unit. Revisions include updates to calendar dates and payment information which reflect the current economic and financial assumptions for the avoided unit. In addition, the language on Sheet No. 9.447 was revised to update the project management activities list to include the decommissioning of the facility. This will allow DEF to better evaluate the financial and technical ability of the RF/QF to determine if they are capable of delivering firm capacity for the duration of the contract. Staff believes the change to Sheet No. 9.447 is reasonable as it would protect DEF ratepayers from non-viable RF/QFs.

Conclusion

The provisions of DEF's amended standard offer contract and associated rate schedule COG-2 conform to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs.

Date: June 1, 2023

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, DEF's standard offer contract may subsequently be revised. (Sparks)

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, DEF's standard offer contract may subsequently be revised.



SECTION No. IX
SECOND REVISED SHEET NO. 9.400
CANCELS FIRST REVISED SHEET NO. 9.400

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY
AND ENERGY FROM A RENEWABLE ENERGY PRODUCER
OR QUALIFYING FACILITY LESS THAN 100 KW

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ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION NO. IX
SECOND REVISED SHEET NO. 9.401
CANCELS FIRST SHEET NO. 9.401

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY
AND ENERGY FROM A RENEWABLE ENERGY PRODUCER
OR QUALIFYING FACILITY LESS THAN 100 KW

between

and

DUKE ENERGY FLORIDA, LLC

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: June 5, 2018



SECTION NO. IX
THIRD REVISED SHEET NO. 9.402
CANCELS SECOND REVISED SHEET NO. 9.402

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ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 9, 2019



SECTION NO. IX
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ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 9, 2019



SECTION NO. IX
SIXTH REVISED SHEET NO. 9.404
CANCELS FIFTH REVISED SHEET NO. 9.404

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY
AND ENERGY FROM A RENEWABLE ENERGY PRODUCER
OR QUALIFYING FACILITY LESS THAN 100 KW**

THIS STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY (hereinafter referred to as the "Contract") is made and entered this ____ day of _____, ____ (hereinafter referred to as the "Execution Date"), by and between _____ (hereinafter the Renewable Energy Provider/Qualifying Facility ("RF/QF")), and Duke Energy Florida, LLC d/b/a Duke Energy (hereinafter "DEF"), a private utility corporation organized and existing under the laws of the State of Florida. The RF/QF and DEF shall be individually identified herein as the "Party" and collectively as the "Parties". This Contract contains six Appendices which are incorporated into and made part of this Contract: Appendix A: Monthly Capacity Payment Calculation; Appendix B: Termination Fee; Appendix C: Detailed Project Information; Appendix D: Rate Schedule COG-2; Appendix E: Agreed Upon Payment Schedules and Other Mutual Agreements; and Appendix F: Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.310, F.A.C.

WITNESSETH:

WHEREAS, the RF/QF desires to sell, and DEF desires to purchase electricity to be generated by the RF/QF consistent with Florida Statutes 366.91 (2006) and FPSC Rules 25-17.080 through 25-17.310 F.A.C.; and

WHEREAS, the RF/QF will acquire an interconnection/transmission service agreement with the utility in whose service territory the Facility is to be located, pursuant to which the RF/QF assumes contractual responsibility to make any and all transmission-related arrangements (including ancillary services) between the RF/QF and the Transmission Provider for delivery of the Facility's firm capacity and energy to DEF. The Parties recognize that the Transmission Provider may be DEF and that the transmission service will be provided under a separate agreement; and

WHEREAS, the FPSC has approved this Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer; and

WHEREAS, the RF/QF guarantees that the Facility is capable of delivering firm capacity and energy to DEF for the term of this Contract in a manner consistent with the provision of this Contract;

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

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION NO. IX
THIRD REVISED SHEET NO. 9.405
CANCELS SECOND REVISED SHEET NO. 9.405

1. Definitions

“AFR” means the Facility’s annual fuel requirement.

“AFTR” means the Facility’s annual fuel transportation requirement

“Annual Capacity Billing Factor” or “ACBF” means 12 month rolling average of the Monthly Availability Factor as further defined and explained in Appendix A.

“Appendices” shall mean the schedules, exhibits, and attachments which are appended hereto and are hereby incorporated by reference and made a part of this Contract. Such Appendices include:

“Appendix A” sets forth the Monthly Capacity Payment Calculation.

“Appendix B” sets forth the Termination Fee.

“Appendix C” sets forth the Detailed Project Information.

“Appendix D” sets forth Rate Schedule COG-2.

“Appendix E” sets forth the Agreed Upon Payment Schedules and Other Mutual Agreements

“Appendix F” sets forth Florida Public Service Commission (“FPSC”) Rules 25-17.080 through 25-17.310, F.A.C.

“As-Available Energy Rate” means the rate calculated by DEF in accordance with FPSC Rule 25-17.0825, F.A.C., and DEF’s Rate Schedule COG-1, as they may each be amended from time to time

“Auditor’s Standard Report” means a written opinion of an auditor regarding an entity’s financial statements. The report is written in a standard format, as mandated by generally accepted auditing standards (GAAS).

“Authorization to Construct” means authorization issued by any appropriate Government Agency to construct or reconstruct the Facility granted to RF/QF in accordance with the laws of the State of Florida and any relevant federal law.

“Avoided Unit” means the electrical generating unit described in Section 4 upon which this Contract is based.

“Avoided Unit Energy Cost” has the meaning assigned to it in Appendix D.

“Avoided Unit Fuel Cost” has the meaning assigned to it in Appendix D.

“Avoided Unit Heat Rate” means the average annual heat rate of the Avoided Unit as defined in Section 4.

“Avoided Unit In-Service Date” means the date upon which the Avoided Unit would have started commercial operation as specified in Section 4.

“Avoided Unit Life” means the economic life of the Avoided Unit.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 9, 2019



SECTION No. IX
EIGHTH REVISED SHEET NO. 9.406
CANCELS SEVENTH REVISED SHEET NO. 9.406

“Avoided Unit Variable O&M” means the Avoided Unit variable operation and maintenance expenses as defined in Section 4. The annual escalation will begin in the payment for January deliveries.

“Base Capacity Payment” or “BCP” means capacity payment rates defined in Appendix D and further defined by the selection of Option A,B,C or D in Section 9.2 or in Appendix E if applicable.

“Base Year” means the year that this Contract was approved by the FPSC.

“Business Day” means any day except a day upon which banks licensed to operate in the State of Florida are authorized, directed or permitted to close, Saturday, Sunday or a weekday that is observed as a public holiday in the State of Florida.

“CAMD” means the Clean Air Markets Division of the Environmental Protection Agency or successor administrator (collectively with any local, state, regional, or federal entity given jurisdiction over a program involving transferability of Environmental Attributes).

“Capacity” means the minimum average hourly net capacity (generator output minus auxiliary load) measured over the Committed Capacity Test Period.

“Capacity Delivery Date” means the first calendar day immediately following the date of the Facility’s successful completion of the first Committed Capacity Test subject to the requirements of Section 5(d) and Section 7.6.

“Capacity Payment” means the payment defined in Section 9.2 and Appendix A.

“Certified Public Accountant” or “CPA” means someone who has passed the American Institute of Certified Public Accountants (AICPA) Uniform CPA examination, met educational, and licensure requirements in the state of license and have been issued a license to practice public accounting by a state Accountancy board.

“Committed Capacity” or “CC” means the capacity in kW that the RF/QF commits to sell to DEF; the amount of which shall be determined in accordance with Section 7 and shall be greater than zero.

“Committed Capacity Test” means the testing of the capacity of the Facility performed in accordance with the procedures set forth in Section 8.

“Committed Capacity Test Period” means a test period of twenty-four (24) consecutive hours.

“Completion/Performance Security” means the security described in Section 11.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 1, 2022



SECTION No. IX
SIXTH REVISED SHEET NO. 9.407
CANCELS FIFTH REVISED SHEET NO. 9.407

"Conditions Precedent" shall have the meaning assigned to it in Section 5.

"Contract" means this standard offer contract for the purchase of Firm Capacity and Energy from a Renewable Energy Producer or Qualifying Facility with a nameplate capacity of less than 100 kW.

"Credit Support Provider" means any Person that has provided an RF/QF Guarantee in connection with this Agreement.

"Creditworthy" with respect to a Party or its Credit Support Provider, as applicable, means a party is rated at least BBB by Standard & Poor's (S&P), or at least Baa3 by Moody's Investor Services (Moody's). Rating shall be the unsecured, senior long-term debt rating (not supported by third party credit enhancement) or the issuer rating will be used if not available. If a Party or its Credit Support Provider, as applicable, is rated by both S&P and Moody's, then the lower of the two ratings will apply.

"DEF" has the meaning assigned to it in the opening paragraph of this Contract.

"DEF Entities" has the meaning assigned to it in Section 16.

"Demonstration Period" means a sixty-hour period in which the Committed Capacity Test must be completed.

"Distribution System" means the distribution system consisting of electric lines, electric plant, transformers and switchgear used for conveying electricity to ultimate consumers, but not including any part of the Transmission System.

"Drop Dead Date" means the date which is twelve (12) months following the Execution Date except for the condition defined in Section 5(a)(i). The Parties recognize that firm transmission service agreements can take up to 24 months to obtain so for Section 5(a)(i) only the Drop Dead Date means the date which is twenty four (24) months following the Execution Date.

"Eastern Prevailing Time" or "EPT" means the time in effect in the Eastern Time Zone of the United States of America, whether Eastern Standard Time or Eastern Daylight Savings Time.

"Effective Date" has the meaning assigned to it in Section 5.

"Electrical Interconnection Point" means the physical point at which the Facility is connected with the Transmission System or, if RF/QF interconnects with a Transmission System other than DEF's, DEF's interconnection with the Transmission Provider's Transmission System, or such other physical point on which RF/QF and DEF may agree.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
SEVENTH REVISED SHEET NO. 9.408
CANCELS SIXTH REVISED SHEET NO. 9.408

"Eligible Collateral" means (i) a Letter of Credit from a Qualified Institution or (ii) cash deposit provided to DEF by RF/QF or a combination of (i), and/or (ii) as outlined in Section 11.

"Energy" means megawatt-hours generated by the Facility of the character commonly known as three-phase, sixty hertz electric energy that is delivered at a nominal voltage at the Electrical Interconnection Point.

"Environmental Attributes" or "EA" means all attributes of an environmental or other nature that are created or otherwise arise from the Facility's generation of electricity from a renewable energy source in contrast with the generation of electricity using nuclear or fossil fuels or other traditional resources. Forms of such attributes include, without limitation, any and all environmental air quality credits, green credits, renewable energy credits ("RECs"), carbon credits, emissions reduction credits, certificates, tags, offsets, allowances, or similar products or rights, howsoever entitled, (i) resulting from the avoidance of the emission of any gas, chemical, or other substance, including but not limited to, mercury, nitrogen oxide, sulfur dioxide, carbon dioxide, carbon monoxide, particulate matter or similar pollutants or contaminants of air, water or soil gas, chemical, or other substance, and (ii) attributable to the generation, purchase, sale or use of Energy from or by the Facility, or otherwise attributable to the Facility during the Term. Environmental Attributes include, without limitation, those currently existing or arising during the Term under local, state, regional, federal, or international legislation or regulation relevant to the avoidance of any emission described in this Contract under any governmental, regulatory or voluntary program, including, but not limited to, the United Nations Framework Convention on Climate Change and related Kyoto Protocol or other programs, laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency ("CAMD") or successor administrator (collectively with any local, state, regional, or federal entity given jurisdiction over a program involving transferability of Environmental Attributes).

"Event of Default" has the meaning assigned to it in Section 14.

"Execution Date" has the meaning assigned to it in the opening paragraph of this Contract.

"Exemplary Early Capacity Payment Date" means the exemplary date used to calculate Capacity Payments for Option B and D. This date is specified in Section 4. The actual Capacity Payments for Option B and D will be calculated based upon the Required Capacity Delivery Date.

"Expected Nameplate Capacity Rating" means the total generating capacity of the Facility that is the sum of (a) the Committed Capacity, and (b) the capacity required for any station service use of generating unit equipment or auxiliaries, including, without limitation, cooling towers, heat exchanges, duct burners and other equipment that could be used for energy production or as required by law, and shall be in service during the Committed Capacity Test Period and (c) any other capacity reserved for on-site use or energy production.

"Expiration Date" means the final date upon which this Contract can be executed. This date is specified in Section 4.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
FIFTH REVISED SHEET NO. 9.409
CANCELS FOURTH REVISED SHEET NO. 9.409

“Facility” means all equipment, as described in this Contract, used to produce electric energy and, all equipment that is owned or controlled by the RF/QF required for parallel operation with the Transmission System. In the case of a cogenerator the Facility includes all equipment that is owned or controlled by the RF/QF to produce useful thermal energy through the sequential use of energy.

“Financial Closing” means the fulfillment of each of the following conditions:

- (a) the execution and delivery of the Financing Documents; and
- (b) all Conditions Precedent to the initial availability for disbursement of funds under the Financing Documents (other than relating to the effectiveness of this Contract) are satisfied or waived.

“Financing Documents” shall mean documentation with respect to any private equity investment in RF/QF, any loan agreements (including agreements for any subordinated debt), notes, bonds, indentures, guarantees, security agreements and hedging agreements relating to the financing or refinancing of the design, development, construction, testing, commissioning, operation and maintenance of the entire Facility or any guarantee by any Financing Party of the repayment of all or any portion of such financing or refinancing.

“Financing Party” means the Persons (including any trustee or agent on behalf of such Persons) providing financing or refinancing to or on behalf of RF/QF for the design, development, construction, testing, commissioning, operation and maintenance of the Facility (whether limited recourse, or with or without recourse).

“Firm Capacity and Energy” has the meaning assigned to it in Appendix D.

“Firm Capacity Rate” has the meaning assigned to it in Appendix D.

“Firm Energy Rate” has the meaning assigned to it in Appendix D.

“Force Majeure” has the meaning given to it in Section 18.

“FPSC” means the Florida Public Service Commission or its successor.

“Government Agency” means the United States of America, or any state or any other political subdivision thereof, including without limitation, any municipality, township or county, and any domestic entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, any corporation or other entity owned or controlled by any of the foregoing.



SECTION No. IX
FIFTH REVISED SHEET NO. 9.410
CANCELS FOURTH REVISED SHEET NO 9.410

“IEEE” means the Institute of Electrical and Electronics Engineers, Inc.

“Indemnified Party” has the meaning assigned to it in Section 16.

“Indemnifying Party” has the meaning assigned to it in Section 16.

“Initial Reduction Value” has the meaning assigned to it in Appendix B.

“Insurance Services Office” has the meaning assigned to it in Section 17.

“KVA” means one or more kilovolts-amperes of electricity, as the context requires.

“kW” means one or more kilowatts of electricity, as the context requires.

“kWh” means one or more kilowatt-hours of electricity, as the context requires.

“Letter of Credit” means a stand-by letter of credit from a Qualified Institution that is acceptable to DEF whose approval may not be unreasonably withheld. The Letter of Credit must provide that DEF has the right to draw on the Letter of Credit in the event that less than twenty (20) Business Days remain until its expiration and RF/QF has failed to renew the Letter of Credit or provide replacement Eligible Collateral as required under this Agreement.

“Licensed Professional Engineer” means a person who is licensed to engage in the practice of engineering under Chapter 471 of the Florida Statutes.

“LOI” means a letter of intent for fuel supply.

“MCPC” means the Monthly Capacity Payment for Option A.

“Monthly Billing Period” means the period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m., on the Capacity Delivery Date and ending with the last calendar day of such month.

“Monthly Availability Factor” or “MAF” means the total energy received during the Monthly Billing Period for which the calculation is made, divided by the product of Committed Capacity and the total hours during the Monthly Billing Period.

“Monthly Capacity Payment” or “MCP” means the payment for Capacity calculated in accordance with Appendix A.

“MW” means one or more megawatts of electricity, as the context requires.

“MWh” means one or more megawatt-hours of electricity, as the context requires.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 9, 2019



SECTION No. IX
THIRD REVISED SHEET NO. 9.411
CANCELS SECOND REVISED SHEET NO. 9.411

"Option A" means normal Capacity Payments as described in Appendix D.

"Option B" means early Capacity Payments as described in Appendix D.

"Option C" means levelized Capacity Payments as described in Appendix D.

"Option D" means early levelized Capacity Payments as described in Appendix D.

"Party" or "Parties" has the meaning assigned to it in the opening paragraph of this Contract.

"Person" means any individual, partnership, corporation, association, joint stock company trust, joint venture, unincorporated organization, or Governmental Agency (or any department, agency, or political subdivision thereof).

"Project Consents" mean the following Consents, each of which is necessary to RF/QF for the fulfillment of RF/QF's obligations hereunder:

- (a) the Authorization to Construct;
- (b) planning permission and consents in respect of the Facility, and any electricity substation located at the Facility site, including but not limited to, a prevention of significant deterioration permit, a noise, proximity and visual impact permit, and any required zoning permit; and
- (c) any integrated pollution control license.

"Project Contracts" means this Contract, and any other contract required to construct, operate and maintain the Facility. The Project Contracts may include, but are not limited to, the turnkey engineering, procurement and construction contract, the electrical interconnection and operating agreement, the fuel supply agreement, the facility site lease, and the operation and maintenance agreement.

"Prudent Regulated Utility Practices" means any of the practices, methods, standards and acts (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of owners and operators of power plants regulated by the state authority or state's jurisdiction over an electric utility as defined in Florida Statute, 366.02(2) of technology, complexity and size similar to the Facility in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, could have been expected to accomplish the desired result and goals (including such goals as efficiency, reliability, economy and profitability) in a manner consistent with applicable facility design limits and equipment specifications and applicable laws and regulations. Prudent Regulated Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts in each case.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: June 9, 2020



SECTION No. IX
FIFTH REVISED SHEET NO. 9.412
CANCELS FOURTH REVISED SHEET NO. 9.412

"Qualifying Facility" or "QF" means a cogenerator, small power producer, or non-utility generator that has been certified or self-certified by the FERC as meeting certain ownership, operating and efficiency criteria established by the Federal Energy Regulatory Commission pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA"), the criteria for which are currently set forth in 18 C.F.R. § 292, *et seq.* (2006), Section 210 of PURPA, 16 U.S.C. § 824a-3 (2005), 16 U.S.C. 796 *et seq.* (2006), and Section 1253 of EPAct 2005, Pub. L. No. 109-58, § 1253, 119 Stat. 594 (2005) or, alternatively, analogous provisions under the laws of the State of Florida.

"Qualified Institution" means the domestic office of a United States commercial bank or trust company or the United States branch of a foreign bank having total assets of at least ten billion dollars (\$10,000,000,000) (which is not an affiliate of either party) and a general long-term senior unsecured debt rating of A- or higher (as rated by Standard & Poor's Ratings Group), or A3 or higher (as rated by Moody's Investor Services).

"Rate Schedule COG-1" means DEF's Agreement for Purchase of As-Available Energy and/or Parallel Operation with a Qualifying Facility as approved by the FPSC and as may be amended from time to time.

"REC" means renewable energy credits, green tags, green tickets, renewable certificates, tradable renewable energy credits ("T-REC") or any tradable certificate that is produced by a renewable generator in addition to and in proportion to the production of electrical energy.

"Reduction Value" has the meaning assigned to it in Appendix B.

"Remedial Action Plan" has the meaning assigned to it in Section 20.3.

"Renewable Facility" or "RF/QF" 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 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.

"Required Capacity Delivery Date" means the date specified in Appendix E. In the event that no Required Capacity Delivery Date is specified in Appendix E then the RF/QF shall achieve the Capacity Delivery Date on or before the Avoided Unit In-Service Date.

"RF/QF Entities" has the meaning assigned to it in Section 16.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
THIRD REVISED SHEET NO. 9.413
CANCELS SECOND REVISED SHEET NO. 9.413

"RF/QF Insurance" has the meaning assigned to it in Section 17.

"RF/QF Performance Security" has the meaning assigned in Section 11.

"Security Documentation" has the meaning assigned to it in Section 12.

"Term" has the meaning assigned to it in Section 3.

"Termination Date" means the date upon which this Contract terminates unless terminated earlier in accordance with the provisions hereof. This date is specified in Section 4.

"Termination Fee" means the fee described in Appendix B as it applies to any Capacity Payments made under Option B, C or D.

"Termination Security" has the meaning assigned to it in Section 12.

"Transmission Provider" means the operator(s) of the Transmission System(s) or any successor thereof or any other entity or entities authorized to transmit Energy on behalf of RF/QF from the Electrical Interconnection Point.

"Transmission System" means the system of electric lines comprised wholly or substantially of high voltage lines, associated system protection, system stabilization, voltage transformation, and capacitance, reactance and other electric plant used for conveying electricity from a generating station to a substation, from one generating station to another, from one substation to another, or to or from any Electrical Interconnection Point or to ultimate consumers and shall include any interconnection owned by the Transmission Provider or DEF, but shall in no event include any lines which the Transmission Provider has specified to be part of the Distribution System except for any distribution facilities required to accept capacity and energy from the Facility.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 21, 2015



SECTION No. IX
SECOND REVISED SHEET NO. 9.414
CANCELS FIRST REVISED SHEET NO. 9.414

2. Facility; Renewable Facility or Qualifying Facility Status

The Facility's location and generation capabilities are as described in Table 1 below.

TABLE 1

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (kW)	
Net Output (kW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load kW	

The RF/QF's failure to complete Table 1 in its entirety shall render this Contract null and void and of no further effect.

The RF/QF shall use the same fuel or energy source and maintain the status as a Renewable Facility or a Qualifying Facility throughout the term of this Contract. RF/QF shall at all times keep DEF informed of any material changes in its business which affects its Renewable Facility or Qualifying Facility status. DEF and RF/QF shall have the right, upon reasonable notice of not less than seven (7) Business Days, to inspect the Facility and to examine any books, records, or other documents reasonably deemed necessary to verify compliance with this Contract. In the event of an emergency at or in proximity to the RF/QF site that impacts DEF's system, DEF shall make reasonable efforts to contact the Facility and make arrangements for an emergency inspection. On or before March 31 of each year during the term of this Contract, the RF/QF shall provide to DEF a certificate signed by an officer of the RF/QF certifying that the RF/QF continuously maintained its status as a Renewable Facility or a Qualifying Facility during the prior calendar year.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
~~SIXTEENTH-SEVENTEENTH~~ REVISED SHEET NO.
9.415
CANCELS ~~FIFTEENTH-SIXTEENTH~~ REVISED SHEET
NO. 9.415

3. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m. on the Termination Date, (the "Term") unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the RF/QF before the Required Capacity Delivery Date (or such later date as may be permitted by DEF pursuant to Section 7), this Contract shall be rendered null and void and DEF shall have no obligations under this Contract.

4. Minimum Specifications and Milestones

As required by FPSC Rule 25-17.0832(4)(e), the minimum specifications pertaining to this Contract and milestone dates are as follows:

Avoided Unit	Undesignated Combustion Turbine
Avoided Unit Capacity	214 <u>215</u> MW
Avoided Unit In-Service Date	June 1, 203 <u>4</u> 29
Avoided Unit Heat Rate	40,633 <u>11,091</u> BTU/kWh
Avoided Unit Variable O&M	0. 96 <u>1388</u> ¢ per kWh in mid-202 <u>3</u> 2 dollars escalating annually at 2.50%
Avoided Unit Life	35 years
Capacity Payments begin	Avoided Unit In-Service Date unless Option B, or D is selected or amended in Appendix E
Termination Date	May 31, 20 <u>44</u> 39 (10 years) unless amended in Appendix E
Minimum Performance Standards – On Peak Availability Factor*	95%
Minimum Performance Standards – Off Peak Availability Factor	95%
Minimum Availability Factor Required to qualify for a Capacity payment	75%
Expiration Date	April 1, 202 <u>4</u> 3
Exemplary Early Capacity Payment Date	January 1, 20 <u>32</u> 27

* RF/QF performance shall be as measured and/or described in Appendix A.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 1, 2022



SECTION No. IX
TENTH REVISED SHEET NO. 9.416
CANCELS NINTH REVISED SHEET NO. 9.416

5. Conditions Precedent

- (a) Unless otherwise waived in writing by DEF, on or before the Drop Dead Date, RF/QF shall satisfy the following Conditions Precedent:
- (i) RF/QF shall have obtained and maintain firm transmission service necessary to deliver Capacity and Energy from the Facility to the Electrical Interconnection Point. For the avoidance of doubt, firm transmission service includes the execution of an interconnection agreement including the written authorization by the RF/QF to begin construction of the interconnection facilities, and approved firm transmission service by the host utility either under a Transmission Service Request, or equivalent process, in a form and substance satisfactory to RF/QF in its sole discretion;
 - (ii) RF/QF shall have obtained and maintain the Project Consents and any other Consents for which it is responsible under the terms hereof in a form and substance satisfactory to RF/QF in its sole discretion;
 - (iii) RF/QF shall have entered into Financing Documents relative to the construction of the entire Facility and have achieved and maintain Financial Closing in a form and substance satisfactory to RF/QF in its sole discretion; RF/QF shall have obtained an Auditor's Standard Report for the most recent financial year from a Certified Public Accountant (reasonably acceptable to DEF in all respects). If the RF/QF has a nameplate capacity of 5 MW or less, or the RF/QF is owned by a Government Agency or the RF/QF is a publicly traded company that is Creditworthy then an Auditor's Standard Report is not required. The RF/QF shall provide the Duke Energy Florida Director of Qualified Facility Contracts a copy of the Auditor's Standard Report and a copy of the signing partner's Certified Public Accountant license;
 - (iv) RF/QF shall have entered into and maintain the Project Contracts in a form and substance satisfactory to RF/QF in its sole discretion;
 - (v) RF/QF shall have obtained and maintain insurance policies or coverage in compliance with Section 17;
 - (vi) Each Party shall have delivered to the other Party (i) a copy of its constitutional documents (certified by its corporate secretary as true, complete and up-to-date) and (ii) a copy of a corporate resolution approving the terms of this Contract and the transactions contemplated hereby and authorizing one or more individuals to execute this Contract on its behalf (such copy to have been certified by its corporate representative as true, complete and up-to-date);
 - (vii) RF/QF shall have obtained and maintain Qualifying Facility status from either the FPSC or FERC. The RF/QF shall provide the Duke Energy Florida Director of Qualified Facility Contracts a copy of the certification of QF status filing and any re-filings required to reflect subsequent changes to the previously certified Facility.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
SIXTH REVISED SHEET NO.9.417
CANCELS FIFTH REVISED SHEET NO. 9.417

- (viii) RF/QF shall obtain a certificate addressed to DEF from a Licensed Professional Engineer (reasonably acceptable to DEF in all respects) stating the project is technically viable. The RF/QF shall provide the Duke Energy Florida Director of Qualified Facility Contracts this certificate and a copy of the Professional Engineer's license.
- (b) Promptly upon satisfaction of the Conditions Precedent to be satisfied, the Party having satisfied the same shall deliver to the other Party a certificate evidencing such satisfaction. DEF may waive the satisfaction of a Condition Precedent at its sole discretion. Such waiver must be made in writing. Subject to there being no Event of Default which has occurred and/or is continuing as of the date upon which the last of such certificates is delivered, the date of such last certificate shall constitute the effective date of this Contract (the "Effective Date").
- (c) Unless all Conditions Precedent are satisfied on or before the Drop Dead Date or such Conditions Precedent are waived in writing, this Contract shall terminate on such date and neither Party shall have any further liability to the other Party hereunder.
- (d) RF/QF shall ensure that before the initial Committed Capacity Test:
 - (a) the Facility shall have been constructed so that the Committed Capacity Test may be duly and properly undertaken in accordance with Section 7; and
 - (b) an operable physical connection from the Facility to the Transmission System shall have been effected in accordance with the electrical interconnection and operating agreement required by the Transmission Provider, provided, however, that such physical connection shall be made consistent with the terms hereof.

6. Sale of Electricity by the RF/QF

6.1 Consistent with the terms hereof, the RF/QF shall sell to DEF and DEF shall purchase from the RF/QF electric power generated by the Facility. The purchase and sale of electricity pursuant to this Contract shall be a () net billing arrangement or () simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the RF/QF to sell more than the Facility's net output. The billing methodology may be changed at the option of the RF/QF, subject to the provisions of Appendix D.

6.2 Ownership and Offering For Sale Of Renewable Energy Attributes

Subject to Section 6.3, the RF/QF shall retain any and all rights to own and to sell any and all Environmental Attributes associated with the electric generation of the Facility.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: June 9, 2020



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NINTH REVISED SHEET NO. 9.418
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- 6.3 In the event that the RF/QF decides to sell any or all EAs that result from the electric generation of the RF/QF during the term of this Contract, the RF/QF shall provide notice to the Company of its intent to sell such EAs and provide the Company a reasonable opportunity to offer to purchase such EAs.
- 6.4 The RF/QF shall not rely on interruptible or curtailable standby service for the start up requirements (initial or otherwise) of the Facility.
- 6.5 The RF/QF shall be responsible for the scheduling of required transmission and for all costs, expenses, taxes, fees and charges associated with the delivery of energy to DEF. The RF/QF shall enter into a transmission service agreement with the Transmission Provider in whose service territory the Facility is to be located and the RF/QF shall make any and all transmission-related arrangements (including interconnection and ancillary services) between the RF/QF and the Transmission Provider for delivery of the Facility's firm Capacity and energy to DEF. The Capacity and Energy amounts paid to the RF/QF hereunder do not include transmission losses. The RF/QF shall be responsible for transmission losses that occur prior to the point at which the RF/QF's Energy is delivered to DEF. The Parties recognize that the Transmission Provider may be DEF and that if DEF is the Transmission Provider, the transmission service will be provided under a separate agreement.

7. Committed Capacity/Capacity Delivery Date

- 7.1 If the RF/QF commits to sell capacity to DEF, the amount of which shall be determined in accordance with this Section 7. Subject to Section 7.3, the Committed Capacity is set at _____ kW, with an expected Capacity Delivery Date on or before the Required Capacity Delivery Date.
- 7.2 Capacity testing of the Facility (each such test a Committed Capacity Test) shall be performed in accordance with the procedures set forth in Section 8. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than ninety (90) days before the Required Capacity Delivery Date and testing must be completed before the Avoided Unit In-Service Date or an earlier date in Appendix E. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 7.1. Subject to Section 8.1, the RF/QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

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SECTION No. IX
NINTH REVISED SHEET NO. 9.419
CANCELS EIGHTH REVISED SHEET NO. 9.419

- 7.3** In addition to the first Committed Capacity Test, DEF shall have the right to require the RF/QF, after notice of no less than ten (10) Business Days prior to such proposed event, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to two (2) times per year, the results of which shall be provided to DEF within seven (7) calendar days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 7.1. Provided however, any such second test requested within a twelve (12) month period must be for cause.
- 7.4** Notwithstanding anything contrary to the terms hereof, the Committed Capacity may not exceed the amount set forth in Section 7.1 without the consent of DEF, which consent shall be granted in DEF's sole discretion.
- 7.5** Unless Option B or D as contained in Appendix D or Appendix E is chosen by RF/QF, DEF shall make no Capacity Payments to the RF/QF prior to the Avoided Unit In-Service Date.
- 7.6** The RF/QF shall be entitled to receive Capacity Payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs before the Required Capacity Delivery Date (or such later date permitted by DEF) and the following Delivery Date Conditions (defined below) have been satisfied. If the Capacity Delivery Date does not occur before the Required Capacity Delivery Date, DEF shall immediately be entitled to draw down the Completion/Performance Security in full in its sole discretion.
- 7.6.1** A certificate addressed to DEF from a Licensed Professional Engineer (reasonably acceptable to DEF in all respects) stating: (a) the nameplate capacity rating or capability of the Facility at the anticipated time of commercial operation and through the term of this Contract assuming the use of Prudent Regulated Utility Practices, must be between 95% and 105% of the "Expected Nameplate Capacity Rating;" (b) that the Facility is able to generate electric Energy reliably in amounts expected by this Contract and in accordance with all other terms and conditions hereof; (c) that start-up testing of the Facility has been completed; and (d) that, pursuant to Section 10.5, all system protection and control and Automatic Generation Control devices are installed and operational.

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EFFECTIVE: June 9, 2020



SECTION No. IX
SEVENTH REVISED SHEET NO. 9.420
CANCELS SIXTH REVISED SHEET NO. 9.420

7.6.2 A certificate addressed to DEF from a Licensed Professional Engineer (reasonably acceptable to DEF in all respects) stating, in conformance with the requirements of the interconnection agreement, that: (a) all required interconnection facilities have been constructed; (b) all required interconnection tests have been completed; and (c) the Facility is physically interconnected with the Transmission System in conformance with the interconnection agreement and able to deliver energy consistent with the terms of this Contract.

7.6.3 A certificate addressed from a Licensed Professional Engineer (reasonably acceptable to DEF in all respects) stating that the RF/QF has obtained or entered into all permits and agreements including, but not limited to Project Contracts with respect to the Facility necessary for land control, construction, ownership, operation, and maintenance of the Facility (the "Project Contracts"). RF/QF must provide copies of any or all Project Contracts requested by DEF.

7.6.4 An opinion from a law firm or attorney, registered or licensed in the State of Florida (reasonably acceptable to DEF in all respects), stating, after all appropriate and reasonable inquiry, that: (a) the RF/QF has obtained or entered into all Project Contracts; (b) neither RF/QF nor the Facility is in violation of, or subject to any liability under any applicable law; and (c) RF/QF has duly filed and had recorded all of the agreements, documents, instruments, mortgages, deeds of trust, and other writings.

For each Licensed Professional Engineer utilized in 7.6.1 through 7.6.4, RF/QF should provide DEF with a copy of the Professional Engineer's license.

DEF shall have ten, (10) Business Days after receipt either to confirm to the RF/QF that all of the Delivery Date Conditions have been satisfied or have occurred, or to state with specificity what DEF reasonably believes has not been satisfied.

8. Testing Procedures

8.1 The Committed Capacity Test must be completed successfully within the Demonstration Period, which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the RF/QF by means of a written notice to DEF delivered at least thirty (30) calendar days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by DEF under any of the provisions of this Contract. DEF shall have the right to be present onsite to monitor firsthand any Committed Capacity Test required or permitted under this Contract.

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EFFECTIVE: June 9, 2020



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SEVENTH REVISED SHEET NO. 9.421
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- 8.2** The Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net kW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. The Committed Capacity Test Period shall commence at the time designated by the RF/QF pursuant to Section 8.1 or at such time requested by DEF pursuant to Section 7.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that DEF is notified of, and consents to, such earlier time.
- 8.3** Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period.
- 8.4** The Capacity of the Facility shall be the minimum hourly net output in kW (generator output minus auxiliary) measured over the Committed Capacity Test Period.
- 8.5** The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the RF/QF.
- 8.6** The results of any Committed Capacity Test, including all data related to Facility operation and performance during testing, shall be submitted to DEF by the RF/QF within seven (7) calendar days of the conclusion of the Committed Capacity Test. The RF/QF shall certify that all such data is accurate and complete.
- 9. Payment for Electricity Produced by the Facility**
- 9.1 Energy**
- 9.1.1** DEF agrees to pay the RF/QF for Energy produced by the Facility and delivered to DEF in accordance with the rates and procedures contained in Appendix D, as it may be amended from time to time. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule COG-1 or Appendix D whichever applies as approved and on file with the FPSC.
- 9.1.2** DEF may, at its option, limit deliveries under this Contract to 110% of the Committed Capacity as set forth in Section 7. In the event that DEF chooses to limit deliveries, any Energy in excess of 110% of the Committed Capacity will be paid for at the rates defined in Rate Schedule COG-1 and shall not be included in the calculations in Appendix A hereto.

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CANCELS SIXTH REVISED SHEET NO. 9.422

9.2 Capacity

DEF agrees to pay the RF/QF for the Capacity described in Section 7 in accordance with the rates and procedures contained in Appendix D, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option _____ of Appendix D or an alternative rate schedule in Appendix E. The RF/QF understands and agrees that Capacity Payments will only be made if the Capacity Delivery Date occurs before the Required Capacity Delivery Date and the Facility is delivering firm Capacity and Energy to DEF. Once so selected, this Option, the Firm Capacity Rate and/or the Firm Energy Rate cannot be changed for the term of this Contract.

9.3 Payments for Energy and Capacity

9.3.1 Payments due the RF/QF will be made monthly, and normally by the twentieth Business Day following the end of the billing period. The kilowatt-hours sold by the RF/QF and the applicable avoided energy rate at which payments are being made shall accompany the payment to the RF/QF.

9.3.2 Payments to be made under this Contract shall, for a period of not longer than two (2) years, remain subject to adjustment based on billing adjustments due to error or omission by either Party, provided that such adjustments have been agreed to between the Parties.

10. Electricity Production and Plant Maintenance Schedule

10.1 No later than sixty (60) calendar days prior to the Required Capacity Delivery Date, and prior to October 1 of each calendar year thereafter during the term of this Contract, the RF/QF shall submit to DEF in writing a good-faith estimate of the amount of electricity to be generated by the Facility and delivered to DEF for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in Capacity. The RF/QF agrees to provide updates to its planned maintenance periods as they become known. The Parties agree to discuss coordinating scheduled maintenance schedules.

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EFFECTIVE: June 9, 2020



SECTION No. IX
NINTH REVISED SHEET NO. 9.423
CANCELS EIGHTH REVISED SHEET NO. 9.423

- 10.2** By October 31 of each calendar year, DEF shall notify the RF/QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If DEF does not accept any of the requested scheduled maintenance periods, DEF shall advise the RF/QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The RF/QF shall only schedule outages during periods approved by DEF, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such change is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to eleven days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through September 15 and December 1 through and including the last day of February.
- 10.3** The RF/QF shall comply with reasonable requests by DEF regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.
- 10.4** The Parties recognize that the intent of the availability factor in Section 4 of this Contract includes an allowance for scheduled outages, forced outages and forced reductions in the output of the Facility. Therefore, the RF/QF shall provide DEF with notification of any forced outage or reduction in output which shall include the time and date at which the forced outage or reduction occurred, a brief description of the cause of the outage or reduction and the time and date when the forced outage or reduction ceased and the Facility was able to return to normal operation. This notice shall be provided to DEF within seventy-two (72) hours of the end of the forced outage or reduction.

The RF/QF is required to provide the total electrical output to DEF except (i) during a period that was scheduled in Section 10.2, (ii) during a period in which notification of a forced outage or reduction was provided, (iii) during an event of Force Majeure or (iv) during a curtailment period as described in Section 10.5.5. In no event shall the RF/QF deliver any portion of their electrical output to a third party.

10.5 Dispatch and Control

- 10.5.1** Power supplied by the RF/QF hereunder shall be in the form of three-phase 60 hertz alternating current, at a nominal operating voltage of _____ volts (_____ kV) and power factor dispatchable and controllable in the range of 90% lagging to 90% leading as measured at the interconnection point to maintain system operating parameters, including power factor, as specified from time to time by DEF.

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- 10.5.2** The RF/QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, DEF's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The RF/QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. All RF/QF facilities shall meet IEEE and utility standards. The RF/QF shall have independent, third party qualified personnel test, calibrate and certify in writing all protective equipment at least once every twelve (12) months in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and results provided to DEF in writing prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with Prudent Regulated Utility Practices.
- 10.5.3** If the Facility is separated from the DEF system for any reason, under no circumstances shall the RF/QF reconnect the Facility to DEF's system without first obtaining DEF'S specific approval.
- 10.5.4** During the term of this Contract, the RF/QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with DEF. The RF/QF shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. Additionally, during the term of this Contract, the RF/QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and Prudent Regulated Utility Practices.
- 10.5.5** DEF shall not be obligated to purchase, and may require curtailed or reduced deliveries of Energy to the extent allowed under FPSC Rule 25-17.086 and under any curtailment plan which DEF may have on file with the FPSC from time to time.
- 10.5.6** During the term of this Contract, the RF/QF shall maintain sufficient fuel on the site of the Facility to deliver the Capacity and Energy associated with the Committed Capacity for an uninterrupted seventy-two-(72) hour period. At DEF's request, the RF/QF shall demonstrate this capability to DEF's reasonable satisfaction. During the term of this Contract, the RF/QF's output shall remain within a band of plus or minus ten percent (10%) of the daily output level or levels specified by the plant operator, in ninety percent (90%) of all operating hours under normal operating conditions. This calculation will be adjusted to exclude forced outage periods and periods during which the RF/QF's output is affected by a Force Majeure event.

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SECTION No. IX
NINTH REVISED SHEET NO. 9.425
CANCELS EIGHTH REVISED SHEET NO. 9.425

11. Completion/Performance Security

- 11.1** Simultaneous with the execution of this Contract RF/QF shall deliver to DEF Eligible Collateral in an amount equal to \$30.00/kw of Committed Capacity as Completion/Performance Security.
- 11.2** The choice of the type of Eligible Collateral by the RF/QF may be selected from time to time by the RF/QF and upon receipt of substitute Eligible Collateral, DEF shall promptly release the Eligible Collateral that has been replaced by the substitute Eligible Collateral. Following any termination of this Contract, the Parties shall mutually agree to a final settlement of all obligations under this Contract which such period shall not exceed 90 days from such termination date unless extended by mutual agreement between the Parties. After such settlement, any remaining Eligible Collateral posted by the RF/QF that has not been drawn upon by DEF pursuant to its rights under this Contract shall be returned to the RF/QF. Any dispute between the Parties regarding such final settlement shall be resolved according to applicable procedures set forth in Section 20.9.
- 11.3** Draws, Replenishment - DEF may draw upon Eligible Collateral provided by the RF/QF following the occurrence of an Event of Default or pursuant to the other provisions of this Contract to which DEF is entitled to under this Contract. In the event of such a draw then, except in the circumstance when this Contract otherwise terminates, the RF/QF shall within five (5) Business Days replenish the Eligible Collateral to the full amounts required.
- 11.4** In the event that the (a) Capacity Delivery Date occurs before the Required Capacity Delivery Date and (b) the ACBF is equal to or greater than 95% for the first twelve (12) months following the Capacity Delivery Date then DEF will return the Completion/Performance Security to the RF/QF within ninety (90) days of the first anniversary of the Capacity Delivery Date. In the event that the Capacity Delivery Date does not occur before the Required Capacity Delivery Date, consistent with Section 7.6 herein, DEF shall immediately be entitled to retain the Completion/Performance Security in full. In the event the Capacity Delivery Date occurs before the Required Capacity Delivery Date, and, the ACBF is less than 95% for any of the first twelve (12) months following the Capacity Delivery Date then DEF shall be entitled to retain the Completion/Performance Security until the ACBF is equal to or greater than 95% for 12 consecutive months. Upon the completion of twelve (12) consecutive months, and the ACBF is greater than or equal to 95%, then DEF will return the Completion/Performance Security within ninety (90) days. In the event that DEF requires the RF/QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 7.3 and, in connection with any such Committed Capacity Test(s), the RF/QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 7.1, DEF shall be entitled immediately to receive,

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CANCELS FOURTH REVISED SHEET NO. 9.426

draw upon, or retain, in its sole discretion as the case may be, one-hundred percent (100%) of the Completion/Performance Security as its sole remedy from the RF/QF's failure to perform, free from any claim or right of any nature whatsoever of the RF/QF, including any equity or right of redemption by the RF/QF. Following any draws on the Completion/Performance Security, the RF/QF shall make payment to DEF to replenish the Completion/Performance Security to the amounts required pursuant to Section 11.1 within five (5) business days.

- 11.5** Reporting - RF/QF shall promptly notify DEF of any circumstance that results in RF/QF's failure to be in compliance with the RF/QF Performance Security Requirements of this Section 11. From time to time, at DEF's written request, RF/QF shall provide DEF with such evidence as DEF may reasonably request, that RF/QF Letter of Credit or Security Account is in full compliance with this Contract.

12. Termination Fee and Security

- 12.1** In the event that the RF/QF receives Capacity Payments pursuant to Option B, Option C, or Option D of Appendix D or any Capacity Payment schedule in Appendix E that differs from a Normal Capacity Payment Rate as calculated in FPSC Rule 25-17.0832(6)(a), then upon the termination of this Contract, the RF/QF shall owe and be liable to DEF for the Termination Fee. The RF/QF's obligation to pay the Termination Fee shall survive the termination of this Contract. DEF shall provide the RF/QF, on a monthly basis, a calculation of the Termination Fee.

- 12.1.1** The Termination Fee shall be secured by the RF/QF by: (i) an unconditional, irrevocable, standby letter(s) of credit issued by a Qualified Institution in form and substance acceptable to DEF (including provisions (a) permitting partial and full draws and (b) permitting DEF to draw upon such Letter of Credit, in full, if such Letter of Credit is not renewed or replaced at least twenty (20) Business Days prior to its expiration date); (ii) a bond issued to DEF by a financially sound company in form and substance acceptable to DEF in its sole discretion; or (iii) a cash deposit with DEF (any of (i), (ii), or (iii), the "Termination Security").



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CANCELS SEVENTH REVISED SHEET NO. 9.427

12.1.2 DEF shall have the right and the RF/QF shall be required to monitor the financial condition of (i) the issuer(s) in the case of any Letter of Credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to the extent that they fail to meet the requirements of a Qualified Institution, DEF may require the RF/QF to replace the letter(s) of credit or the bond, as applicable. In the event that DEF notifies the RF/QF that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a Qualified Institution, and meet the requirements of Section 12.1.1 within thirty (30) calendar days following such notification. Failure by the RF/QF to comply with the requirements of this Section 12.1.2 shall be grounds for DEF to draw in full on any existing Letter of Credit or bond and to exercise any other remedies it may have hereunder.

12.1.3 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon DEF's issuance of the Termination Fee calculation as described in Section 12.1, the RF/QF must provide DEF, within ten calendar (10) days, written assurance and documentation (the "Security Documentation"), in form and substance acceptable to DEF, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee through the end of the following quarter. In addition to the foregoing, at any time during the term of this Contract, DEF shall have the right to request and the RF/QF shall be obligated to deliver within five (5) calendar days of such request, such Security Documentation. Failure by the RF/QF to comply with the requirements of this Section 12.1.3 shall be grounds for DEF to draw in full on any existing Letter of Credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.

12.1.4 Upon any termination of this Contract following the Required Capacity Delivery Date, DEF shall be entitled to receive (and in the case of the Letter(s) of Credit or bond, draw upon such Letter(s) of Credit or bond) and retain one hundred percent (100%) of the Termination Security.

13. Performance Factor

DEF desires to provide an incentive to the RF/QF to operate the Facility during on-peak and off-peak periods in a manner that approximates the projected performance of the Avoided Unit. A formula to achieve this objective is attached as Appendix A.

14. Default

Notwithstanding the occurrence of any Force Majeure as described in Section 18, each of the following shall constitute an Event of Default:

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- (a) the RF/QF changes or modifies the Facility from that provided in Section 2 with respect to its type, location, technology or fuel source, without the prior written approval of DEF;
- (b) after the Capacity Delivery Date, the Facility fails for twelve (12) consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix A, of at least seventy five percent (75%);
- (c) the RF/QF fails to satisfy its obligations to maintain sufficient fuel on the site of the Facility to deliver the Capacity and Energy associated with the Committed Capacity for an uninterrupted seventy-two-(72) hour period under Section 10.5.6 hereof;
- (d) the failure to make when due, any payment required pursuant to this Contract if such failure is not remedied within three (3) Business Days after written notice;
- (e) either Party, or the entity which owns or controls either Party, ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against either Party or the entity which owns or controls either Party; or if a receiver shall be appointed for either Party or any of its assets or properties, or for the entity which owns or controls either Party; or if any part of either Party's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within thirty (30) calendar days thereof; or if either Party shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (f) the RF/QF fails to give proper assurance of adequate performance as specified under this Contract within thirty (30) calendar days after DEF, with reasonable grounds for insecurity, has requested in writing such assurance;
- (g) the RF/QF fails to maintain licensing, certification, and all federal, state and local governmental, environmental, and licensing approvals required to operate the Facility;
- (h) the RF/QF fails to comply with the provisions of Section 11 hereof;
- (i) any of the representations or warranties, including the certification of the completion and maintaining of the Conditions Precedent, made by either Party in this Contract is false or misleading in any material respect as of the time made;
- (j) if, at any time after the Capacity Delivery Date, the RF/QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 7.1 (as such level may be reduced by Section 7.3) within twelve (12) months following the occurrence of such event of Force Majeure; or

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EFFECTIVE: July 1, 2022



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CANCELS FIFTH REVISED SHEET NO. 9.429

- (k) either Party breaches any material provision of this Contract not specifically mentioned in this Section 14;
- (l) the RF/QF fails to maintain its status as a Qualifying Facility;
- (m) the RF/QF sells any Energy or Capacity to an entity other than DEF;
- (n) the RF/QF suspends its Interconnection Agreement or the construction of its interconnection facilities;

15. Rights in the Event of Default

15.1 Upon the occurrence of any of the Events of Default in Section 14, the DEF may, at its option:

15.1.1 immediately terminate this Contract, without penalty or further obligation, except as set forth in Section 15.2, by written notice to the RF/QF, and offset against any payment(s) due from DEF to the RF/QF, any monies otherwise due from the RF/QF to DEF;

15.1.2 enforce the provisions of the Completion/Performance Security pursuant to Section 11 and/or the Termination Security requirement pursuant to Section 12 hereof, as applicable; and

15.1.3 exercise any other remedy(ies) which may be available to DEF at law or in equity.

15.2 Termination shall not affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

16. Indemnification

16.1 DEF and the RF/QF shall each be responsible for its own facilities. DEF and the RF/QF shall each be responsible for ensuring adequate safeguards for other DEF customers, DEF's and the RF/QF's personnel and equipment, and for the protection of its own generating system. Each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "DEF Entities" and "RF/QF Entities") from and against any and all claims, demands, costs or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) directly caused by, arising out of, or resulting from:

- (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;

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EFFECTIVE: July 19, 2021



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- (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;
- (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;
- (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or
- (e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees related to the Contract or the Parties' performance thereunder.

16.2 Payment by an Indemnified Party to a third party shall not be a condition precedent to the obligations of the Indemnifying Party under Section 16. No Indemnified Party under Section 16 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 16 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 16 shall survive termination of this Contract.

17. Insurance

17.1 The RF/QF shall procure or cause to be procured and shall maintain throughout the entire Term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable in the state of Florida on a standard "Insurance Services Office" commercial general liability and/or excess liability form or equivalent and Workers' Compensation in accordance with the statutory requirements of the state of Florida (such policy or policies, collectively, the "RF/QF Insurance"). A certificate of insurance shall be delivered to DEF at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the RF/QF Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) premises and operations liability, (c) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract or (ii) caused by operation of the Facility or any of the RF/QF's equipment. Without limiting the foregoing, the RF/QF Insurance must be reasonably acceptable to DEF. Any premium assessment or deductible shall be for the account of the RF/QF and not DEF.

17.2 The RF/QF Insurance for liability shall have a minimum limit of five million dollars (\$5,000,000.00) per occurrence for bodily injury (including death) or property damage. This liability limit can be met by any combination of commercial general and excess liability insurance policies.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: June 9, 2020



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- 17.3** To the extent that the RF/QF Insurance is on a “claims made” basis, the retroactive date of the policy(ies) shall be the Effective Date of this Contract or an earlier date. Furthermore, to the extent the RF/QF Insurance is on a “claims made” basis, the RF/QF’s duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the RF/QF Insurance is on an “occurrence” basis, such insurance shall be maintained in effect at all times by the RF/QF during the term of this Contract.
- 17.4** The RF/QF shall provide DEF with a copy of any material communication or notice related to the RF/QF Insurance within ten (10) Business Days of the RF/QF’s receipt or issuance thereof.
- 17.5** DEF shall be designated as an additional named insured under the RF/QF Insurance (except Workers’ Compensation). The RF/QF Insurance shall be primary to any coverage maintained by DEF and provide, where permitted by law, waiver of any rights of subrogation against DEF. Any deductibles or retentions shall be the sole responsibility of RF/QF. RF/QF’s compliance with these provisions and the limits of insurance specified herein shall not constitute a limitation of RF/QF’s liability or otherwise affect RF/QF’s indemnification obligations pursuant to this Contract. Any failure to comply with all of these provisions shall not be deemed a waiver of any rights of DEF under this Contract with respect to any insurance coverage required hereunder. DEF may request the RF/QF to provide a copy of any or all of its required insurance policies, including endorsements in which DEF is included as an additional insured for any claims filed relative to this Contract.
- 18. Force Majeure**
- 18.1** “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 Party claiming Force Majeure or its contractors or suppliers and adversely affects the performance by that Party of its obligations under or pursuant to this Contract. Such events or circumstances may include, but are not limited to, acts of God, war (including actions or inactions of military authority), riot or insurrection, blockades, embargoes, sabotage, epidemics (that are recognized by a health agency authority, and authorities have required a mandated quarantine impacting the Facility, and the RF/QF has shown a direct correlation and impact to the Facility), 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). Force Majeure shall not include or be based on (i) RF/QF’s ability to sell the Capacity or Energy to another market at an economic advantage or a price greater than the price herein; (ii) equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility;

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



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(iii) the RF/QF's failure to obtain on a timely basis and maintain a necessary permit or other regulatory approval; (iv) a failure of performance of any other entity, including any entity providing electric transmission service to the RF/QF, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; or (v) an interruption of fuel supply.

18.2 Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.

18.3 In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) Business Days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefore unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure in either case within two (2) Business Days thereof.

18.4 The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.

18.5 If the RF/QF suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the RF/QF may, upon notice to DEF temporarily adjust the Committed Capacity as provided in Sections 18.6 and 18.7. Such adjustment shall be effective the first calendar day immediately following DEF's receipt of the notice or such later date as may be specified by the RF/QF. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

18.6 If the Facility is rendered completely inoperative as a result of Force Majeure, the RF/QF shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, DEF shall have no obligation to make Capacity Payments hereunder.

18.7 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the RF/QF shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: June 9, 2020



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FOURTH REVISED SHEET NO. 9.433
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- 18.8** Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provisions of this Contract, upon such cessation or cure, DEF shall have right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this Section 18.8. Any such Committed Capacity Test required by DEF shall be additional to any Committed Capacity Test under Section 7.3.
- 18.9** During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 18.5 all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix A.
- 18.10** The RF/QF agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with DEF's system if the same is (are) rendered inoperable due to actions of the RF/QF, its agents, or Force Majeure events affecting the RF/QF, the Facility or the interconnection with DEF. DEF agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by DEF or its agents.

19. Representations, Warranties, and Covenants of RF/QF

Each Party hereto represents and warrants that as of the Effective Date:

19.1 Organization, Standing and Qualification

DEF is a corporation duly organized and validly existing in good standing under the laws of Florida 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 RF/QF 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. Each Party 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 other Party.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: June 9, 2020



SECTION No. IX
THIRD REVISED SHEET NO. 9.434
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19.2 Due Authorization, No Approvals, No Defaults

Each of the execution, delivery and performance by each Party of this Contract has been duly authorized by all necessary action on the part of such Party, does not require any approval, except as has been heretofore obtained, of the shareholders DEF or of the _____ (shareholders, partners, or others, as applicable) of the RF/QF or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of such Party, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the articles of incorporation of DEF or the _____ (articles of incorporation, bylaws, or other as applicable) of such Party, or any agreement, judgment, injunction, order, decree or other instrument binding upon such Party, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

19.3 Compliance with Laws

Each party has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. Each party also 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 other Party.

19.4 Governmental Approvals

Except as expressly contemplated herein, neither the execution and delivery by each Party of this Contract, nor the consummation by each Party of any of the transaction 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 with respect to governmental authority, except with respect to 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 RF/QF has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).

19.5 No Suits, Proceedings

There are no actions, suits, proceedings or investigations pending or, to the knowledge of each Party, 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 each Party'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. Each Party has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 9, 2019



SECTION No. IX
FIFTH REVISED SHEET NO. 9.435
CANCELS FOURTH REVISED SHEET NO. 9.435

19.6 Environmental Matters

To the best of its knowledge after diligent inquiry, each Party knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

20. General Provisions

20.1 Project Viability

To assist DEF in assessing the RF/QF's financial and technical viability, the RF/QF shall provide the information and documents requested in Appendix C or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract and to the extent the documents are available. All documents to be considered by DEF must be submitted at the time this Contract is presented to DEF. Failure to provide the following such documents may result in a determination of non-viability by DEF.

20.2 Permits

The RF/QF hereby agrees to obtain and maintain any and all permits, certifications, licenses, consents or approvals of any governmental authority which the RF/QF is required to obtain as a prerequisite to engaging in the activities specified in this Contract.

20.3 Project Management

If requested by DEF, the RF/QF shall submit to DEF its integrated project schedule for DEF's review within sixty (60) calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty (60) calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. The RF/QF shall submit monthly progress reports in a form satisfactory to DEF within fifteen (15) calendar days after the close of each month from the first month following the Effective Date until the Capacity Delivery Date. The RF/QF shall notify DEF of any changes in such schedules within ten (10) calendar days after such changes are determined. If for any reason, DEF has reason to believe that RF/QF may fail to achieve the Capacity Delivery Date, then, upon DEF's request, RF/QF shall submit to DEF, within ten (10) business days of such request, a remedial action plan ("Remedial Action Plan") that sets forth a detailed description of RF/QF's proposed course of action to promptly achieve the Capacity Delivery Date. Delivery of a Remedial Action Plan does not

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 9, 2019



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relieve RF/QF of its obligation to the Capacity Delivery Date. DEF shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. DEF's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.

The RF/QF shall provide DEF with the final designer's/manufacture's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct elementary diagrams for review and inspection at DEF no later than one hundred eighty (180) calendar days prior to the initial synchronization date.

20.4 Assignment

Either Party may not assign this Contract, without the other Party's prior written approval, which approval may not be unreasonably withheld or delayed.

The RF/QF shall be responsible for DEF's reasonable costs and expenses associated with the review, negotiation, execution and delivery of any such documents or information pursuant to such collateral assignment, including reasonable attorney's fees.

20.5 Disclaimer

In executing this Contract, DEF does not, nor should it be construed, to extend its credit or financial support for benefit of any third parties lending money to or having other transactions with the RF/QF or any assigns of this Contract.

20.6 Notification

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, trackable private delivery service, or sent by fax if followed immediately with a copy sent by registered or certified mail or trackable private delivery service, to the individuals designated below. The Parties designate the following individuals 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 the RF/QF:

For DEF:

Duke Energy Florida, LLC
Director of QF Contracts, FRH-155
299 First Avenue North
St. Petersburg, FL 33701

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
FOURTH REVISED SHEET NO. 9.437
CANCELS THIRD REVISED SHEET NO. 9.437

Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Duke Energy Florida, LLC
d/b/a Duke Energy
299 First Avenue North
St. Petersburg, FL 33701

Attention: Director of QF Contracts, FRH-155

20.7 Applicable Law

This Contract shall be construed in accordance with and governed by the laws of the State of Florida, and the rights of the parties shall be construed in accordance with the laws of the State of Florida.

20.8 Taxation

The RF/QF shall hold DEF 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 RF/QF in lieu of other energy and capacity. Any savings in regard to taxes or assessments shall be included in the avoided cost payments made to the RF/QF to the extent permitted by law. In the event DEF becomes liable for additional taxes, assessments or impositions arising out of its transactions with the RF/QF under this tariff schedule or any related interconnection agreement or due to changes in laws affecting DEF's purchases of energy and capacity from the RF/QF occurring after the execution of an agreement under this tariff schedule and for which DEF 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, DEF may bill the RF/QF monthly for such additional expenses or may offset them against amounts due to the RF/QF from DEF. Any savings in taxes, assessments or impositions that accrue to DEF 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 RF/QF hereunder, shall be passed on to the RF/QF to the extent permitted by law without consequential penalty or loss of such benefit to DEF.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



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FIFTH REVISED SHEET NO. 9.438
CANCELS FOURTH REVISED SHEET NO. 9.438

20.9 Dispute, Venue and Waiver of Jury Trial

With respect to any dispute, 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 Hillsborough County in Tampa, Florida, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any dispute, action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such dispute, action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Contract or any such document may not be enforced in or by such courts, and the Parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a court. The Parties hereby consent to and grant any such court jurisdiction over the persons of such Parties solely for such purpose and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 20.6 hereof or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

Each Party acknowledges and agrees that any controversy which may arise under this Contract is likely to involve complicated and difficult issues, and therefore each Party hereby irrevocably and unconditionally waives any right a Party may have to a trial by jury in respect of any litigation resulting from, arising out of or relating to this Contract or the transactions contemplated hereby. Each Party certifies and acknowledges that (a) no representative, agent or attorney of the other Party has represented, expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver, (b) each Party understands and has considered the implications of this waiver, (c) each Party makes this waiver voluntarily and (d) each Party has been induced to enter into this Contract by, among other things, the mutual waivers and certifications in this Section 20.9.

20.10 Limitation of Liability

IN NO EVENT SHALL DEF, ITS PARENT CORPORATION, OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, OR MULTIPLE DAMAGES RESULTING FROM ANY CLAIM OR CAUSE OF ACTION, WHETHER BROUGHT IN CONTRACT, TORT (INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE OR STRICT LIABILITY), OR ANY OTHER LEGAL THEORY.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
THIRD REVISED SHEET NO. 9.439
CANCELS SECOND REVISED SHEET NO. 9.439

20.11 Severability

If any part of this Contract, for any reason, is declared invalid or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Contract, which remainder shall remain in force and effect as if this Contract had been executed without the invalid or unenforceable portion.

20.12 Complete Agreement 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. This Contract constitutes the entire agreement between the Parties.

20.13 Survival of Contract

Subject to the requirements of Section 20.4, this Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and legal representatives.

20.14 Record Retention

Each Party shall maintain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder.

20.15 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.

20.16 Set-Off

DEF may at any time, but shall be under no obligation to, set off or recoup any and all sums due from the RF/QF against sums due to the RF/QF hereunder without undergoing any legal process.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 13, 2017



SECTION No. IX
FIFTH REVISED SHEET NO. 9.440
CANCELS FOURTH REVISED SHEET NO. 9.440

20.17 Change in Environmental Law or Other Regulatory Requirements

- (a) As used herein, "Change(s) in Environmental Law or Other Regulatory Requirements" means the enactment, adoption, promulgation, implementation, or issuance of, or a new or changed interpretation of, any statute, rule, regulation, permit, license, judgment, order or approval by a governmental entity that specifically addresses environmental or regulatory issues and that takes effect after the Effective Date.
- (b) The Parties acknowledge that Change(s) in Environmental Law or Other Regulatory Requirements could significantly affect the cost of the Avoided Unit ("Avoided Unit Cost Changes") and agree that, if any such change(s) should affect the cost of the Avoided Unit more than the Threshold defined in Section 20.17(c) below, the Party affected by such change(s) may avail itself of the remedy set forth in Section 20.17(d) below as its sole and exclusive remedy.
- (c) The Parties recognize and agree that certain Change(s) in Environmental Law or Other Regulatory Requirements may occur that do not rise to a level that the Parties desire to impact this Contract. Accordingly, the Parties agree that for the purposes of this Contract, such change(s) will not be deemed to have occurred unless the change in Avoided Cost resulting from such change(s) exceed a mutually agreed upon amount. This mutually agreed upon amount is attached to this Contract in Appendix E.
- (d) If an Avoided Unit Cost Change meets the threshold set forth in Section 20.17(c) above, the affected Party may request the avoided cost payments under this Contract be recalculated and that the avoided cost payments for the remaining term of the Contract be adjusted based on the recalculation, subject to the approval of the FPSC. Any dispute regarding the application of this Section 20.17 shall be resolved in accordance with Section 20.9.

20.18 Provision of Information.

Within a reasonable period of time after receiving a written request therefore from the requesting Party, the other Party hereto shall provide the requesting Party with information that is reasonable and related to the non-requesting Party and/or the facilities or operations of the non-requesting Party that the requesting Party reasonably requires in order to comply with a Requirement of Law or any requirement of Generally Accepted Accounting Principles promulgated by the Financial Accounting Standards Board (or any successor thereto), (including, but not limited to, FIN 46-R) applicable to the requesting Party. In the event that a party requires information or reports that are not within its possession to meet financial reporting requirements, the parties will work in good faith to enable the requesting party to meet its financial reporting requirements.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 13, 2017



SECTION No. IX
THIRD REVISED SHEET NO. 9.441
CANCELS SECOND REVISED SHEET NO. 9.441

IN WITNESS WHEREOF, the RF/QF has executed this Contract on the date set forth below.

RF/QF

Signature

Print Name

Title

Date

IN WITNESS WHEREOF, DEF has acknowledged receipt of this executed Contract.

DUKE ENERGY FLORIDA, LLC.

Signature

Print Name

Title

Date

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 13, 2017



SECTION No. IX
NINTH REVISED SHEET NO. 9.442
CANCELS EIGHTH REVISED SHEET NO. 9.442

APPENDIX A
TO
DUKE ENERGY FLORIDA, LLC
RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW
STANDARD OFFER CONTRACT

MONTHLY CAPACITY PAYMENT CALCULATION

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW. On-peak hours are available upon request and may change upon twelve months-notice to the RF/QF.

- A. In the event that the ACBF is less than or equal to 75%, then no Monthly Capacity Payment shall be due. That is:

$$MCP = 0$$

- B. In the event that the ACBF is greater than 75% but less than 95%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times [1 - [5 \times (.95 - ACBF)] \times CC$$

- C. In the event that the ACBF is equal to or greater than 95%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times CC$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/kW/Month as specified in Appendix D or E.

CC = Committed Capacity in kW.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



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CANCELS SECOND REVISED SHEET NO. 9.443

- ACBF = Annual Capacity Billing Factor. The ACBF shall be the electric Energy actually received by DEF for the 12 consecutive months preceding the date of calculation excluding any energy received during an event of Force Majeure in which the Committed Capacity is temporarily set equal to 0 kW, divided by the product of the Committed Capacity and the number of hours in the 12 consecutive months preceding the date of calculation excluding the hours during an event of Force Majeure in which the Committed Capacity is temporarily set equal to 0 kW. If an event of Force Majeure occurs during the 12 consecutive months preceding the date of calculation in which the Committed Capacity is temporarily set to a value greater than 0 kW then the 12 month rolling average will be pro-rated accordingly. During the first 12 consecutive Monthly Billing Periods commencing with the first Monthly Billing Period in which Capacity Payments are to be made, the calculation of 12-month rolling average ACBF shall be performed as follows (a) during the first Monthly Billing Period, the ACBF shall be equal to the Monthly Availability Factor; (b) thereafter, the calculation of the ACBF shall be computed by summing the electric Energy actually received by DEF for the number of full consecutive months preceding the date of calculation excluding any energy received during an event of Force Majeure in which the Committed Capacity is temporarily set equal to 0 kW, divided by the product of the Committed Capacity and the number of hours in the number of full consecutive months preceding the date of calculation excluding the hours during an event of Force Majeure in which the Committed Capacity is temporarily set equal to 0 kW. If an event of Force Majeure occurs during the months preceding the date of calculation in which the Committed Capacity is temporarily set to a value greater than 0 kW then the 12 month rolling average will be pro-rated accordingly. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average ACBF.
- MAF = Monthly Availability Factor. The total Energy received during the Monthly Billing Period for which the calculation is made, divided by the product of Committed Capacity times the total hours during the Monthly Billing Period.
- Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m., on the Capacity Delivery Date and ending with the last calendar day of such month.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
FOURTH REVISED SHEET 9.444
CANCELS THIRD REVISED SHEET NO. 9.444

**APPENDIX B
TO
DUKE ENERGY FLORIDA, LLC
RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW
STANDARD OFFER CONTRACT**

TERMINATION FEE

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW.

The "Termination Fee" shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of the Termination Date (or month of calculation, as the case may be) computed according to the following formula:

$$\sum_{i=1}^n (MCP_i - MCPC_i) \cdot (1+r)^{(n-i)}$$

with: $MCPC = 0$ for all periods prior to the in-service date of the Avoided Unit:

where

- i = number of Monthly Billing Periods commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following this month in which Capacity Delivery Date occurs = 2 etc.)
- n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- r = DEF's incremental after-tax avoided cost of capital (defined as r in Appendix D).
- MCP_i = Monthly Capacity Payment paid to RF/QFQF corresponding to the Monthly Billing Period i , calculated in accordance with Appendix A.
- $MCPC_i$ = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i , calculated in accordance with this Contract.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: June 5, 2018



SECTION No. IX
SEVENTH REVISED SHEET NO. 9.445
CANCELS SIXTH REVISED SHEET NO. 9.445

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A is less than or equal to 75%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A, is greater than 75% but less than 95%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [5 \times (\text{ACBF} - .95)]$$

For the applicable Monthly Billing period, the Termination Fee shall be reduced by the amount of such Reduction Value.

- c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A, is equal to or greater than 95%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing period by the amount of the Initial Reduction Value.

In no event shall DEF be liable to the RF/QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
SECOND REVISED SHEET NO. 9.446
CANCELS FIRST SHEET NO. 9.446

**APPENDIX C
TO
DUKE ENERGY FLORIDA, LLC
RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW
STANDARD OFFER CONTRACT**

DETAILED PROJECT INFORMATION

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW.

Each eligible Contract received by DEF will be evaluated to determine if the underlying RF/QF project is financially and technically viable. The RF/QF shall, to the extent available, provide DEF with a detailed project proposal which addresses the information requested below:


I. FACILITY DESCRIPTION

- Project Name
- Project Location
- * Street Address
- * Size Plot Plan
- * Legal Description of Site
- Generating Technology
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Contact Person
- * Individual's Name and Title
- * Company Name
- * Address
- * Telephone Number
- * Fax Number

II. PROJECT PARTICIPANTS

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: June 5, 2018

	SECTION No. IX FIRST SECOND REVISED SHEET NO. 9.447 CANCELS ORIGINAL FIRST REVISED SHEET NO. 9.447
<ul style="list-style-type: none">* Project Development* Siting and Licensing the Facility* Designing the Facility* Constructing the Facility* Securing the Fuel Supply* <u>Operating the Facility</u>* <u>Decommissioning the Facility</u>	
<ul style="list-style-type: none">• Provide details on all electrical facilities which are currently under construction or operational which were developed by the RF/QF.• Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders and the percentage of equity invested at Financial Closing.	
III. FUEL SUPPLY	
<ul style="list-style-type: none">• Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (<i>e.g.</i> Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.• Provide AFR necessary to support planned levels of generation and list the assumptions used to determine these quantities.• Provide a summary of the status of the fuel supply arrangements in place to meet the AFR, in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.	
<u>Category</u>	<u>Description of Fuel Supply Arrangement</u>
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for fuel supply exists between developer(s) and fuel supplier(s)
SPP =	small power production facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)
<ul style="list-style-type: none">• Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.	
ISSUED BY: Javier Portuondo Geoff Foster, Director Vice President, Rates & Regulatory Strategy - FL EFFECTIVE: April 29, 2013	



SECTION No. IX
SECOND REVISED SHEET NO. 9.448
CANCELS FIRST REVISED SHEET NO. 9.448

- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide AFTR necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFTR.
 - owned = fuel transport via a fully developed system owned by one or more of the project participants
 - contract = fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
 - LOI = a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
 - spot = fuel transportation will be purchased on the spot market
 - none = no firm fuel transportation arrangement currently in place
 - other = fuel transportation arrangement which does not fit any of the above categories (please describe)
- Provide the maximum, minimum and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.
- Provide information regarding RF/QF's plans to maintain sufficient on site fuel to deliver Capacity and Energy for an uninterrupted seventy-two (72) hour period.

IV. PLANT DISPATCHABILITY/CONTROLLABILITY

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated:
 - * Ramp Rate (MW/minute)
 - * Peak Capability (% above Committed Capacity)
 - * Minimum power level (% of Committed Capacity)
 - * Facility Turnaround Time, Hot to Hot (hours)
 - * Start-up Time from Cold Shutdown (hours)
 - * Unit Cycling (# cycles/yr.)
 - * MW and MVAR Control (ACC, Manual, Other (please explain))

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 19, 2021



SECTION No. IX
FIRST REVISED SHEET NO. 9.449
CANCELS ORIGINAL SHEET NO. 9.449

V. SITING AND LICENSING

- Provide a licensing/permitting milestone schedule, which lists all permits, licenses and variances, required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emission, water use, wastewater discharge, wetlands, endangered species, protected properties, surrounding land use, zoning for the Facility, associated linear facilities and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet and describe in detail the pollution control equipment to be used to meet these limits.

VI. FACILITY DEVELOPMENT AND PERFORMANCE

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, and Facility operator, steam host integration and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.
- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75% and 50%. In addition, attach a preliminary heat balance for the Facility.

VII. FINANCIAL

- Provide DEF with assurances that the proposed RF/QF project is financially viable in accordance with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
FIRST REVISED SHEET NO. 9.450
CANCELS ORIGINAL SHEET NO. 9.450

- Annual Project Revenues

- * Capacity Payments (\$ and \$/kW/Mo.)
- * Variable O&M (\$ and \$/MWh)
- * Energy (\$ and \$/MWh)
- * Tipping Fees (\$ and \$/ton)
- * Interest Income
- * Other Revenues
- * Variable O&M Escalation (%/yr.)
- * Energy Escalation (%/yr.)
- * Tipping Fee Escalation (%/yr.)

- Annual Project Expense

- * Fixed O&M (\$ and \$/kW/Mo.)
- * Variable O&M (\$ and \$/MWh)
- * Energy (\$ and \$/MWh)
- * Property Taxes (\$)
- * Insurance (\$)
- * Emission Compliance (\$ and \$/MWh)
- * Depreciation (\$ and %/yr.)
- * Other Expenses (\$)
- * Fixed O&M Escalation (%/yr.)
- * Variable O&M Escalation (%/yr.)
- * Energy Escalation (%/yr.)

- Other Project Information

- * Installed Cost of the Facility (\$ and \$/kW)
- * Committed Capacity (kW)
- * Average Heat Rate - HHV (MBTU/kWh)
- * Federal Income Tax Rate (%)
- * Facility Capacity Factor (%)
- * Energy Sold to DEF (MWh)

- Permanent Financing

- * Permanent Financing Term (yr.)
- * Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt and equity)
- * Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt and equity)
- * Annual Interest Expense
- * Annual Debt Service (\$)
- * Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
FIRST REVISED SHEET NO. 9.451
CANCELS ORIGINAL SHEET NO. 9.451

- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
THIRD REVISED SHEET NO. 9.452
CANCELS SECOND REVISED SHEET NO. 9.452

APPENDIX D

**TO
DUKE ENERGY FLORIDA, LLC
RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW
STANDARD OFFER CONTRACT**

RATE SCHEDULE COG-2

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW.

SCHEDULE

COG-2, Firm Capacity and Energy from a Renewable Facility ("RF/QF") or a Qualifying Facility less than 100 kW ("QF")

AVAILABLE

DEF will, under the provisions of this schedule and the Contract to which this Appendix is attached and incorporated into by reference, purchase firm capacity and energy offered by a RF/QF as defined in the Contract. DEF's obligation to contract to purchase firm capacity from such RF/QF by means of this schedule and the Contract will continue no later than the Expiration Date.

APPLICABLE

To RF/QFs as defined in the Contract producing capacity and energy for sale to DEF on a firm basis pursuant to the terms and conditions of this schedule and the 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 RF/QF pursuant to the Contract provisions addressing (among other things) quantity, time and reliability of delivery.

CHARACTER OF SERVICE

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

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: June 9, 2020



SECTION No. IX
FIRST REVISED SHEET NO. 9.453
CANCELS ORIGINAL SHEET NO. 9.453

LIMITATION

Purchases under this schedule are subject to FPSC Rules 25-17.080 through 25-17.310, F.A.C., and are limited to those RF/QFs which:

- A. Are defined in the Contract;
- B. Execute a Contract;

RATES FOR PURCHASES BY DEF

Firm Capacity and Energy are purchased at unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by DEF. For the purpose of this schedule, an Avoided Unit has been designated by DEF. DEF's next Avoided Unit has been identified in Section 4 of the Contract. Schedule 1 to this Appendix describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Contract filed and approved pursuant to FPSC Rules 25-17.080 through 25-17.310, F.A.C.

A. Firm Capacity Rates

Four options, A through D, as set forth below, are available for payments of firm capacity that is produced by a RF/QF and delivered to DEF. Once selected, an option shall remain in effect for the term of the Contract. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of firm Capacity which the RF/QF has contractually committed to deliver to DEF and are based on a contract term which extends through the Termination Date in Section 4 of the Contract. Payment schedules for other contract terms will be made available to any RF/QF upon request and may be calculated based on the methodologies described in Schedule 1. The currently approved parameters used to calculate the following schedule of payments are found in Schedule 2 to this Appendix.

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of DEF's Avoided Unit with an in-service date as of the Avoided Unit In-Service Date in Section 4 of the Contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Schedule 1. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Contract. The payment schedule for this option follows in Table 3.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
FIRST REVISED SHEET NO. 9.454
CANCELS ORIGINAL SHEET NO. 9.454

Option B - Fixed Value of Deferral Payments - Early Capacity

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Avoided Unit. The term "early" with respect to Option B means that these payments can start prior to the anticipated in-service date of the Avoided Unit; provided, however, that under no circumstances may payments begin before this RF/QF is delivering Firm Capacity and Energy to DEF pursuant to the terms of the Contract. When this option is selected, the Capacity Payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the RF/QF and calculated as shown on Schedule 1. Capacity Payments under Option B do not result in a prepayment or create a future benefit.

The RF/QF shall select the month and year in which the deliveries of firm capacity and energy to DEF are to commence and Capacity Payments are to start. DEF will provide the RF/QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Contract. The exemplary payment schedule in Table 3 is based on a contract term that begins on the Exemplary Early Capacity Payment Date in Section 4 of the Contract.

Option C - Fixed Value of Deferral Payment - Levelized Capacity

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Avoided Unit. The capital portion of Capacity Payments under this option shall consist of equal monthly payments over the term of the Contract, calculated as shown on Schedule 1. The fixed operation and maintenance portion of Capacity Payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Avoided Unit. These calculations are shown in Schedule 1. The payment schedule for this option is contained in Table 3. Capacity Payments under Option C do not result in a prepayment or create a future benefit.

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

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of the Avoided Unit. The capital portion of Capacity Payments under this option shall consist of equal monthly payments over the term of the Contract, calculated as shown on Schedule 1. The fixed operation and maintenance expense shall be calculated as shown in Schedule 1.

The RF/QF shall select the month and year in which the deliveries of firm capacity and energy to DEF are to commence and Capacity Payments are to start. DEF will provide the RF/QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Contract. The exemplary payment schedule in Table 3 is based on a contract term that begins on the Exemplary Early Capacity Payment Date in Section 4 of the Contract.



SECTION No. IX
~~SIXTEENTH~~ SEVENTEENTH REVISED SHEET NO.
9.455
CANCELS ~~FIFTEENTH~~ SIXTEENTH REVISED SHEET
NO. 9.455

TABLE 3
EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/kW/MONTH
DEF'S June 1, 2034~~29~~ Undesignated CT
Renewable or Qualifying Facility Standard Offer Contract Avoided Capacity Payments
(\$/kW/MONTH)

	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>	<u>Option D</u>
	Normal	Early	Levelized	Early Levelized
	Capacity	Capacity	Capacity	Capacity
Contract	Payment Starting	Payment Starting	Payment Starting	Payment Starting
Year	on the Avoided	on the	on the Avoided	on the
	Unit In-Service	Exemplary	Unit In-Service	Exemplary
	Date	Capacity	Date	Capacity
		Payment Date		Payment Date
2026 2031				
2027 2032		<u>4.294.53</u>		<u>4.504.94</u>
2028 2033		<u>4.344.61</u>		<u>4.514.95</u>
2029 2034	<u>5.495.85</u>	<u>4.384.69</u>	<u>5.726.30</u>	<u>4.514.95</u>
2030 2035	<u>5.555.95</u>	<u>4.434.78</u>	<u>5.726.31</u>	<u>4.514.96</u>
2031 2036	<u>5.606.06</u>	<u>4.474.86</u>	<u>5.736.31</u>	<u>4.524.96</u>
2032 2037	<u>5.666.17</u>	<u>4.524.95</u>	<u>5.746.32</u>	<u>4.524.97</u>
2033 2038	<u>5.726.28</u>	<u>4.565.04</u>	<u>5.746.33</u>	<u>4.534.97</u>
2034 2039	<u>5.786.40</u>	<u>4.615.13</u>	<u>5.756.33</u>	<u>4.544.98</u>
2035 2040	<u>5.846.51</u>	<u>4.665.23</u>	<u>5.766.34</u>	<u>4.544.99</u>
2036 2041	<u>5.906.63</u>	<u>4.715.32</u>	<u>5.766.35</u>	<u>4.554.99</u>
2037 2042	<u>5.966.75</u>	<u>4.765.42</u>	<u>5.776.36</u>	<u>4.555.00</u>
2038 2043	<u>6.026.87</u>	<u>4.815.52</u>	<u>5.786.36</u>	<u>4.565.00</u>
2039 2044	<u>6.087.00</u>	<u>4.865.62</u>	<u>5.786.37</u>	<u>4.565.01</u>

- The Capacity Payment schedules contained in this Contract assume a term of ten years from the Avoided Unit In-Service Date. In the event the RF/QF requests a term greater than ten years but less than the Avoided Unit Life then DEF shall prepare a schedule of Capacity Payments for the requested term. Such Capacity Payment rates shall be calculated utilizing the value-of-deferral methodology described in FPSC Rule 25-17.0832(6).

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 1, 2022



SECTION No. IX
SECOND REVISED SHEET NO. 9.456
CANCELS FIRST REVISED SHEET NO. 9.456

2. The RF/QF may also request an alternative Capacity Payment rate stream from DEF as authorized by Rule 25-17.250(4). Regardless of the Capacity Payment rate stream requested by the RF/QF, the cumulative present value of the capital cost payments made to the RF/QF over the term of the Contract shall not exceed the cumulative present value of the capital cost payments had such payments been made pursuant to FPSC Rule 25-17.0832(4)(g)(i). Fixed operation and maintenance expense shall be calculated to conform with FPSC Rule 25-17.0832(6)(b). Such an alternative Capacity Payment rate shall be subject to the Termination Fee in Appendix B.

In the event that alternative Capacity Payment rates are agreed upon, such Capacity Payment rate schedule shall be attached to the Contract in Appendix E.

B. Energy Rates

Payments Prior to the Avoided Unit In-Service Date

1. The energy rate, in cents per kilowatt-hour (¢/kWh), shall be based on DEF's actual hourly avoided energy costs which are calculated by DEF in accordance with FPSC Rule 25-17.0825, F.A.C.

The calculation of payments to the RF/QF shall be based on the sum over all hours of the billing period, of the product of each hour's avoided energy cost times the amount of energy (kWh) delivered to DEF from the Facility for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

2. Upon request of the RF/QF, DEF shall provide the RF/QF the option of receiving energy payments based on DEF's year-by-year projection of system incremental costs prior to hourly economy energy sales to other utilities, based on normal weather and fuel conditions plus a mutually agreed upon market volatility risk premium.

Payments Starting on Avoided Unit In-Service Date

The calculation of payments to the RF/QF for energy delivered to DEF on and after the Avoided Unit In-Service Date shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's Firm Energy Rate (¢/kWh); and (b) the amount of energy (kWh) delivered to DEF from the Facility during that hour.



SECTION No. IX
ELEVENTH REVISED SHEET NO. 9.457
CANCELS TENTH REVISED SHEET NO. 9.457

For any period during which energy is delivered by the RF/QF to DEF, the Firm Energy Rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the As-Available Energy Rate and (b) the Avoided Unit Energy Cost. The Avoided Unit Energy Cost, in cents per kilowatt - hour (¢/kWh) shall be defined as the product of (a) the Avoided Unit Fuel Cost and (b) the Avoided Unit Heat Rate; plus (c) the Avoided Unit Variable O&M.

For the purposes of this agreement, the Avoided Unit Fuel Cost shall be determined from gas price published in Platts Inside FERC, Gas Market Report, first of the month posting for Florida Gas Transmission ("FGT") Zone 3, plus other charges, surcharges and percentages that are in effect from time to time.

The Parties may mutually agree to fix a minority portion of the base firm energy payments associated with the Avoided Unit and amortize that fixed portion, on a present value basis, over the term of the Contract. Such fixed firm energy payments may, at the option of the RF/QF, start as early as the Avoided Unit In-Service Date. For purposes of this paragraph, "base firm energy payments associated with the Avoided Unit" means the energy costs of the Avoided Unit to the extent that the Avoided Unit would have been operated. If this option is mutually agreed upon, it will be attached to this Contract in Appendix E.

ESTIMATED AS-AVAILABLE ENERGY COST

As required in Section 25-17.0825, F.A.C., information relating to as-available energy cost projections will be provided within 30 days of a written request for such projections by any interested person.



SECTION No. IX
FOURTEENTH REVISED SHEET NO. 9.458
CANCELS THIRTEENTH REVISED SHEET NO. 9.458

ESTIMATED UNIT FUEL COST

As required in Section 25-17.0832, F.A.C., the estimated fuel costs associated with DEF's Avoided Unit are based on current estimates of the price of natural gas and will be provided within 30 days of a written request for such projections by any interested person.

DELIVERY VOLTAGE ADJUSTMENT

DEF's average system line losses are analyzed annually for the prior calendar year, and delivery efficiencies are developed for the transmission, distribution primary, and distribution secondary voltage levels. This analysis is provided in the DEF's Procedures For Changing The Real Power Loss Factor (currently Attachment Q) in its Open Access Transmission Tariff and DEF's fuel cost recovery filing with the FPSC. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined energy costs if the RF/QF is within DEF's service territory to reflect the delivery voltage level at which RF/QF energy is received by the DEF.

The Delivery Voltage Adjustment will be calculated based on the current delivery efficiencies in conjunction with DEF's Open Access Transmission Tariff as approved by the FERC. The current Delivery Voltage Adjustment will be provided within 30 days of a written request by any interested person.

PERFORMANCE CRITERIA

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

A. **Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the Required Capacity Delivery Date.

B. **Availability and Capacity Factor**

The Facility's availability and capacity factor are used in the determination of firm Capacity Payments through a performance based calculation as detailed in Appendix A to the Contract.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 9, 2019



SECTION No. IX
THIRD REVISED SHEET NO. 9.459
CANCELS SECOND REVISED SHEET NO. 9.459

METERING REQUIREMENTS

The RF/QFs within the territory served by DEF shall be required to purchase from DEF hourly recording meters to measure their energy deliveries to DEF. Energy purchases from the RF/QFs outside the territory of DEF shall be measured as the quantities scheduled for interchange to DEF by the entity delivering Firm Capacity and Energy to DEF.

BILLING OPTIONS

A RF/QF, upon entering into this Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to DEF, or net sales to DEF; provided, however, that no such arrangement shall cause the RF/QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a RF/QF selling as-available energy enters into this Contract for the sale of firm capacity and energy; 2) when a Contract expires or is lawfully terminated by either the RF/QF or DEF; 3) when the RF/QF is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of FPSC Rule 25-17.0832 or a contract between the RF/QF and DEF.

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

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

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: July 13, 2017



SECTION No. IX
FOURTH REVISED SHEET NO. 9.460
CANCELS THIRD REVISED SHEET NO. 9.460

CHARGES TO RENEWABLE ENERGY PROVIDER

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

A. Retail Service Charges

The RF/QF shall be responsible for all FPSC approved charges for any retail service that may be provided by DEF. The RF/QF shall be billed at the customer charge rate stated in DEF's applicable standby tariff monthly for the costs of meter reading, billing, and other administrative costs.

B. Interconnection Charges

Applicable Interconnection Charges are included in the transmission arrangements entered into with the Transmission Provider. Notwithstanding the above, Interconnection Charges must be in accordance with the provisions of FPSC Rule 25-17.087.

C. Transmission Charges

Applicable Transmission Charges are included in the transmission arrangements entered into with the Transmission Provider. Notwithstanding the above, Transmission Charges must be in accordance with the provisions of FPSC Rule 25-17.087.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
SECOND REVISED SHEET NO. 9.461
CANCELS FIRST REVISED SHEET NO. 9.461

TERMS OF SERVICE

- A. It shall be the RF/QF's responsibility to inform DEF of any change in its electric generation capability.
- B. Any electric service delivered by DEF to a RF/QF located in DEF's service area shall be subject to the following terms and conditions:
 - (1) A RF/QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
 - (2) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
 - (i) In the first year of operation, the security deposit should be based upon the singular month in which the RF/QF's projected purchases from DEF exceed, by the greatest amount, DEF's estimated purchases from the RF/QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
 - (ii) For each year thereafter, a review of the actual sales and purchases between the RF/QF and DEF will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the RF/QF exceed the actual sales in DEF in that month.
 - (3) DEF shall specify the point of interconnection and voltage level.
 - (4) The RF/QF must enter into an agreement for interconnection to DEF's system. Specific features of the RF/QF and its interconnection to DEF's facilities will be considered by DEF in preparing the interconnection agreement. In order to assure timely completion of the interconnection facilities, the RF/QF cannot suspend the interconnection agreement or the construction of the interconnection facilities. Notwithstanding the above, interconnection with, and delivery into, the Company's system must be accomplished in accordance with the provisions of FPSC Rule 25-17.087.
- C. Service under this rate schedule is subject to the rules and regulations of the FPSC.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: June 9, 2020



SECTION No. IX
FIRST REVISED SHEET NO. 9.462
CANCELS ORIGINAL SHEET NO. 9.462

**SCHEDULE 1
TO RATE SCHEDULE COG-2**

CALCULATION OF VALUE OF DEFERRAL PAYMENTS

APPLICABILITY

This Schedule 1 provides a detailed description of the methodology used by DEF to calculate the monthly values of deferring or avoiding the Avoided Unit identified in the Contract. When used in conjunction with the current FPSC-approved cost parameters associated with the Avoided Unit contained in Schedule 2, a RF/QF may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the RF/QF enter into a Contract with DEF.

Also contained in this Schedule 1 is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to DEF in the event of contractual default by a RF/QF.

CALCULATION OF VALUE OF DEFERRAL OPTION A

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

$$VAC_m = 1/12 [KI_n (1 - R) / (1 - R^L) + O_n]$$

Where, for a one year deferral:

- VAC_m = utility's monthly value of avoided capacity, in dollars per kilowatt per 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 valued to the middle of the first year;
- R = $(1 + i_p) / (1 + r)$;
- I_n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction for the Avoided Unit which would have been paid had the Avoided Unit been constructed;

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
FIRST REVISED SHEET NO. 9.463
CANCELS ORIGINAL SHEET NO. 9.463

- O_n = total fixed operation and maintenance expense for the year n , in mid-year dollars per kilowatt per year, of the Avoided Unit;
- i_p = annual escalation rate associated with the plant cost of the Avoided Unit;
- i_o = annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;
- r = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- L = expected life of the Avoided Unit; and
- n = year for which the Avoided Unit is deferred starting with the Avoided Unit In-Service Date and ending with the Termination Date.

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY-OPTION B

Under the fixed value of deferral Option A, payments for firm capacity shall not commence until the in-service date of the Avoided unit(s). At the option of the RF/QF, however, DEF may begin making payments for capacity consisting of the capital cost component of the value of a year-by-year deferral of the Avoided Unit prior to the anticipated in-service date of the Avoided Unit. When such payments for capacity are elected, the avoided capital cost component of Capacity Payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the RF/QF, and shall be calculated as follows:

$$A_M = [A_c (1 + i_p)^{(m-1)} + A_o (1 + i_o)^{(m-1)}] / 12 \quad \text{for } m = 1 \text{ to } t$$

Where:

- A_M = monthly payments to be made to the RF/QF for each month of the contract year n , in dollars per kilowatt per month in which RF/QF delivers capacity pursuant to the early capacity option;
- i_p = annual escalation rate associated with the plant cost of the Avoided Unit;
- i_o = annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
FIRST REVISED SHEET NO. 9.464
CANCELS ORIGINAL SHEET NO. 9.464

m = year for which the fixed value of deferral payments under the early capacity option are made to a RF/QF, starting in year one and ending in the year t ;

t = the Term, in years, of the Contract:

A_c = $F [(1 - R) / (1 - R^t)]$

Where:

F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of Capacity Payments which would have been made had Capacity Payments commenced with the Avoided Unit In-Service Date;

R = $(1 + i_p) / (1 + r)$

r = annual discount rate, defined as DEF's incremental after-tax cost of capital; and

A_o = $G [(1 - R) / (1 - R^t)]$

Where:

G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of Capacity Payments which would have been made had Capacity Payments commenced with the Avoided Unit In-Service Date.

R = $(1 + i_o) / (1 + r)$

The currently approved parameters applicable to the formulas above are found in Schedule 2.

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS -
LEVELIZED AND EARLY LEVELIZED CAPACITY - OPTION C & OPTION D,
RESPECTIVELY**

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
FIRST REVISED SHEET NO. 9.465
CANCELS ORIGINAL SHEET NO. 9.465

$$P_L = (F / 12) \cdot [r / 1 - (1 + r)^{-t}] + O$$

Where:

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

RISK-RELATED GUARANTEES

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 (4)(e)10 requires that, when fixed value of deferral payments - early capacity, levelized capacity, or early levelized capacity are elected, the RF/QF must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the RF/QF is unable to meet the terms and conditions of its Contract. Depending on the nature of the RF/QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Contract, one of the following may constitute an equivalent assurance of payment:

- (1) Bond;
- (2) Cash deposit(s) with DEF;
- (3) Unconditional, irrevocable, direct pay Letter of Credit;
- (4) Unsecured promise by a municipal, county or state government to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;
- (5) Unsecured promise by a privately-owned RF/QF to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the RF/QF, parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
- (6) Other guarantees acceptable to DEF.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
FIRST REVISED SHEET NO. 9.466
CANCELS ORIGINAL SHEET NO. 6.466

DEF will cooperate with each RF/QF applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the RF/QF. DEF will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the RF/QF and DEF's ratepayers.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL
EFFECTIVE: April 29, 2013



SECTION No. IX
~~SIXTEENTH-SEVENTEENTH~~ REVISED SHEET NO.
9.467
CANCELS ~~FIFTEENTH-SIXTEENTH~~ REVISED
SHEET NO. 9.467

**SCHEDULE 2
TO RATE SCHEDULE COG-2 CAPACITY OPTION PARAMETERS**

**FIXED VALUE OF DEFERRAL PAYMENTS -
NORMAL CAPACITY OPTION PARAMETERS**

Where, for one year deferral:

		<u>Value</u>
VAC _m	= DEF's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	<u>5,495.85</u>
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	<u>1.276268</u>
I _n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Avoided Unit with an in-service date of year n;	<u>799.0911.1</u>
O _n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Avoided Unit;	<u>2.843.13</u>
i _p	= annual escalation rate associated with the plant cost of the Avoided Unit;	<u>9.621.783%</u>
i _o	= annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;	2.50%
r	= annual discount rate, defined as DEF's incremental after-tax cost of capital;	<u>6.5585%</u>
L	= expected life of the Avoided Unit;	35
n	= year for which the Avoided Unit is deferred starting with the Avoided Unit In-Service Date and ending with the Termination Date.	<u>203429</u>

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 1, 2022



SECTION No. IX
~~SIXTEENTH~~ SEVENTEENTH REVISED SHEET NO.
9.468
CANCELS ~~FIFTEENTH~~ SIXTEENTH REVISED
SHEET NO. 9.468

**FIXED VALUE OF DEFERRAL PAYMENTS -
EARLY CAPACITY OPTION PARAMETERS**

A_m	=	monthly avoided capital cost component of Capacity Payments to be made to the RF/QF starting as early as two years prior to the Avoided Unit In-Service Date, in dollars per kilowatt per month;	4.432
i_p	=	annual escalation rate associated with the plant cost of the Avoided Unit;	9.621 <u>7.783</u> %
n	=	year for which early Capacity Payments to a RF/QF are to begin;	2027 <u>2032</u>
F	=	the cumulative present value of the avoided capital cost component of Capacity Payments which would have been made had Capacity Payments commenced with the anticipated in-service date of the Avoided Unit and continued for a period of 10 years;	344.73 <u>282.25</u>
r	=	annual discount rate, defined as DEF's incremental after-tax cost of capital;	6.55 <u>8.5</u> %
t	=	the Term, in years, of the Contract for the purchase of firm capacity commencing prior to the in-service date of the Avoided Unit;	13
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of Capacity Payments which would have been made had Capacity Payments commenced with the anticipated in-service date of the Avoided Unit and continued until the Termination Date.	46.63 <u>13.61</u>

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: July 1, 2022

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Ellis, King, Knoblauch) *TB*
Office of the General Counsel (Imig) *AH*

RE: Docket No. 20230046-EQ – Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.

AGENDA: 06/13/23 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility (IOU) to continuously offer to purchase capacity and energy from renewable generating facilities 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 revised 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 (TYSP). On April 3, 2023, Florida Power & Light Company (FPL) filed a petition for approval of its amended standard offer contract based on its 2023 TYSP. The Commission has jurisdiction over this amended standard offer contract pursuant to Sections 366.04 through 366.055, and 366.91, F.S.

Date: June 1, 2023

Discussion of Issues

Issue 1: Should the Commission approve the renewable energy tariff and amended standard offer contract filed by Florida Power & Light Company?

Recommendation: Yes. The provisions of FPL's renewable energy tariff and amended standard offer contract conform to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs. (Wooten, Knoblauch)

Staff Analysis: Section 366.91(3), F.S., and Rule 25-17.250, F.A.C., require that 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 Rules 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 TYSP, or if no avoided unit is identified, its next avoidable planned purchase. While FPL's 2023 TYSP does not feature an avoidable fossil-fueled generating unit or planned purchases that could be deferred during the planning period, FPL has identified a 1,991 megawatt (MW) combined cycle with a projected in-service date of June 1, 2033, as the next avoidable planned generating unit based on its current planning process. In order to comply with the rule, the Commission has previously approved using a unit outside of the TYSP planning period as the avoided unit for standard offer contract purposes.¹

Under FPL's standard offer contract, the RF/QF operator commits 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 June 1, 2033), and thereafter, begin receiving capacity payments in addition to

¹See Order No. PSC-2018-0316-PAA-EQ, issued June 20, 2018, in Docket No. 20180083-EQ, *In re: Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company*; Order No. PSC-2020-0212-PAA-EQ, issued June 26, 2020, in Docket No. 20200114-EQ, *In re: Florida Power & Light Company's Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract*; Order No. PSC-2020-0213-PAA-EQ, issued June 26, 2020, in Docket No. 20200115-EQ, *In re: Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and rate schedule QS-2, by Gulf Power Company*; and Order No. PSC-2022-0203-PAA-EQ, issued June 9, 2022, in Docket No. 20220072-EQ, *In re: Petition for approval of revised standard offer contract and a revised accompanying rate schedule QS-2, by Florida Power & Light Company*.

firm 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 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 FPL's 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 94 percent, which is the minimum capacity factor required under the contract to qualify for full capacity payments. Normal and levelized capacity payments begin with the projected in-service date of the avoided unit (June 1, 2033) and continue for 10 years, while early and early levelized capacity payments begin 4 years prior to the in-service date, or 2029 for this example.

**Table 1 - Estimated Annual Payments to a 50 MW Renewable Facility
(94% Capacity Factor)**

Year	Energy Payment	Capacity Payment			
		Normal	Levelized	Early	Early Levelized
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
2024	16,263	-	-	-	-
2025	14,648	-	-	-	-
2026	14,581	-	-	-	-
2027	14,793	-	-	-	-
2028	12,878	-	-	-	-
2029	11,500	-	-	1,620	1,812
2030	11,465	-	-	2,811	3,106
2031	11,752	-	-	2,870	3,106
2032	10,675	-	-	2,929	3,106
2033	11,553	2,792	3,029	2,990	3,106
2034	11,858	4,844	5,192	3,052	3,106
2035	10,887	4,945	5,192	3,116	3,106
2036	12,682	5,048	5,192	3,181	3,106
2037	13,318	5,153	5,192	3,247	3,106
2038	14,875	5,260	5,192	3,314	3,106
2039	14,581	5,369	5,192	3,383	3,106
2040	15,128	5,481	5,192	3,454	3,106
2041	15,149	5,595	5,192	3,526	3,106
2042	14,788	5,712	5,192	3,599	3,106
2043	15,608	2,400	2,163	1,512	1,294
Total	258,385	52,599	51,920	44,605	43,485
Total (NPV)	129,412	16,890	16,890	16,890	16,890

Source: FPL's Response to Staff's First Data Request²

² Document No. 03056-2023, filed May 2, 2023, in Docket No. 20230046-EQ.

Date: June 1, 2023

FPL's standard offer contract, in type-and-strike format, is included as Attachment A to this recommendation. The changes made to FPL's tariff sheets are consistent with the updated 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 FPL's renewable energy tariff and amended standard offer contract conform to the requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract offers multiple payment options so that a developer of renewable generation may select the payment stream best suited to its financial needs.

Date: June 1, 2023

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, FPL's standard offer contract may subsequently be revised. (Imig)

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, FPL's standard offer contract may subsequently be revised.

FLORIDA POWER & LIGHT COMPANY

~~Fifteenth~~~~Sixteenth~~ Revised Sheet No. 9.030
Cancels ~~Fourteenth~~~~Fifteenth~~ Revised Sheet No. 9.030

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR A QUALIFYING
FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS (~~2032~~2033 AVOIDED UNIT)**

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

WITNESSETH:

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

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

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

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

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

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

(Continued on Sheet No. 9.031)

Issued by: Tiffany Cohen, ~~Senior Director, Regulatory Rates, Cost of Service and Systems~~ Executive Director, Rate Development & Strategy
Effective: ~~June 7, 2022~~

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 9.031
Cancels First Revised Sheet No. 9.031

(Continued from Sheet No. 9.030)

1. QS Facility

The QS contemplates, installing operating and maintaining a _____ KVA _____ generating facility located at _____ (hereinafter called the "Facility"). The Facility is designed to produce a maximum of _____ kilowatts ("KW") of electric power at an 85% lagging to 85% leading power factor. The Facility's location and generation capabilities are as described in the table below.

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Hydrogen produced from sources other than fossil fuels, biomass as defined in Section 25-17.210 (2) F.A.C. , solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, waste heat from sulfuric acid manufacturing operations: or <100KW cogenerator)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (KW)	
Minimum Load	
Peaking Capability	
Net Output (KW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load KW	

The following sections (a) through (e) are applicable to Renewable Energy Facilities ("REFs") and section (e) is only applicable to Qualifying Facilities with a design capacity of 100 KW or less:

- (a) If the QS is a REF, the QS represents and warrants that (i) the sole source(s) of fuel or power used by the Facility to produce energy for sale to FPL during the term of this Contract shall be such sources as are defined in and provided for pursuant to Sections 366.91(2) (a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C.; (ii) Fossil fuels shall be limited to the minimum quantities necessary for start-up, shut-down and for operating stability at minimum load; and (iii) the REF is capable of generating the amount of capacity pursuant to Section 5 of this Agreement without the use of fossil fuels.
- (b) The Parties agree and acknowledge that if the QS is a REF, the QS will not charge for, and FPL shall have no obligation to pay for, any electrical energy produced by the Facility from a source of fuel or power except as specifically provided for in paragraph 1(a) above.

(Continued on Sheet No. 9.032)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: July 13, 2017

FLORIDA POWER & LIGHT COMPANY

~~Seventeenth~~~~Eighteenth~~ Revised Sheet No. 9.032
Cancels ~~Sixteenth~~~~Seventeenth~~ Revised Sheet No. 9.032

(Continued from Sheet No. 9.031)

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

2. Term of Contract

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

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") options on which this Contract is based are detailed in Appendix A.
2. This offer shall expire on April 1, ~~2023~~2024.
3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is the in-service date of the Avoided Unit (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this Contract.
4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.
5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

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

(Continued on Sheet No. 9.032.1)

Issued by: Tiffany Cohen, ~~Senior Director, Regulatory Rates, Cost of Service and Systems~~ Executive Director, Rate Development & Strategy

Effective: ~~June 7, 2022~~

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.032.1
Cancels Original Sheet No. 9.032.1

(Continued from Sheet No. 9.032)

3.2 QS, at no cost to FPL, shall be responsible to:

3.2.1 Design, construct, and maintain the Facility in accordance with this Contract, applicable law, regulatory, and governmental approvals, any requirements of warranty agreements or similar agreements, prudent industry practice, insurance policies, and the Interconnection Agreement or Wheeling Agreement.

3.2.2 Perform all studies, pay all fees, obtain all necessary approvals and execute all necessary agreements (including the Interconnection Agreement or the Wheeling Agreement(s)) in order to schedule and deliver the firm capacity and energy to FPL.

3.2.3 Obtain and maintain all permits, certifications, licenses, consents or approvals of any governmental or regulatory authority necessary for the construction, operation, and maintenance of the Facility (the "Permits"). QS shall keep FPL reasonably informed as to the status of its permitting efforts and shall promptly inform FPL of any Permits it is unable to obtain, that are delayed, limited, suspended, terminated, or otherwise constrained in a way that could limit, reduce, interfere with, or preclude QS's ability to perform its obligations under this Contract (including a statement of whether and to what extent this circumstance may limit or preclude QS's ability to perform under this Contract.)

3.2.4 Demonstrate to FPL's reasonable satisfaction that QS has established Site Control, an agreement for the ownership or lease of the Facility's site, for the Term of the Contract.

3.2.5 Complete all environmental impact studies and comply with applicable environmental laws necessary for the construction, operation, and maintenance of the Facility.

3.2.6 At FPL's request, provide to FPL electrical specifications and design drawings pertaining to the Facility for FPL's review prior to finalizing design of the Facility and before beginning construction work based on such specifications and drawings, provided FPL's review of such specifications and design shall not be construed as endorsing the specification, and design thereof, or as any express or implied warranties including performance, safety, durability or reliability of the Facility. QS shall provide to FPL reasonable advance notice of any changes in the Facility and provide to FPL specifications and design drawings of any such changes.

3.2.7 Within fifteen (15) days after the close of each month from the first month following the Effective Date until the Capacity Delivery Date, provide to FPL a monthly progress report (in a form reasonably satisfactory to FPL) and agree to regularly scheduled meetings between representatives of QS and FPL to review such monthly reports and discuss QS's construction progress. The Monthly Progress Report shall indicate whether QS is on target to meet the Capacity Delivery Date. If, for any reason, FPL has reason to believe that QS may fail to achieve the Capacity Delivery Date, then, upon FPL's request, QS shall submit to FPL, within ten (10) business days of such request, a remedial action plan ("Remedial Action Plan") that sets forth a detailed description of QS's proposed course of action to promptly achieve the Capacity Delivery Date. Delivery of a Remedial Action Plan does not relieve QS of its obligation to meet the Capacity Delivery Date.

3.3 FPL shall have the right, but not the obligation, to:

3.3.1 Inspect during business hours upon reasonable notice, or obtain copies of all Permits held by QS.

3.3.2 Consistent with Section 3.2.6, notify QS in writing of the results of the review within thirty (30) days of FPL's receipt of all specifications for the Facility, including a description of any flaws perceived by FPL in the design.

3.3.3 Inspect the Facility's construction site or on-site QS data and information pertaining to the Facility during business hours upon reasonable notice.

(Continued on Sheet No. 9.033)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

Tenth Revised Sheet No. 9.033
Cancels Ninth Sheet No. 9.033

(Continued from Sheet No. 9.032.1)

4. Sale of Energy and Capacity by the QS

4.1 Consistent with the terms hereof, the QS shall sell and deliver to FPL and FPL shall purchase and receive from the QS at the Delivery Point (defined below) all of the energy and firm capacity generated by the Facility. FPL shall have the sole and exclusive right to purchase all energy and capacity produced by the Facility. The purchase and sale of energy and firm capacity pursuant to this Contract shall be a () net billing arrangement or () simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QS to sell more energy and firm capacity than the Facility's net output. The billing methodology may be changed at the option of the QS, subject to the provisions of FPL Rate Schedule QS-2. For purposes of this Contract, Delivery Point shall be defined as either: (a) the point of interconnection between FPL's system and the transmission system of the final utility transmitting energy and firm capacity from the Facility to the FPL system, as specifically described in the applicable Wheeling Agreement, or (b) the point of interconnection between the Facility and FPL's transmission system, as specifically described in the Interconnection Agreement.

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

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

4.4 The QS shall be responsible for all interconnection, electric losses, transmission and ancillary service arrangements and costs required to deliver, on a firm basis, the firm capacity and energy from the Facility to the Delivery Point.

5. Committed Capacity/Capacity Delivery Date

5.1 The QS commits to sell and deliver firm capacity to FPL at the Delivery Point, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity shall be _____ KW, delivery date no later than the in-service date of the Avoided Unit or as otherwise specified in Appendix E (the "Guaranteed Capacity Delivery Date").

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period (defined herein) for the first Committed Capacity Test shall commence no earlier than six (6) months prior to the Capacity Delivery Date and testing must be completed by 11:59 p.m. EST on the date prior to the Guaranteed Delivery Date. The first Committed Capacity Test shall be deemed successfully completed when the QS demonstrates to FPL's satisfaction that the Facility can make available capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1, the QS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the capacity requirements of the Contract.

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

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

5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately after the date following the last to occur of (a) the Facility's successful completion of the first Committed Capacity Test but no earlier than the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E) and (b) the satisfaction by QS of the following Delivery Date Conditions (defined below).

(Continued on Sheet No. 9.033.1)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective: January 1, 2022

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 9.033.1

(Continue from Sheet No. 9.033)

5.5.1 A certificate addressed to FPL from a Licensed Professional Engineer (reasonably acceptable to FPL in all respects) stating: (a) the nameplate capacity rating of the Facility at the anticipated time of commercial operation, which must be at least 94% of the Expected Nameplate Capacity Rating; (b) that the Facility is able to generate electric energy reliably in amounts expected by this Agreement and in accordance with all other terms and conditions hereof; (c) that Start-Up Testing of the Facility has been completed; and (d) that, pursuant to Section 8.4, all system protection and control and Automatic Generation Control devices are installed and operational.

5.5.2 A certificate addressed to FPL from a Licensed Professional Engineer (reasonably acceptable to FPL in all respects) stating, in conformance with the requirements of the Interconnection Agreement, that: (a) all required interconnection facilities have been constructed; (b) all required interconnection tests have been completed; and (c) the Facility is physically interconnected with the System in conformance with the Interconnection Agreement and able to deliver energy consistent with the terms of this Agreement.

5.5.3 A certificate addressed from a Licensed Professional Engineer (reasonably acceptable to FPL in all respects) stating that QS has obtained or entered into all permits and agreements with respect to the Facility necessary for construction, ownership, operation, and maintenance of the Facility (the "Required Agreements"). QS must provide copies of any or all Required Agreements requested by FPL.

5.5.4 An opinion from a law firm or attorney, registered or licensed in the State of Florida (reasonably acceptable to FPL in all respects), stating, after all appropriate and reasonable inquiry, that: (a) QS has obtained or entered into all Required Agreements; (b) neither QS nor the Facility is in violation of or subject to any liability under any applicable law; and (c) QS has duly filed and had recorded all of the agreements, documents, instruments, mortgages, deeds of trust, and other writings described in Section 9.7.

5.5.5 FPL has received the Completion/Performance Security ((a) through (e), the "Commercial Operation Conditions").

FPL shall have ten (10) Business Days after receipt either to confirm to QS that all of the Delivery Date Conditions have been satisfied or have occurred, or to state with specificity what FPL reasonably believes has not been satisfied.

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

(Continue on Sheet No. 9.034)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: June 5, 2018

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.034
Cancels Second Revised Sheet No. 9.034

(Continued from Sheet No. 9.033)

6. Testing Procedures

6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QS by means of a written notice to FPL delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test required by FPL under any of the provisions of this Contract. FPL shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.

6.2 Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net KW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. If the QS is a REF the Committed Capacity Test shall be conducted utilizing as the sole fuel source fuels or energy sources included in the definition in Section 366.91, Florida Statutes. The Committed Capacity Test Period shall commence at the time designated by the QS pursuant to Section 6.1 or at such other time requested by FPL pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPL is notified of, and consents to, such earlier time.

6.3 For the avoidance of doubt, normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Further, the QS shall affect deliveries of any quantity and quality of contracted cogenerated steam to the steam host during the Committed Capacity Test Period.

6.4 The capacity of the Facility shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.

6.5 The Committed Capacity Test shall be performed according to prudent industry testing procedures satisfactory to FPL for the appropriate technology of the QS.

6.6 Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to FPL by the QS within seven (7) days of the conclusion of the Committed Capacity Test.

7. Payment for Electricity Produced by the Facility**7.1 Energy**

FPL agrees to pay the QS for energy produced by the Facility and delivered to the Delivery Point in accordance with the rates and procedures contained in FPL's approved Rate Schedule QS-2, attached hereto as Appendix A, as it may be amended from time to time and pursuant to the election of energy payment options as specified in Appendix E. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule QS-2 as approved and on file with the FPSC.

7.2 Firm Capacity

FPL agrees to pay the QS for the firm capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule QS-2, attached hereto as Appendix A, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of a capacity payment option as specified in Appendix E. The QS understands and agrees that capacity payments will be made under the early capacity payment options only if the QS has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPL. Once elected by the QS, the capacity payment option cannot be changed during the term of this Contract.

7.3 Payments

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

(Continued on Sheet No. 9.035)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: June 9, 2020

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 9.035
Cancels First Sheet No. 9.035

(Continued from Sheet No. 9.034)

8. Electricity Production and Plant Maintenance Schedule

8.1 During the term of this Contract, no later than sixty (60) days prior to the Capacity Delivery Date and prior to April 1 of each calendar year thereafter, the QS shall submit to FPL in writing a detailed plan of: (a) the amount of firm capacity and energy to be generated by the Facility and delivered to the Delivery Point for each month of the following calendar year, and (b) the time, duration and magnitude of any scheduled maintenance period(s) and any anticipated reductions in capacity.

8.2 By October 31 of each calendar year, FPL shall notify the QS in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL objects to any of the requested scheduled maintenance periods, FPL shall advise the QS of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QS shall schedule maintenance outages only during periods approved by FPL, such approval not unreasonably withheld. Once the schedule for maintenance has been established and approved by FPL, either Party may request a subsequent change in such schedule and, except when such event is due to Force Majeure, request approval for such change from the other Party, such approval not to be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to seven (7) days per calendar year unless the manufacturer's recommendation of maintenance outage days for the technology and equipment used by the Facility exceeds such 7 day period, provided, such number of days is considered reasonable by prudent industry standards and does not exceed two (2) fourteen (14) day intervals, one in the Spring and one in the Fall, in any calendar year. The scheduled maintenance outage days applicable for the QS are _____ days in the Spring and _____ days in the Fall of each calendar year, provided the conditions specified in the previous sentence are satisfied. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including October 31st and December 1 through and including February 28 (or 29th as the case may be).

8.3 The QS shall comply with reasonable requests by FPL regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.

8.4 Dispatch and Control

8.4.1 The power supplied by the QS hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of _____,000 volts (_____kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the Delivery Point to maintain system operating parameters, as specified by FPL.

8.4.2 At all times during the term of this Contract, the QS shall operate and maintain the Facility: (a) in such a manner as to ensure compliance with its obligations hereunder, in accordance with prudent engineering and operating practices and applicable law, and (b) with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system. The QS shall install at the Facility those system protection and control devices necessary to ensure safe and protected operation of all energized equipment during normal testing and repair. The QS shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and the results shall be provided to FPL prior to returning the Facility to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices.

8.4.3 If the Facility is separated from the FPL system for any reason, under no circumstances shall the QS reconnect the Facility into FPL's system without first obtaining FPL's prior written approval.

8.4.4 During the term of this Contract, the QS shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. If the Facility has a Committed Capacity greater than 10 MW then, the QS shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. If the Facility has a Committed Capacity equal to or less than 10 MW then the QS shall ensure that operating personnel are on duty at least eight (8) hours per day from 8 AM EST to 5 PM EST from Monday to Friday, with an operator on call at all other hours.

8.4.5 FPL shall at all times be excused from its obligation to purchase and receive energy and capacity hereunder, and FPL shall have the ability to require the QS to curtail or reduce deliveries of energy, to the extent necessary (a) to maintain the reliability and integrity of any part of FPL's system, (b) in the event that FPL determines that a failure to do so is likely to endanger life or property, or (c) is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QS prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy and firm capacity pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

(Continued on Sheet No. 9.036)

Issued by: S.E. Romig, Director, Rates and Tariffs
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.036
Cancels Second Sheet No. 9.036

(Continued from Sheet No. 9.035)

8.4.6 After providing notice to the QS, FPL shall not be required to purchase or receive energy from the QS during any period in which, due to operational circumstances, the purchase or receipt of such energy would result in FPL's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. FPL shall give the QS as much prior notice as practicable of its intent not to purchase or receive energy and firm capacity pursuant to this Section.

8.4.7 If the Facility has a Committed Capacity less than 75 MW, control, scheduling and dispatch of firm capacity and energy shall be the responsibility of the QS. If the Facility has a Committed Capacity greater than or equal to 75 MW, then control, scheduling and dispatch of firm capacity and energy shall be the responsibility of the QS, except during a "Dispatch Hour", i.e., any clock hour for which FPL requests the delivery of such capacity and energy. During any Dispatch Hour: (a) control of the Facility will either be by Seller's manual control under the direction of FPL (whether orally or in writing) or by Automatic Generation Control by FPL's system control center as determined by FPL, and (b) FPL may request that the real power output be at any level up to the Committed Capacity of the Facility, provided, in no event shall FPL require the real power output of the Facility to be below the Facility's Minimum Load without decommitting the Facility. The Facility shall deliver the capacity and energy requested by FPL within _____ minutes, taking into account the operating limitations of the generating equipment as specified by the manufacturer, provided such time period specified herein is considered reasonable by prudent industry standards for the technology and equipment being utilized and assuming the Facility is operating at or above its Minimum Load. Start-up time from Cold Shutdown and Facility Turnaround time from Hot to Hot will be taken into consideration provided such are reasonable and consistent with prudent industry practices for the technology and equipment being utilized. The Facility's Operating Characteristics have been provided by the QS and are set forth in Appendix D, Section IV of Rate Schedule QS-2.

8.4.8 If the Facility has a Committed Capacity of less than 75 MW, FPL may require during certain periods, by oral, written, or electronic notification that the QS cause the Facility to reduce output to a level below the Committed Capacity but not lower than the Facility's Minimum Load. FPL shall provide as much notice as practicable, normally such notice will be of at least four (4) hours. The frequency of such request shall not exceed eighteen (18) times per calendar year and the duration of each request shall not exceed four (4) hours.

8.4.9 FPL's exercise of its rights under this Section 8 shall not give rise to any liability or payment obligation on the part of FPL, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing.

9. Completion/Performance Security

The security contemplated by this Section 9 constitutes security for, but is not a limitation of, QS's obligations hereunder and shall not be FPL's exclusive remedy for QS's failure to perform in accordance with this Agreement.

9.1 As security for the achievement of the Guaranteed Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QS shall provide FPL either: (a) an unconditional, irrevocable, standby letter of credit(s) with an expiration date no earlier than the end of the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a U.S. commercial bank or the U.S. branch of a foreign bank having a Credit Rating of A- or higher by S&P or A3 or higher by Moody's (a "Qualified Issuer"), in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least thirty (30) business days prior to its expiration date) ("Letter of Credit"); (b) a bond, issued by a financially sound Company acceptable to FPL and in a form and substance acceptable to FPL, ("Bond"); or (c) a cash collateral deposited with FPL ("Cash Collateral") (any of (a), (b), or (c), the "Completion/Performance Security"). Completion/Performance Security shall be provided in the amount and by the date listed below:

(a) \$50.00 per kW (for the number of kW of Committed Capacity set forth in Section 5.1) to be delivered to FPL within five (5) business days of the Effective Date; and

(b) \$100.00 per kW (for the number of kW of Committed Capacity set forth in Section 5.1) to be delivered to FPL two years before the Guaranteed Capacity Delivery Date.

"Credit Rating" means with respect to any entity, on any date of determination, the respective ratings then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancement) by S&P, Moody's or other specified rating agency or agencies or if such entity does not have a rating for its unsecured, senior long-term debt or deposit obligations, then the rating assigned to such entity as its "corporate credit rating" by S&P.

(Continued on Sheet No. 9.037)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: June 5, 2018

FLORIDA POWER & LIGHT COMPANY

Ninth Revised Sheet No. 9.037
Cancels Eighth Revised Sheet No. 9.037

(Continued from Sheet No. 9.036)

"Moody's" means Moody's Investors Service, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of The McGraw-Hill Companies, Inc.) or its successor.

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

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

9.3 FPL shall have the right to monitor (a) the financial condition of the issuer of a Letter of Credit in the event any Letter of Credit is provided by the QS, and (b) the insurer, in the case of any Bond. In the event the issuer of a Letter of Credit no longer qualifies as Qualified Issuer or the issuer of a Bond is no longer financially sound, FPL may require the QS to replace the Letter of Credit or the Bond, as applicable. Such replacement Letter of Credit or bond must be issued by a Qualified Issuer or a financially sound issuer, as applicable, within ten (10) business days following written notification to the QS of the requirement to replace. Failure by the QS to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing Letter of Credit or bond and to exercise any other remedies it may have hereunder.

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

9.5 FPL shall be entitled to draw the Completion/Performance Security to satisfy any obligation or liability of QS arising pursuant to this Contract.

9.5.1 If the QS fails to achieve the Capacity Delivery Date on or before the in-service date of the Avoided Unit or such later date as permitted by FPL pursuant to Section 5.6, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages and resort to any other remedies which may be available to it under law or in equity.

9.5.2 In the event that FPL requires the QS to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QS fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the Completion/Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS.

9.5.3 QS shall promptly, but in no event more than five (5) business days following any draws on the Completion/Performance Security, replenish the Completion/Performance Security to the amounts required herein.

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

(Continued on Sheet No. 9.038)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: June 5, 2018

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.038
Cancels Original Sheet No. 9.038

(Continued from Sheet No. 9.037)

9.7 In lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Cash Collateral held by FPL (all of which may be retained by FPL), FPL will transfer to the QS on a monthly basis the Interest Amount, as calculated by FPL.

"Interest Amount" means, with respect to each monthly period, the aggregate sum of the amounts of interest calculated for each day in that monthly period on the principal amount of Cash Collateral held by FPL on that day, determined by FPL for each such day as follows:

- (x) the amount of that Cash Collateral on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided
- by (z) 360.

"Interest Rate" means: the Federal Funds Overnight rate as from time to time in effect.

"Federal Funds Overnight Rate" means, for the relevant determination date, the rate opposite the caption "Federal Funds (Effective)" as set forth for that day in the weekly statistical release designated as H.15 (519), or any successor publication, published by the Board of Governors of the Federal Reserve System. If on the determination date such rate is not yet published in H.15 (519), the rate for that date will be the rate set in Composite 3:30 P.M. Quotations for U.S. Government Securities for that day under the caption "Federal Funds/Effective Rate." If on the determination date such rate is not yet published in either H.15 (519) or Composite 3:30 P.M. Quotations for U.S. Government Securities, the rate for that date will be determined as if the Parties had specified "USD-Federal Funds-Reference Dealers" as the applicable rate.

10. Termination Fee

10.1 In the event that the QS receives capacity payments pursuant to Option B, Option C, Option D or Option E (as such options are defined in Appendix A and elected by the QS in Appendix E) or receives energy payments pursuant to the Fixed Firm Energy Payment Option (as such option is defined in Appendix A and elected by the QS in Appendix E) then, upon the termination of this Contract, the QS shall owe and be liable to FPL for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The QS's obligation to pay the Termination Fee shall survive the termination of this Contract. FPL shall provide the QS, on a monthly basis, a calculation of the Termination Fee.

10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091 in which case the QS may use an unsecured written commitment or promise to pay, in a form reasonably acceptable to FPL, by the local government which owns the Facility or on whose behalf the QS operates the Facility, to secure its obligation to pay the Termination Fee) by the QS by: (a) an unconditional, irrevocable, standby letter(s) of credit issued by Qualified Issuer in form and substance acceptable to FPL (including provisions (a) permitting partial and full draws and (b) permitting FPL to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least thirty (30) business days prior to its expiration date, ("Termination Fee Letter of Credit"); (b) a bond, issued by a financially sound Company and in a form and substance acceptable to FPL, ("Termination Fee Bond"); or (c) a cash collateral deposit with FPL ("Termination Fee Cash Collateral") (any of (a), (b), or (c), the "Termination Security").

10.1.2 The specific security instrument selected by the QS for purposes of this Contract is:

- ☐ Termination Fee Letter of Credit
- ☐ Termination Fee Bond
- ☐ Termination Fee Cash Collateral

10.1.3 FPL shall have the right to monitor the financial condition of (i) the issuer of a Termination Fee Letter of Credit in the case of any Termination Fee Letter of Credit and (ii) the insurer(s), in the case of any Termination Fee Bond. In the event the issuer of a Termination Fee Letter of Credit is no longer a Qualified Issuer or the issuer of a Termination Fee Bond is no longer financially sound, FPL may require the QS to replace the Termination Fee Letter of Credit or the Termination Fee Bond, as applicable. In the event that FPL notifies the QS that it requires such a replacement, the replacement Termination Fee Letter of Credit or Termination Fee Bond, as applicable, must be issued by a Qualified Issuer or financially sound company within ten (10) business days following such notification. Failure by the QS to comply with the requirements of this Section 10.1.2 shall be grounds for FPL to draw in full on any existing Termination Fee Letter of Credit or Termination Fee Bond and to exercise any other remedies it may have hereunder.

(Continued on Sheet No. 9.039)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.039
Cancels Original Sheet No. 9.039

(Continued from Sheet No. 9.038)

10.1.4 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, the QS shall provide to FPL within ten (10) business days of the close of such calendar quarter with written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPL, that the amount of the most recently provided Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPL shall have the right to request, and the QS shall be obligated to deliver within five (5) business days of such request, such Security Documentation. Failure by the QS to comply with the requirements of this Section 10.1.3 shall be grounds for FPL to draw in full on any existing Termination Fee Letter of Credit or Termination Fee Bond or to retain any Termination Fee Cash Collateral, and to exercise any other remedies it may have hereunder to be applied against any Termination Fee that may be due and owing to FPL or that may in the future be due and owing to FPL.

10.1.5 Upon any termination of this Contract following the Capacity Delivery Date, FPL shall be entitled to receive (and in the case of the Termination Fee Letter of Credit or Termination Fee Bond, draw upon such Termination Fee Letter of Credit or Termination Fee Bond) and retain one hundred percent (100%) of the Termination Security to be applied against any Termination Fee that may be due and owing to FPL or that may in the future be due and owing to FPL. FPL will transfer to the QS any proceeds and Termination Security remaining after liquidation, set-off and/or application under this Article after satisfaction in full of all amounts payable by the QS with respect to any Termination Fee or other obligations due to FPL; the QS in all events will remain liable for any amounts remaining unpaid after any liquidation, set-off and/or application under this Article.

10.2 The QS, as the Pledgor of the Termination Security, hereby pledges to FPL, as the secured Party, as security for the Termination Fee, and grants to FPL a first priority continuing security interest in, lien on and right of set-off against all Termination Security transferred to or received by FPL hereunder. Upon the transfer or return by FPL to the QS of Termination Security, the security interest and lien granted hereunder on that Termination Security will be released immediately and, to the extent possible, without any further action by either party.

10.3 In lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Termination Fee Cash Collateral held by FPL (all of which may be retained by FPL), FPL will transfer to the QS on a monthly basis the Interest Amount, Pursuant to Section 9.7.

11. Performance Factor

FPL desires to provide an incentive to the QS to operate the Facility during on-peak and off-peak periods in a manner which approximates the projected performance of FPL's Avoided Unit. A formula to achieve this objective is attached as Appendix B.

(Continued on Sheet No. 9.040)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

Fourth Revised Sheet No. 9.040
Cancels Third Revised Sheet No. 9.040

(Continued from Sheet No. 9.039)

12. Default

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

- 12.1 The QS fails to meet the applicable requirements specified in Section 1 of this Contract.;
- 12.2 The QS changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL.;
- 12.3 After the Capacity Delivery Date, the Facility fails, for twelve (12) consecutive months, to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 70%.;
- 12.4 The QS fails to comply with any of the provisions of Section 9.0 hereof (Completion/Performance Security).
- 12.5 The QS fails to comply with any of the provisions of Section 10.0 hereof (Termination Security).;
- 12.6 The QS ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QS or if a receiver shall be appointed for the QS or any of its assets or properties; or if any part of the QS's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QS shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due.
- 12.7 The QS fails to give proper assurance acceptable to FPL of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance-.
- 12.8 The QS materially fails to perform as specified under this Contract, including, but not limited to, the QS's obligations under any part of Sections 8, and 18.
- 12.9 The QS fails to achieve the permitting, licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than one year prior to Guaranteed Capacity Date.
- 12.10 The QS fails to comply with any of the provisions of Section 18.3 hereof (Project Management).
- 12.11 Any of the representations or warranties made by the QS in this Contract is false or misleading in any material respect.
- 12.12 The occurrence of an event of default by the QS under the Interconnection Agreement or any applicable Wheeling Agreement;
- 12.13 The QS fails to satisfy its obligations under Section 18.14 hereof (Assignment).
- 12.14 The QS fails to deliver to FPL in accordance with this Contract any energy or firm capacity required to be delivered hereunder or the delivery or sale of any such energy and firm capacity to an entity other than FPL.
- 12.15 The QS fails to perform any material covenant or obligation under this Contract not specifically mentioned in this Section 12.
- 12.16 If at any time after the Capacity Delivery Date, the QS reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.041)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.041
Cancels Original Sheet No. 9.041

(Continued from Sheet No. 9.040)

13. FPL's Rights in the Event of Default

13.1 Upon the occurrence of any of the Events of Default in Section 12, FPL may:

- (a) terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QS, and offset against any payment(s) due from FPL to the QS, any monies otherwise due from the QS to FPL;
- (b) draw on the Completion/Performance Security pursuant to Section 9 or collect the Termination Fee pursuant to Section 10 as applicable; and
- (c) exercise any other remedy(ies) which may be available to FPL at law or in equity.

13.2 In the case of an Event of Default, the QS recognizes that any remedy at law may be inadequate because this Contract is unique and/or because the actual damages of FPL may be difficult to reasonably ascertain. Therefore, the QS agrees that FPL shall be entitled to pursue an action for specific performance, and the QS waives all of its rights to assert as a defense to such action that FPL's remedy at law is adequate.

13.3 Termination shall not affect the liability of either party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

14. Indemnification/Limits

14.1 FPL and the QS shall each be responsible for its own facilities. FPL and the QS shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL's and the QS's personnel and equipment, and for the protection of its own generating system. Subject to section 2.7 Indemnity to Company, or section 2.71 Indemnity to Company – Governmental, FPL's General Rules and Regulations of Tariff Sheet No.6.020 each party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPL Entities" and "QS Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from: (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder; (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system; (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system; (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or (e) any other event, act or incident, including the transmission and use of electricity, that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.

14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

14.3 Limitation on Consequential, Incidental and Indirect Damages. TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER THE QS NOR FPL, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS CONTRACT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS CONTRACT, INCLUDING WITHOUT LIMITATION, ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, UNDER ANY INDEMNITY PROVISION OR ANY OTHER THEORY OF RECOVERY. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY, AND SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE MEASURE OF DAMAGES AND

(Continued on Sheet No. 9.042)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: June 25, 2013

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.042
Cancels Second Revised Sheet No. 9.042

(Continued from Sheet No. 9.041)

ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED; PROVIDED, HOWEVER, THE PARTIES AGREE THAT THE FOREGOING LIMITATIONS WILL NOT IN ANY WAY LIMIT LIABILITY OR DAMAGES UNDER ANY THIRD PARTY CLAIMS OR THE LIABILITY OF A PARTY WHOSE ACTIONS GIVING RISE TO SUCH LIABILITY CONSTITUTE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS CONTRACT. NOTHING CONTAINED IN THIS AGREEMENT SHALL BE DEEMED TO BE A WAIVER OF A PARTY'S RIGHT TO SEEK INJUNCTIVE RELIEF.

15. Insurance

15.1 The QS shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPL on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QS Insurance"). A certificate of insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QS Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QS's equipment or by the QS's failure to maintain the Facility or the QS's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPL's system, the QS Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QS Insurance must be reasonably acceptable to FPL. Any premium assessment or deductible shall be for the account of the QS and not FPL.

15.2 The QS Insurance shall have a minimum limit of one million dollars (\$1,000,000) per occurrence, and two million dollars (\$2,000,000) combined aggregate limit, for bodily injury (including death) or property damage.

15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QS shall enter into negotiations to develop substitute protection which the Parties in their reasonable judgment deem adequate.

15.4 To the extent that the QS Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPL Entities and the QS Entities. Furthermore, to the extent the QS Insurance is on a "claims made" basis, the QS's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QS Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QS during the term of this Contract.

15.5 The QS Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPL. The QS shall provide FPL with a copy of any material communication or notice related to the QS Insurance within ten (10) business days of the QS's receipt or issuance thereof.

15.6 The QS shall be designated as the named insured and FPL shall be designated as an additional named insured under the QS Insurance. The QS Insurance shall be endorsed to be primary to any coverage maintained by FPL.

16. Force Majeure

Force Majeure is defined as an event or circumstance that is not within the reasonable control of, or the result of the negligence of, the affected party, and which, by the exercise of due diligence, the affected party is unable to overcome, avoid, or cause to be avoided in a commercially reasonable manner. Such events or circumstances may include, but are not limited to, 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, difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement), or actions or restraints by court order or governmental authority or arbitration award. Force Majeure shall not include (a) the QS's ability to sell capacity and energy to another market at a more advantageous price; (b) equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility; (c) a failure of performance of any other entity, including any entity providing electric transmission service to the QS, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; (d) failure of the QS to timely apply for or obtain permits.

(Continued on Sheet No. 9.043)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective: June 7, 2022

FLORIDA POWER & LIGHT COMPANY**First Revised Sheet No. 9.043
Cancels Original Sheet No. 9.043**

(Continued from Sheet No. 9.042)

16.1 Except as otherwise provided in this Contract, each party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.

16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the party claiming Force Majeure shall notify the other party in writing within two (2) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A party claiming Force Majeure shall not be entitled to any relief therefore unless and until conforming notice is provided. The party claiming Force Majeure shall notify the other party of the cessation of the event of Force Majeure or of the conclusion of the affected party's cure for the event of Force Majeure, in either case within two (2) business days thereof.

16.3 The party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected party, and such party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such party deems to be unfavorable.

16.4 If the QS suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QS may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 16.3 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QS. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QS shall temporarily set the Committed Capacity equal to 0 KW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 KW, FPL shall have no obligation to make capacity payments hereunder.

16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QS shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.

16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, FPL shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPL under this Section shall be additional to any Committed Capacity Test under Section 5.3.

16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.

16.9 The QS agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same is (are) rendered inoperable due to actions of the QS, its agents, or Force Majeure events affecting the QS, the Facility or the interconnection with FPL. FPL agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPL or its agents.

17. Representations, Warranties, and Covenants of QS

The QS represents and warrants that as of the Effective Date and for the term of this Contract:

17.1 Organization, Standing and Qualification

The QS 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 QS 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 FPL.

(Continued on Sheet No. 9.044)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: August 18, 2009

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 9.044
Cancels First Sheet No. 9.044

(Continued from Sheet No. 9.043)

17.2 Due Authorization, No Approvals, No Defaults, etc.

Each of the execution, delivery and performance by the QS of this Contract has been duly authorized by all necessary action on the part of the QS, does not require any approval, except as has been heretofore obtained, of the _____ (shareholders, partners, or others, as applicable) of the QS or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QS, 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 QS, or any agreement, judgment, injunction, order, decree or other instrument binding upon the QS, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract. This Contract constitutes QS's legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable bankruptcy laws from time to time in effect that affect creditors' rights generally or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

17.3 Compliance with Laws

The QS has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QS 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 QS or FPL.

17.4 Governmental Approvals

Except as expressly contemplated herein, neither the execution and delivery by the QS of this Contract, nor the consummation by the QS 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 QS has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).

17.5 No Suits, Proceedings

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QS, 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 QS'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 QS has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment. The QS is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any authorization, or in breach of, in default under, or in violation of, or in conflict with any provision of any promissory note, indenture or any evidence of indebtedness or security therefore, lease, contract, or other agreement by which it is bound, except for any such breaches, defaults, violations or conflicts which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business or financial condition of Buyer or its ability to perform its obligations hereunder.

17.6 Environmental Matters

17.6.1 QS Representations

To the best of its knowledge after diligent inquiry, the QS knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

17.6.2 Ownership and Offering For Sale Of Renewable Energy Attributes

The QS retains any and all rights to own and to sell any and all environmental attributes associated with the electric generation of the Facility, including but not limited to, any and all renewable energy certificates, "green tags" or other tradable environmental interests (collectively "RECs"), of any description.

(Continued on Sheet No. 9.045)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: August 18, 2009

FLORIDA POWER & LIGHT COMPANY

Fourth Revised Sheet No. 9.045
Cancels Third Revised Sheet No. 9.045

(Continued from Sheet No. 9.044)

17.6.3 Changes in Environmental and Governmental Regulations

If new environmental and other regulatory requirements enacted during the term of the Contract change FPL's full avoided cost of the unit on which the Contract is based, either party can elect to have the contract reopened.

17.7 Interconnection/Wheeling Agreement

The QS has executed an interconnection agreement with FPL, or represents or warrants that it has entered into a valid and enforceable Interconnection Agreement with the utility in whose service area the Facility is located, pursuant to which the QS assumes contractual responsibility to make any and all transmission-related arrangements (including control area services) between the QS and the transmitting utility for delivery of the Facility's capacity and energy to FPL.

17.8 Technology and Generator Capabilities

That for the term of this Contract the Technology and Generator Capabilities table set forth in Section 1 is accurate and complete.

18. General Provisions

18.1 Project Viability

To assist FPL in assessing the QS's financial and technical viability, the QS shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract, and to the extent the documents are available. All documents to be considered by FPL must be submitted at the time this Contract is presented to FPL. Failure to provide the following such documents may result in a determination of non-viability by FPL.

18.2 Permits; Site Control

The QS hereby agrees to obtain and maintain Permits which the QS is required to obtain as a prerequisite to engaging in the activities specified in this Contract. QS shall also obtain and maintain Site Control for the Term of the Contract.

18.3 Project Management

18.3.1 If requested by FPL, the QS shall submit to FPL its integrated project schedule for FPL's review within sixty calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by FPL, the QS shall submit progress reports in a form satisfactory to FPL every calendar month until the Capacity Delivery Date and shall notify FPL of any changes in such schedules within ten calendar days after such changes are determined. FPL shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. FPL's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.

18.3.2 The QS shall provide FPL with the final designer's/manufacture's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct current elementary diagrams for review and inspection at FPL no later than one hundred eighty calendar days prior to the initial synchronization date.

18.4 Assignment

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. This Agreement shall not be assigned or transferred by either Party without the prior written consent of the other Party, such consent to be granted or withheld in such other Party's sole discretion. Any direct or indirect change of control of QS (whether voluntary or by operation of law) shall be deemed an assignment and shall require the prior written consent of FPL. Notwithstanding the foregoing, either Party may, without the consent of the other Party, assign or transfer this Agreement: (a) to any lender as collateral security for obligations under any financing documents entered into with such lender provided, QS shall be responsible for FPL's reasonable costs and expenses associated with the review, negotiation, execution and delivery of any documents or information pursuant to such collateral assignment, including reasonable attorneys' fees (b) to an affiliate of such Party; *provided*, that such affiliate's creditworthiness is equal to or better than that of such Party (and in no event less than Investment Grade) as determined reasonably by the non-assigning or non-transferring Party and; *provided, further*, that any such affiliate shall agree in writing to be bound by and to assume the terms and conditions hereof and any and all obligations to the non-assigning or non-transferring Party arising or accruing hereunder from and after the date of such assumption. "Investment Grade" means BBB- or above from Standard & Poor's Corporation or Baa2 or above from Moody's Investor Services.

18.5 Disclaimer

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

(Continued on Sheet No. 9.046)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective: January 1, 2022

FLORIDA POWER & LIGHT COMPANY

**Second Revised Sheet No. 9.046
Cancels First Sheet No. 9.046**

(Continued from Sheet No. 9.045)

18.6 Notification

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals 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 the QS:

For FPL:
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Attn: EMT Contracts Department

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. EST on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. EST to 4:45 p.m. EST) to the visitors' entrance at the address below:

Florida Power & Light Company
700 Universe Boulevard, Juno Beach, FL 33408
Attention: Contracts Manager/Coordinator
EMT Contracts Department

18.7 Applicable Law

This Contract shall be construed in accordance with and governed by, and the rights of the Parties shall be construed in accordance with, the laws of the State of Florida as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies, without regard to conflict of law rules thereof.

18.8 Venue

The Parties hereby irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of Florida or, in the event that jurisdiction for any matter cannot be established in the United States District Court for the Southern District of Florida, in the state court for Palm Beach County, Florida, solely in respect of the interpretation and enforcement of the provisions of this Contract and of the documents referred to in this Contract, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Contract or any such document may not be enforced in or by such courts, and the Parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a court. The Parties hereby consent to and grant any such court jurisdiction over the persons of such Parties solely for such purpose and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 18.8 hereof or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

(Continued on Sheet No. 9.047)

**Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective: January 1, 2022**

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.047
Cancels Original Sheet No. 9.047

(Continued from Sheet No. 9.046)

18.9. Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS CONTRACT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT A PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION RESULTING FROM, ARISING OUT OF OR RELATING TO THIS CONTRACT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (a) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (b) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (c) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (d) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS CONTRACT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.9

18.10 Taxation

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's payments to the QS for capacity under Options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), FPL may bill the QS 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. FPL, at its option, may offset these costs against amounts due the QS hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

18.11 Severability

If any part of this Contract, for any reason, is declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Contract, which remainder shall remain in force and effect as if this Contract had been executed without the invalid or unenforceable portion.

18.12 Complete Agreement 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. This Contract constitutes the entire agreement between the Parties.

18.13 Survival of Contract

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

18.14 Record Retention

The QS 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 QS Entities to retain for the same period all such records.

18.15 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.

(Continued on Sheet No. 9.048)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.048
Cancels Original Sheet No. 9.048

(Continued from Sheet No. 9.047)

18.16 Set-Off

FPL may at any time, but shall be under no obligation to, set off any and all sums due from the QS against sums due to the QS hereunder.

18.17 Assistance With FPL's evaluation of FIN 46R

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 FPL to evaluate whether the QS must be consolidated, as a variable interest entity (as defined in FIN 46R), in the consolidated financial statements of FPL. The QS agrees to fully cooperate with FPL and make available to FPL all financial data and other information, as deemed necessary by FPL, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R. If the result of an evaluation under FIN 46R indicates that the QS must be consolidated in the financial statements of FPL, the QS agrees to provide financial statements, together with other required information, as determined by FPL, for inclusion in disclosures contained in the footnotes to the financial statements and in FPL's required filings with the Securities and Exchange Commission ("SEC"). The QS shall provide this information to FPL in a timeframe consistent with FPL's earnings release and SEC filing schedules, to be determined at FPL's discretion. The QS also agrees to fully cooperate with FPL and FPL's independent auditors in completing an assessment of the QS'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 FPL. FPL will treat any information provided by the QS in satisfying Section 18.17 as confidential information and shall only disclose such information to the extent required by accounting and SEC rules and any applicable laws.

IN WITNESS WHEREOF, the QS and FPL executed this Contract this _____ day of _____.

WITNESS:

FLORIDA POWER & LIGHT COMPANY

Date_____

WITNESS:

Date_____ (QS)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: July 29, 2008

FLORIDA POWER & LIGHT COMPANY

Seventh Revised Sheet No. 10.300
Cancels Sixth Revised Sheet No. 10.300

RATE SCHEDULE QS-2
APPENDIX A
TO THE STANDARD OFFER CONTRACT
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A RENEWABLE ENERGY FACILITY
OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS

SCHEDULE

QS-2, Firm Capacity and Energy

AVAILABLE

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

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

APPLICABLE

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

To Qualifying Facilities ("QF"), with a design capacity of 100 KW or less, as specified in FPSC Rule 25-17.0832(4)(a) producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract", Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

CHARACTER OF SERVICE

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

LIMITATION

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

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

(Continued on Sheet No. 10.301)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective: January 1, 2022

FLORIDA POWER & LIGHT COMPANY

Seventh Revised Sheet No. 10.301
Cancels Sixth Revised Sheet No. 10.301

(Continued from Sheet No. 10.300)

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company, and is detailed in Appendix II to this Schedule. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.

A. Firm Capacity Rates

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

Adjustment to Capacity Payment

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

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

Option A - Fixed Value of Deferral Payments - Normal Capacity

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

(Continued on Sheet No. 10.302)

Issued by: S.E. Romig, Director, Rates and Tariffs
Effective: June 25, 2013

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.302

(Continued from Sheet No. 10.301)

Option B - Fixed Value of Deferral Payments - Early Capacity

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

The QS shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

Option C - Fixed Value of Deferral Payment - Levelized Capacity

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance portion of 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. The methodology used to calculate this option is shown in Appendix I. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

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

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of the capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the QS, payments for early levelized capacity shall commence at any time before the anticipated in-service date of the Company's Avoided Unit as specified in Appendix E, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

Option E - Flexible Payment Option

Payment schedules under this option are based upon a payment stream elected by the QS consisting of the capital component of the Company's avoided unit. Payments can commence at any time after the actual in-service date of the QS and before the anticipated in-service date of the utility's avoided unit, as specified in Appendix E, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. Regardless of the payment stream elected by the QS, the cumulative present value of capital cost payments made to the QS over the term of the contract shall not exceed the cumulative present value of the capital cost payments which would have been made to the QS had such payments been made pursuant to FPSC Rule 25-17.0832(4)(g)1, F.A.C. Fixed operation and maintenance expense shall be calculated in conformance with Rule 25-17.0832(6), F.A.C. The Company will provide the QS with a schedule of capacity payment rates based on the information specified in Appendix E.

(Continued on Sheet No. 10.303)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Sixth Revised Sheet No. 10.303
Cancels Fifth Revised Sheet No. 10.303

(Continued from Sheet No. 10.302)

B. Energy Rates

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

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

Option A – Energy Payments based on Actual Energy Costs

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

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

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

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

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

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

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

Option C- Energy Payments based on Actual Energy Costs starting on the in-service date of the Avoided Unit, as detailed in Appendix II.

The calculation of payments to the QS for energy delivered to FPL on and after the in-service date of the Avoided Unit shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate ($\text{\$/KWh}$); and (b) the amount of energy (KWH) delivered to FPL from the Facility during that hour.

(Continued on Sheet No. 10.304)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: June 25, 2013

FLORIDA POWER & LIGHT COMPANY**Eighth Revised Sheet No. 10.304
Cancels Seventh Revised Sheet No. 10.304**

(Continued from Sheet No. 10.303)

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

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

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

ESTIMATED AS-AVAILABLE ENERGY COST

As required in Section 25-17.0832, F.A.C. as-available energy cost projections until the in-service date of the avoided unit will be provided within 30 days of receipt by FPL of a written request for such projections by any interested person.

ESTIMATED UNIT FUEL COST

As required in Section 25-17.0832, F.A.C. the estimated unit fuel costs associated with the Company's Avoided Unit and based on current estimates of the price of natural gas will be provided within 30 days of a written request for such an estimate.

(Continued on Sheet No. 10.305)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

Seventh Revised Sheet No. 10.305
Cancels Sixth Revised Sheet No. 10.305

(Continued from Sheet No. 10.304)

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to a QS within the Company's service area shall be adjusted according to the delivery voltage by the multipliers provided in the COG-1.

PERFORMANCE CRITERIA

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

A. Capacity Delivery Date

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit, as detailed in Appendix II.

B. Availability and Capacity Factor

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

METERING REQUIREMENTS

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

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

BILLING OPTIONS

A QS, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QS to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QS selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QS or the Company; 3) when the QS is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene this Tariff or the contract between the QS and the Company.

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

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

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

(Continued on Sheet No. 10.306)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective: January 1, 2022

FLORIDA POWER & LIGHT COMPANY

Eighth Revised Sheet No. 10.306
Cancels Seventh Revised Sheet No. 10.306

(Continued from Sheet No. 10.305)

CHARGES TO ENERGY FACILITY

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

A. Base Charges:

Monthly base charges for meter reading, billing and other applicable administrative costs as per applicable Customer Rate Schedule.

B. Interconnection Charge for Non-Variable Utility Expenses

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

C. Interconnection Charge for Variable Utility Expenses

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

In lieu of payment for actual charges, the QS may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities as provided in COG-1.

D. Taxes and Assessments

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's payments to the QS for capacity under options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), FPL may bill the QS 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. FPL, at its option, may offset these costs against amounts due the QS hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments or the Fixed Firm Energy Payment had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

(Continued on Sheet No. 10.307)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective: January 1, 2022

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.307

(Continued from Sheet No. 10.306)

TERMS OF SERVICE

- (1) It shall be the QS's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QS located in the Company's service area shall be subject to the following terms and conditions:
 - (a) A QS shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
 - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
 - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QS's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QS. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
 - (ii) For each year thereafter, a review of the actual sales and purchases between the QS and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QS exceed the actual sales to the Company in that month.
 - (c) The Company shall specify the point of interconnection and voltage level.
 - (d) The QS must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QS or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

SPECIAL PROVISIONS

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.

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FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.308

APPENDIX I
TO RATE SCHEDULE QS-2
CALCULATION OF VALUE OF DEFERRAL PAYMENTS

APPLICABILITY

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

CALCULATION OF VALUE OF DEFERRAL OPTION A

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

Where, for a one year deferral:

VAC_m	=	utility's monthly value of avoided capacity and O & M, in dollars per kilowatt per 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 valued to the middle of the first year;
R	=	$(1 + i_p) / (1 + r)$;
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n , including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;
O_n	=	total fixed operation and maintenance expense for the year n , in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
r	=	annual discount rate, defined as the utility's incremental after-tax cost of capital;
L	=	expected life of the Company's Avoided Unit(s); and
n	=	year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

(Continued on Sheet No. 10.309)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.309

(Continued from Sheet No. 10.308)

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS—EARLY CAPACITY—OPTION B

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

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

follows:

Where:

- A_m = monthly payments to be made to the QS for each month of the contract year n , in dollars per kilowatt per month in which QS delivers capacity pursuant to the early capacity option;
- i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
- i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- m = year for which the fixed value of deferral payments under the early capacity option are made to a QS, starting in year one and ending in the year t ;
- t = the term, in years, of the Standard Offer Contract;
- A_c = $F / (1 - R) / (1 - R^t) / J$

Where:

- F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s);
- R = $(1 + i_p) / (1 + r)$
- r = annual discount rate, defined as the Company's incremental after-tax cost of capital; and
- A_o = $G / (1 - R) / (1 - R^t) / J$

Where:

- G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s).
- R = $(1 + i_o) / (1 + r)$

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

(Continued on Sheet No. 10.310)

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FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.310

(Continued from Sheet No. 10.309)

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – LEVELIZED AND EARLY LEVELIZED CAPACITY –
OPTION C & OPTION D, RESPECTIVELY**

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

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

Where:

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

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FLORIDA POWER & LIGHT COMPANY

~~Seventeenth~~ ~~Eighteenth~~ Revised Sheet No. 10.311
Cancels ~~Sixteenth~~ ~~Seventeenth~~ Revised Sheet No. 10.311

APPENDIX II
TO RATE SCHEDULE QS-2
~~2032-2033~~ AVOIDED UNIT INFORMATION

The Company's Avoided Unit has been determined to be a 1,991 MW Combined Cycle Unit with an in-service date of June 1, ~~2032~~ ~~2033~~ and a contract heat rate of ~~\$,986,003~~ Btu/kWh.

EXAMPLE STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
FOR A CONTRACT TERM OF TEN YEARS FROM THE IN-SERVICE DATE OF THE AVOIDED UNIT
(\$/KW/MONTH)

	Option A	Option B	Option C	Option D
Contract Year	Normal Capacity Payment	Early Capacity Payment	Levelized Capacity Payment	Early Levelized Capacity Payment
2022 2024	\$ -	\$ -	\$ -	\$ -
2024 2025	\$ -	\$ -	\$ -	\$ -
2025 2026	\$ -	\$ -	\$ -	\$ -
2026 2027	\$ -	\$ -	\$ -	\$ -
2027 2028	\$ -	\$ -	\$ -	\$ -
2028 2029	\$ -	\$ 2,464.63	\$ -	\$ 3,885.18
2029 2030	\$ -	\$ 3,834.73	\$ -	\$ 3,885.18
2030 2031	\$ -	\$ 2,614.82	\$ -	\$ 3,885.18
2031 2032	\$ -	\$ 3,684.92	\$ -	\$ 3,885.18
2032 2033	\$ 5,907.98	\$ 3,765.03	\$ 6,448.65	\$ 3,885.18
2033 2034	\$ 6,028.14	\$ 3,845.13	\$ 6,448.65	\$ 3,885.18
2034 2035	\$ 6,158.31	\$ 3,925.24	\$ 6,448.65	\$ 3,885.18
2035 2036	\$ 6,288.48	\$ 4,005.35	\$ 6,448.65	\$ 3,885.18
2036 2037	\$ 6,418.66	\$ 4,085.46	\$ 6,448.65	\$ 3,885.18
2037 2038	\$ 6,548.84	\$ 4,175.57	\$ 6,448.65	\$ 3,885.18
2038 2039	\$ 6,689.03	\$ 4,265.69	\$ 6,448.65	\$ 3,885.18
2039 2040	\$ 6,829.21	\$ 4,355.81	\$ 6,448.65	\$ 3,885.18
2040 2041	\$ 6,979.41	\$ 4,445.93	\$ 6,448.65	\$ 3,885.18
2041 2042	\$ 7,119.60	\$ 4,546.05	\$ 6,448.65	\$ 3,885.18

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes, the most recent estimated incremental avoided energy costs for the next ten years will be provided within thirty (30) days of written request.

ESTIMATED UNIT FUEL COSTS(\$/MMBtu):

The most recent estimated unit fuel costs for the Company's avoided unit will be provided within thirty (30) days of written request.

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Effective: ~~June 7, 2022~~

FLORIDA POWER & LIGHT COMPANY

~~Tenth-Eleventh~~ Revised Sheet No. 10.311.1
Cancels ~~Tenth-Ninth~~ Revised Sheet No. 10.311.1

~~2033~~ 2032 - AVOIDED UNIT FIXED VALUE OF DEFERRAL PAYMENTS

Where, for a one-year deferral:

	Value
VAC_m = Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$5,896,879.764
K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1,421,914.471
I_n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;	\$716,059,416.69
O_n = total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$14,681,540
i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.00%
i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
r = annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.498.00%
L = expected life of the Company's Avoided Unit;	50
n = year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2032 <u>2033</u>

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

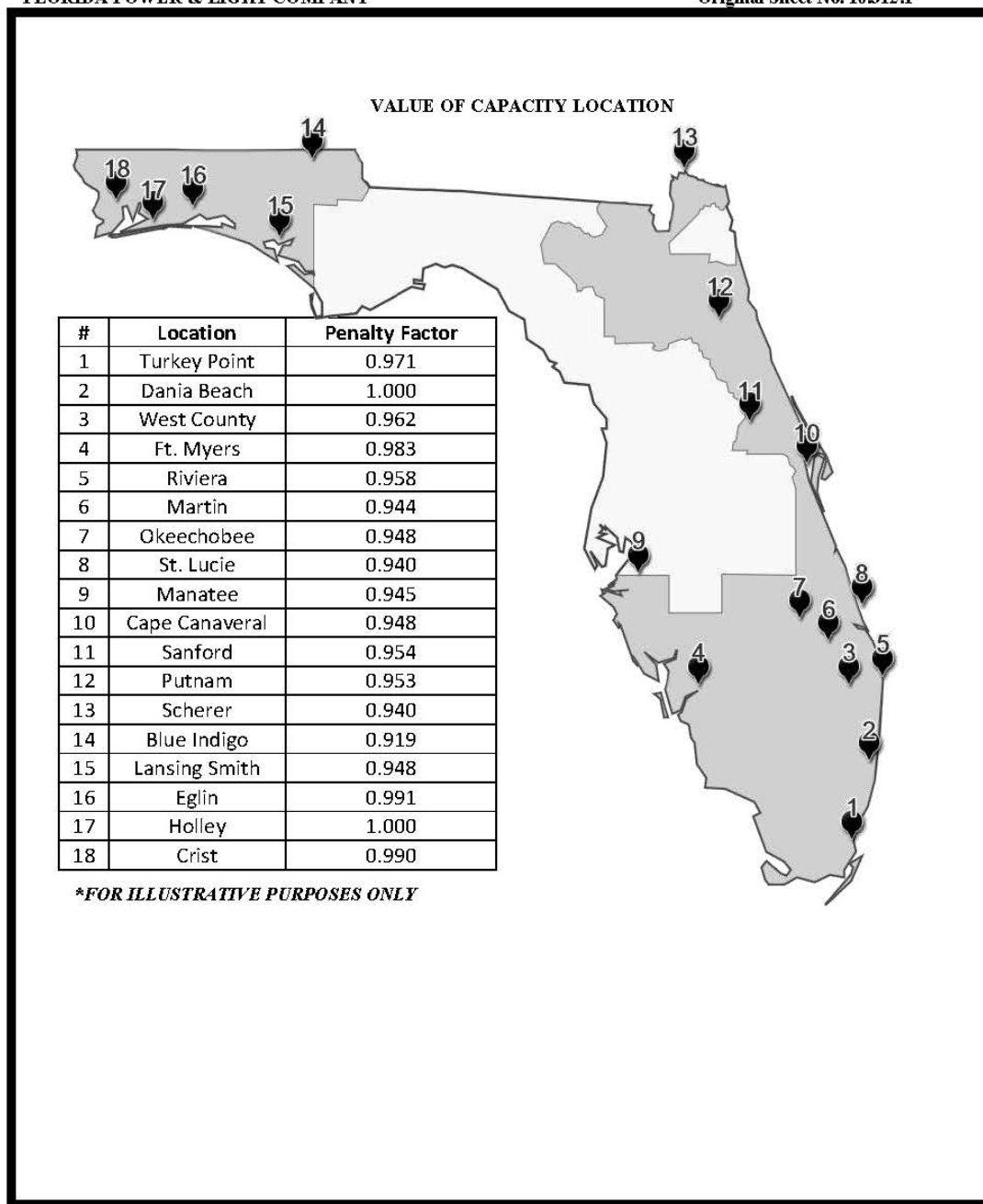
A_m = monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month;	*
i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.00%
i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
n = year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence any time after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit)	*
F = the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years;	\$416,805,827.79
r = annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.498.00%
t = the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
G = the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years.	\$111,261,113.99

*From Appendix E

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FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.312.1



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FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 10.313
Cancels First Revised Sheet No. 10.313

APPENDIX B
TO THE STANDARD OFFER CONTRACT
FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY
FROM RENEWABLE ENERGY FACILITIES
OR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF 100 KW OR LESS PAY
FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
 - A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, then no Monthly Capacity Payment shall be due. That is:
$$MCP = 0$$
 - B. In the event that the ACBF is equal to or greater than 80% but less than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:
$$MCP = BCP \times [1 + 4 \times (ACBF - 94\%)] \times CC$$
 - C. In the event that the ACBF is equal to or greater than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:
$$MCP = BCP \times CC$$
- Where:
- MCP = Monthly Capacity Payment in dollars.
- BCP = Base Capacity Payment in \$/KW/Month as specified in FPL's Rate Schedule QS-2.
- CC = Committed Capacity in KW.
- ACBF = Annual Capacity Billing Factor. This factor is calculated using the 12 months rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor. Periods during which the Facility has temporarily set its Committed Capacity equal to 0 KW due to a Force Majeure event pursuant to Section 16 shall be excluded from the applicable capacity factor calculation.
- MCF = Monthly Capacity Factor. The sum of (i) the Hourly Factors of the Non-Dispatch Hours plus (ii) the Hourly Factors of the Dispatch Hours or the Hourly factors of the hours when FPL requested reduced deliveries pursuant to Sections 8.4.6 and 8.4.8 (Reduced Delivery Hour); divided by the number of hours in the Monthly Billing Period.
- HFNDH = Hourly Factor of a Non-Dispatch Hour. The energy received during the hour divided by the Committed Capacity. For purposes of calculating the Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.
- HFDH = Hourly Factor of a Dispatch Hour or a Reduced Delivery Hour. The scheduled energy received divided by the scheduled energy requested. For purposes of calculating the Hourly Factor of a Dispatch Hour or the Hourly Factor of a Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.
- On-Peak Hours = Those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 p.m. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day and New Year's Day. FPL shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance notice.
- Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Period Date and ending with the last calendar day of such month.
- Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

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FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.314

APPENDIX C
TO THE STANDARD OFFER CONTRACT
TERMINATION FEE

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

Termination Fee = Termination Fee applicable to Capacity Payment Option plus Termination Fee applicable to Fixed Firm Energy Option

Termination Fee applicable to Capacity Payment Options B, C, D and E

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with: $MCPC_i = 0$ for all periods prior to the in-service date of the Company's Avoided Unit;

where:

- i = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2; etc.)
- n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- t = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPL's incremental after-tax avoided cost of capital (defined as r in QS-2). For any Monthly Billing Period in which $MCPC_i$ is greater than MCP_i , t shall equal 1.
- MCP_i = Monthly Capacity Payment paid to QS corresponding to the Monthly Billing Period i , calculated in accordance with Appendix B.
- $MCPC_i$ = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i , calculated in accordance with QS-2

In the event that for any Monthly Billing Period, the computation of the value of the Capacity Payment Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Capacity Payment Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Capacity Payment Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Capacity Payment Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 80%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Capacity Payment Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 80% but less than 94%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [0.04 \times (\text{ACBF} - 94\%)]$$

For the applicable Monthly Billing Period, the Termination Fee shall be reduced by the amount of such Reduction Value.

In no event shall FPL be liable to the QS at any time for any amount by which the Capacity Payment Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

Termination Fee applicable to the Fixed Firm Energy Payment Option D

Prior to in-service date of avoided unit:

The Termination Fee for the Fixed Firm Energy Option shall be equal to the cumulative sum of the Fixed Firm Energy Payments made to the QS pursuant to Option D, starting with the in-service date of the QS facility, for each billing cycle. Such number shall reach the maximum amount on the billing cycle immediately preceding the billing cycle associated with the in-service date of the Avoided Unit.

After in-service date of avoided unit:

The Termination Fee shall be decreased each billing cycle following the in-service date of the avoided unit by an amount equal to the difference between the projected Fixed Energy Cost that was used in the calculation to determine the base energy cost to be fixed and amortized pursuant to Option D for such billing cycle and the amortized Fixed Firm Energy Payment in cents/KWH times the energy delivered by the QS not to exceed the MWH block specified in Appendix E.

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: June 9, 2020

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.315

**APPENDIX D
TO THE STANDARD OFFER CONTRACT
DETAILED PROJECT INFORMATION**

Each eligible Contract received by FPL will be evaluated to determine if the underlying QS project is financially and technically viable. The QS shall, to the extent available, provide FPL with a detailed project proposal which addresses the information requested below.

I. FACILITY DESCRIPTION

- Project Name
- Project Location
 - ◆ Street Address
 - ◆ Site Plot Plan
 - ◆ Legal Description of Site
- Generating Technology
- Facility Classification (include types from statute)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)
 - ◆ Street Address
 - ◆ Legal Description of Steam Host
 - ◆ Host's annual steam requirements (lbs/yr)
- Contact Person
 - ◆ Individual's Name and Title
 - ◆ Company Name
 - ◆ Address
 - ◆ Telephone Number
 - ◆ Telecopy Number

II. PROJECT PARTICIPANTS

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:
 - ◆ Project Development
 - ◆ Siting and Licensing the Facility
 - ◆ Designing the Facility
 - ◆ Constructing the Facility
 - ◆ Securing the Fuel Supply
 - ◆ Operating the Facility
- Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the QS.
- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.

(Continued on Sheet No. 10.316)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.316

(Continued from Sheet No. 10.315)

III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support the requirements pursuant to Section 366.91, Florida Statutes, and the planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the ARFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for the fuel supply exists between developer(s) and fuel supplier(s)
REF =	renewable energy facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Energy Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Energy Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
Spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.
- Provide the maximum, minimum, and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

(Continued on Sheet No. 10.317)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.317

(Continued from Sheet No. 10.316)

IV. PLANT DISPATCHABILITY/CONTROLLABILITY

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated.
 - ◆ Ramp Rate (MW/minute)
 - ◆ Peak Capability (% above Committed Capacity)
 - ◆ Minimum power level (% of Committed Capacity)
 - ◆ Facility Turnaround Time, Hot to Hot (hours)
 - ◆ Start-up Time from Cold Shutdown (hours)
 - ◆ Unit Cycling (# cycles/yr)
 - ◆ MW and MVAR Control (AGC, Manual, Other (please explain))

V. SITING AND LICENSING

- Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.

VI. FACILITY DEVELOPMENT AND PERFORMANCE

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.
- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.
- [NOTE: add any requirements related to demonstrating that the facility meets the requirements under the statute or applicable rules]

(Continued on Sheet No. 10.318)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.318

(Continued from Sheet No. 10.317)

VII. FINANCIAL

- Provide FPL with assurances that the proposed QS project is financially viable consistent with FPSC Rule 25-17.0832(4) (c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.
 - ♦ Annual Project Revenues
 - Capacity Payments (\$ and \$/KW/Mo)
 - Variable O&M (\$ and \$/MWh)
 - Energy (\$ and \$/MWh)
 - Steam Revenues (\$ and %/lb.)
 - Tipping Fees (\$ and \$/ton)
 - Interest Income
 - Other Revenues
 - Variable O&M Escalation (%/yr)
 - Energy Escalation (%/yr)
 - Steam Escalation (%/yr)
 - Tipping Fee Escalation (%/yr)
 - ♦ Annual Project Expenses
 - Fixed O&M (\$ and \$/KW/Mo)
 - Variable O&M (\$ and \$/MWh)
 - Energy (\$ and \$/MWh)
 - Property Taxes (\$)
 - Insurance (\$)
 - Emission Compliance (\$ and \$/MWh)
 - Depreciation (\$ and %/yr)
 - Other Expenses (\$)
 - Fixed O&M Escalation (%/yr)
 - Variable O&M Escalation (%/yr)
 - Energy Escalation (%/yr)
 - ♦ Other Project Information
 - Installed Cost of the Energy Facility (\$ and \$/KW)
 - Committed Capacity (KW)
 - Average Heat Rate - HHV (MBTU/KWh)
 - Federal Income Tax Rate (%)
 - Facility Capacity Factor (%)
 - Energy Sold to FPL (MWH)
 - ♦ Permanent Financing
 - Permanent Financing Term (yrs)
 - Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt, and equity)
 - Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt, and equity)
 - Annual Interest Expense
 - Annual Debt Service (\$)
 - Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)
- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

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

Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.319

APPENDIX E
TO THE STANDARD OFFER CONTRACT
CONTRACT OPTIONS TO BE SELECTED BY QS

Term of Contract

Execution date _____
Termination date _____

Firm Capacity Rates

Commencement date for deliveries of Firm Energy and Capacity _____

Capacity Payment Option Selected (from available Options A through E)
If Option E is selected proposed payment stream:

Schedule of Capacity Payments to be provided by the Company based on applicable parameters follows:

Year \$/KW/Month

Energy Rates

Energy payment Options selected applicable to energy produced by the QS and delivered to the Company (from available Option A or B **and** D)

Select from Option A or B

And

Select D

If Option D is selected by the QS; the Company and the QS mutually agree on fixing and amortizing the following portion of the Base Energy Costs associated with the Avoided Unit _____
_____ % which yields _____ MWH

Projected Energy Cost of Energy Produced by Avoided Unit (provided by the Company):

Year Projected Fixed Energy Cost (in Cents/KWH or in Dollars)

Based on the projections of Energy Costs Produced by the Avoided Unit and the mutually agreed upon Portion of the Base Energy Costs associated with the Avoided Unit the Fixed Energy Payment shall be _____ \$/MWH or \$ _____ (as applicable).

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: May 22, 2007

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (M. Watts, Ramos) *TB*
Division of Accounting and Finance (Sewards, Thurmond) *ALM*
Division of Economics (Bruce, Hudson) *JGH*
Office of the General Counsel (Crawford, Thompson) *JSC*

RE: Docket No. 20220064-WS – Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.

AGENDA: 06/13/23 – Regular Agenda – Motion to Dismiss on Issue 1, Oral Argument Not Requested, Participation is at the Commission's Discretion – Proposed Agency Action for Issues 3, 4 and 5, - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Tymber Creek Utilities, Inc. (Tymber Creek, Utility or Seller) is a Class B utility serving approximately 423 water and wastewater customers in Volusia County. The Utility is located in the St. Johns River Water Management District (SJRWMD), which has permanent water restriction rules in place. Tymber Creek purchases bulk water from the City of Ormond Beach. According to the Utility's 2022 Annual Report, combined operating revenues were \$500,625 with a total net operating income of \$34,160.

Tymber Creek was granted Certificate Nos. 303-W and 252-S in 1978.¹ The Utility was granted a name change in 2005,² and a transfer of majority organizational control and amendment in 2012.³

On March 15, 2022, CSWR-Florida Utility Operating Company, LLC (CSWR-Tymber Creek or Buyer) filed an application with the Commission for the transfer of Certificate Nos. 303-W and 252-S from Tymber Creek to CSWR-Tymber Creek in Volusia County. The sale will close after the Commission has voted to approve the transfer. In its application, the Buyer has requested a positive acquisition adjustment, which is discussed in Issue 4.

Intervention by the Office of Public Counsel (OPC) was acknowledged on March 24, 2022. OPC and staff have issued a number of discovery or data requests to CSWR-Tymber Creek in this docket.

CSWR-Tymber Creek provided notice of the application to its customers and twenty-five customers filed objections to the transfer. The customers stated that Tymber Creek failed to repair a road in the subdivision after repairing a leak and that the Utility had not confirmed compliance with a prior settlement agreement. Two customers requested a formal administrative hearing to resolve the issues raised by the objections. In response, CSWR filed a motion to dismiss the objections for being untimely and for being unrelated to the issues addressed in a transfer application proceeding. The customer objections, Motion to Dismiss, and staff's recommendation regarding this matter are further discussed in Issue 1.

This recommendation addresses the motion to dismiss, the transfer of the water and wastewater systems and Certificate Nos. 303-W and 252-S, the appropriate net book value of the water and wastewater systems for transfer purposes, the request for an acquisition adjustment, and the revision of miscellaneous service charges. The Commission has jurisdiction pursuant to Sections 367.071 and 367.081, Florida Statutes (F.S.).

¹ Order No. 8242, issued April 6, 1978, in Docket Nos. 770324-W and 770325-S, *In re: Application of Tymber Creek Utilities for certificates to operate a water and sewer utility in Volusia County, Florida. Section 367.041, Florida Statutes.*

² Order No. PSC-05-0188-FOF-WS, issued February 18, 2005, in Docket No. 041339-WS, *In re: Application for name change on Certificates Nos. 303-W and 252-S in Volusia County from Tymber Creek Utilities to Tymber Creek Utilities, Incorporated.*

³ Order No. PSC-12-0571-FOF-WS, issued October 24, 2012, in Docket Nos. 20110317-WS, *In re: Application for transfer of majority organizational control of Tymber Creek Utilities, Incorporated, holder of Certificate Nos. 303-W and 252-S in Volusia County, from Joseph Stanley and Steve P. Shirah to Joseph Stanley Shirah;* and 20120191-WS, *In re: Application for amendment of Certificate Nos. 303-W and 252-S to add territory in Volusia County by Tymber Creek Utilities, Incorporated.*

Discussion of Issues

Issue 1: Should the Commission grant CSWR-Tymber Creek's motion to dismiss the objections?

Recommendation: Yes. The objections to the application for transfer of water and wastewater facilities from Tymber Creek to CSWR-Tymber Creek fail to raise any issue relevant to the application. Consequently, staff recommends the Commission grant the Utility's motion to dismiss and allow the transfer application to proceed. (Thompson)

Staff Analysis: Between August 17, 2022 and August 30, 2022, approximately twenty-five (25) residents of the Tymber Creek subdivision, plus the Tymber Creek Homeowners' Association (TCHOA), sent letters to the Commission, which were subsequently placed in the docket file as correspondence, objecting to the proposed certificates transfer. Specifically, Scott Buckwald filed an objection on August 17, 2022, and Anna Hannon filed an objection on August 22, 2022. The customers' objections were based on two issues: (1) the customers believed that a repair done to a road owned by TCHOA was inadequate and (2) the customers wanted confirmation of compliance with a 2012 Florida Department of Environmental Protection (DEP) settlement agreement between Tymber Creek and TCHOA (2012 Agreement).

It was unclear whether the letters were intending to request an administrative hearing on CSWR-Tymber Creek's application or merely wishing to register their disapproval of the application. On November 29, 2022, legal staff sent letters to the Tymber Creek residents and TCHOA who had filed objection letters. These letters, which were posted to the docket file on December 15, 2022, asked the customers "whether you wish to merely state for the record your objection to the transfer, or whether you are requesting that an administrative hearing be held with regard to your objection." The staff letter gave each customer and TCHOA until December 21, 2022, to respond "regarding your intention with respect to your letter of objection." Two residents confirmed that they were requesting an administrative hearing: Mr. Buckwald on December 14, 2022 and Ms. Hannon on December 15, 2022.

On March 20, 2023, CSWR-Tymber Creek filed a motion to dismiss the objections from these two customers. In its motion to dismiss, CSWR-Tymber Creek relies on Section 367.045, F.S., to argue that the customers failed to properly raise an objection to the transfer of Certificate Nos. 303-W and 252-S in a timely manner.⁴ CSWR-Tymber Creek further argues that even if the customers had properly objected to the transfer in a timely fashion, they failed to raise issues that are relevant to the proceedings in this docket. No request for oral argument was filed by CSWR-Tymber Creek. No response to CSWR-Tymber Creek's motion to dismiss was filed by the objecting customers and the time for doing so has expired.

⁴ Section 367.045(4), F.S., provides that "If, within 30 days after the last day that notice was mailed or published by the applicant, whichever is later, the commission receives from the Public Counsel, a governmental authority, or a utility or consumer who would be substantially affected by the requested certification or amendment a written objection requesting a proceeding pursuant to ss. 120.569 and 120.57, the commission shall order such proceeding conducted in or near the area for which application is made, if feasible."

Date: June 1, 2023

Legal Standard

To sustain a motion to dismiss, the moving party must show that, accepting all allegations as true, the petition fails to state a cause of action for which relief may be granted.⁵ The moving party must specify the grounds for the motion to dismiss, and all material allegations must be construed against the moving party in determining if the petitioner has stated the necessary allegations. A sufficiency determination is confined to the petition and documents incorporated therein and the grounds asserted in the motion to dismiss.⁶ All allegations in the petition must be viewed as true and in the light most favorable to the petitioner in order to determine whether there is a cause of action upon which relief may be granted.⁷

CSWR-Tymber Creek's Motion to Dismiss

This case involves the proposed transfer of water and wastewater certificates from Tymber Creek to CSWR-Tymber Creek. Therefore, the questions before the Commission are essentially whether CSWR-Tymber Creek has the financial and technical ability to operate the utility and whether the proposed transfer is in the public interest. Relying on this standard, CSWR-Tymber Creek's motion to dismiss challenges both the timeliness of the customers' objections and the sufficiency of the facts the customers allege to demonstrate that they have standing to object to the transfer.

The customers' written objections relate to two issues: an incomplete road repair and a 2012 settlement agreement between Tymber Creek, TCHOA, and DEP. The objectors argue that Tymber Creek should not be allowed to sell the Utility without properly repairing the roadway and without ensuring compliance with the DEP settlement agreement.

Timeliness of Objections

CSWR-Tymber Creek alleges that the objections of Mr. Buckwald and Ms. Hannon both fail to meet the pleading requirements for a formal hearing because they failed to properly request a formal proceeding pursuant to Sections 120.569 and 120.57, F.S., within 30 days of notice. CSWR-Tymber Creek alleges that the written objections that were filed were not compliant with Rule 28-106.201(1), Florida Administrative Code (F.A.C.). The rule contains a number of pleading requirements for initiating proceedings before administrative agencies. CSWR-Tymber Creek also contends that a strict interpretation of Section 367.045(4), F.S., provides that customers had until August 31, 2022, to file a proper written objection requesting a proceeding.

The Commission has previously held pro se litigants such as Mr. Buckwald and Ms. Hannon to a less stringent compliance standard in order to prevent delay and promote resolution of litigants' claims.⁸ There is no dispute that Mr. Buckwald and Ms. Hannon timely filed their objections before August 31, 2022, and renewed those objections in December of 2022. Moreover, Mr. Buckwald and Ms. Hannon made clear in their letters that they objected to transfer of the

⁵ See *Varnes v. Dawkins*, 624 So. 2d 349, 350 (Fla. 1st DCA 1993).

⁶ *Varnes* at 350.

⁷ See, e.g., *Ralph v. City of Daytona Beach*, 471 So. 2d 1173 (Fla. 4th DCA 2000); *Kest v. Nathanson*, 216 So. 2d 233, 235 (Fla. 4th DCA 1986); *Ocala Loan Co. v. Smith*, 155 So. 2d 711, 715 (Fla. 1st DCA 1963).

⁸ See Order No. PSC-2020-0469-FOF-EI, issued November 23, 2020, in Docket No. 20200030-EI, *In re: Complaint by Juana L. Del Rosario against Florida Power & Light Company regarding backbilling for alleged meter tampering*.

Date: June 1, 2023

certificates at issue in this docket. It is not unusual in certification matters for staff to take additional time to contact customers to ascertain whether they are merely asking their objection to be noted or whether they are requesting a formal administrative hearing. Staff believes that both customers materially complied with the requirements of Rule 25-30.031, F.A.C., in objecting to CSWR-Tymber Creek's transfer application, and that their objections should not be dismissed on grounds of timeliness.

Relevance of the Objections to a Transfer Proceeding

CSWR-Tymber Creek also argues that the objections of Mr. Buckwald and Ms. Hannon fail to raise any issue relevant to this transfer docket. CSWR-Tymber Creek notes that the basis of the objections are the road repair and the DEP settlement related to the water permit. With respect to the road repair, the objecting customers complained about damage done to a road owned by TCHOA as a result of a wastewater pipe failure. The customers believe Tymber Creek made an inadequate repair that continues to collapse. Separately, the customers want to confirm compliance with the 2012 Agreement that resulted from a complaint filed by TCHOA at DEP to require Tymber Creek to repair and upgrade some portions of the infrastructure over a ten-year period.

CSWR-Tymber Creek argues that these are not related to the financial or technical ability of CSWR-Tymber Creek to own and operate the system, nor are they part of the Commission's jurisdiction or authority over the service and rates of water and wastewater systems. CSWR-Tymber Creek further asserts that the Commission has no jurisdiction over any contract dispute between Tymber Creek, TCHOA, or DEP.

On this point, staff believes that the utility's motion has merit. In transfer proceedings, the Commission analyzes a utility's financial and technical ability and then makes a determination as to whether the proposed transfer would be in the public interest. For example, by Order No. PSC-95-0062-FOF-WS, issued January 11, 1995, in Docket No. 940091-WS, In re: Application for transfer of facilities to Lake Utilities, the Commission dismissed objections raised by a municipality that the city would be better able to provide service because the objections raised did not dispute the utility's financial and technical ability. Similarly, the customers' objections in this docket relate to issues that would be outside of the scope of an administrative proceeding.

Standing for an administrative proceeding is defined by the two-part test established in Agrico Chemical Co. v. Department of Environmental Regulation, 406 So. 2d 478 (Fla. 2d DCA 1981). In Agrico, the court held that to demonstrate a substantial interest entitled to a formal hearing in an administrative proceeding, the petitioner must show both an injury in fact of sufficient immediacy as to warrant a hearing and that the alleged injury is of the type or nature that the proceeding is designed to protect. This is a threshold question for any request to initiate or participate in a formal administrative proceeding.

Staff believes that the customers have not alleged facts sufficient to show that they have a substantial interest in the outcome of this certificate transfer proceeding. While the customers certainly have an interest in their roadways and the water quality, those interests are not ones that will be substantially affected by the outcome of this proceeding. For that reason, the objections

Date: June 1, 2023

have not alleged an injury in fact of sufficient immediacy to warrant a hearing and therefore have not met the first prong of the Agrico test.

The customers' objections likewise do not demonstrate that the alleged injury is of the type or nature that the proceeding is designed to protect. The questions before the Commission are whether CSWR-Tymber Creek is financially and technically able to own and operate the system and whether the transfer is in the public interest. The purpose of this proceeding is to ensure that the new certificate holder has the resources and commitment to the financial and operational viability of the utility and that the transfer serves the public interest. This proceeding would not result in the reparation of the road or the enforcement of the DEP settlement agreement. Consequently, the customers' objections also fail the second prong of the Agrico test.

The customers' objections do not challenge the financial or technical ability of CSWR-Tymber Creek to operate the water and wastewater facilities nor its ability to provide service. Instead, the customers' objections relate to a prior road repair by Tymber Creek and a DEP settlement agreement involving Tymber Creek. Neither of these matters are relevant to whether CSWR-Tymber Creek is financially and technically competent to operate the Utility, nor do they indicate that a transfer is against the public interest.

Staff's recommendation is consistent with the Commission's prior decisions. In addition to the Lake Utilities case discussed above, the Commission rejected a customer objection for failing to meet the Agrico standard in Order No. PSC-06-0094-FOF-WS, issued February 9, 2006, in Docket No. 050499-WS, In re: Application for authority to transfer majority organizational control of Utilities, Inc. from Nuon Global Solutions USA, B.V. to Hydro Star, LLC. In that case, a customer objected to a stock transfer because his current utility was failing to meet DEP water standards. The objector argued that the utility's failure to fix the water quality standards should prevent the transfer as management would not change. The Commission held that the alleged injury was not able to be resolved by the stock transfer proceeding and consequently dismissed the objection. Staff believes this precedent is convincing.

Conclusion

Even viewing all allegations in customers' objections as true and in the light most favorable to the customers, the objections fail to state a cause of action upon which relief may be granted in a hearing on CSWR-Tymber Creek's transfer application. Therefore, staff recommends that CSWR-Tymber Creek's Motion to Dismiss should be granted and the customers' objections should be dismissed.

Date: June 1, 2023

Issue 2: Should the transfer of Certificate Nos. 303-W and 252-S in Volusia County from Tymber Creek Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 303-W and 252-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the signed contract for sale and the executed and recorded deed for continued access to the land upon which its facilities are located and copies of its permit transfer applications to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer should file a status update in the docket file. The Utility's existing rates, late payment charges, service availability charges, and initial customer deposits, as shown on Schedule No. 2, should remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. Staff has verified that the Utility is current on the filing of annual reports and regulatory assessment fees (RAFs) through December 31, 2022. The Buyer should be responsible for filing the Utility's annual reports and paying RAFs for all future years. (M. Watts, Thurmond, Bruce)

Staff Analysis: On March 15, 2022, CSWR-Tymber Creek filed an application for the transfer of Certificate Nos. 303-W and 252-S from Tymber Creek to CSWR-Tymber Creek in Volusia County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale to CSWR-Tymber Creek will become final after Commission approval of the transfer, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

CSWR-Tymber Creek provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030, F.A.C. Twenty-five customers filed objections to the transfer, two of which requested an administrative hearing. However, as discussed in Issue 1, staff recommends that CSWR-Tymber Creek's Motion to Dismiss should be granted and the customers' objections should be dismissed.

The application contains a description of the service territory which is appended to this recommendation as Attachment A. In its response to staff's May 16, 2022 deficiency letter, CSWR-Tymber Creek provided a copy of an unrecorded warranty deed as evidence that the Buyer will have rights to long-term use of the land upon which the treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C. CSWR-Tymber Creek should submit the executed and recorded deed to the Commission within 60 days of the Order.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(g), (h), and (i), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no guaranteed revenue contracts, or customer advances of the Seller that must be disposed of with regard to the transfer. CSWR-Tymber Creek will review all leases and developer agreements and will assume or renegotiate those agreements on a case-by-case basis prior to closing. Any customer deposits will be refunded to customers by the Seller prior to the closing. According to the purchase and sale

agreement, the total purchase price for the assets is \$1,000,000. According to the Buyer, the closing has not yet taken place and is dependent on Commission approval of the transfer, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The Tymber Creek wastewater treatment plant (WWTP) is a 0.131 million gallon per day (MGD) annual average daily flow (AADF) permitted capacity extended aeration domestic wastewater treatment plant consisting of flow equalization, influent screening, aeration, secondary clarification, filtration, chlorination, and aerobic digestion of bio solids. Chlorinated effluent is discharged to one of four percolation ponds. The collection system consists of gravity mains served by three lift stations.

Staff reviewed the most recent DEP compliance evaluation inspection (CEI) for the WWTP. The DEP's April 14, 2021 CEI noted the following violations. First, the Discharge Monitoring Reports (DMR) contained several reporting errors. Second, the DMRs for the review period (May 31, 2020, to March 31, 2021) indicated several exceedances in the total suspended solids (TSS). Finally, an Operation and Maintenance Manual for the collection system with a Sanitary Sewer Response Plan was not available on site. The Utility did not provide a response to the DEP regarding the violations. On January 20, 2022, the DEP issued a draft Consent Order (CO) to the Utility. Within 20 days, the Utility was required to either return the signed copy or provide comments and suggested changes. Again, the Utility did not respond. As a result, on July 14, 2022, the DEP issued a Notice of Violation of Florida Statutes and DEP Rules. On July 29, 2022, having received the signed CO from the Utility, the DEP signed and executed the CO.⁹ As of April 27, 2023, Tymber Creek has complied with the terms of the CO that have come due since its execution. In Exhibit H of the Buyer's application, CSWR-Tymber Creek provided its assessment of Tymber Creek's water distribution system, wastewater treatment plant, and wastewater collection system. The assessment concludes with a list of several improvements and repairs it recommends be made to the systems. The Buyer's suggested repairs and improvements, only some of which appear to be required by a governmental authority, are discussed further in Issue 4.

The Utility purchases water from the City of Ormond Beach. Therefore, there are no sanitary surveys or secondary water quality tests required. The only testing required in the distribution system are for disinfection byproducts and chlorine residuals. The disinfection byproducts were last tested on August 9, 2021, and were within acceptable limits. The chlorine residuals were tested in two points in the distribution system on August 14 and 19, 2021, and were within required limits.¹⁰

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. As referenced in the transfer application, the Buyer will fulfill the commitments, obligations, and representation of the Seller with regards to utility matters.

⁹ DEP Consent Order, OGC No. 21-1025.

¹⁰ Information obtained from the DEP Chemical Sample Data for 2021 spreadsheet, last modified on January 27, 2022.

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CSWR-Tymber Creek's application states that it owns and operates water/wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, Mississippi, Arizona, North Carolina, and Tennessee that currently serve more than 73,000 water and 117,000 wastewater customers. The Buyer plans to use qualified and licensed contractors to provide routine operation and maintenance of the systems, as well as to handle billing and customer service. The Commission has also approved CSWR-Tymber Creek's purchase of the four Florida certificated utilities in prior dockets.¹¹

Staff reviewed the financial statements of CSWR-Tymber Creek and believes the Buyer has documented adequate resources to support the Utility's water and wastewater operations. Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

Tymber Creek's water and wastewater rates were last approved in 2011.¹² Since the last rate case, the rates were subsequently amended by several price index and two pass-through rate adjustments with the most recent being in 2020. The Utility's current service availability charges were approved in 1991.¹³ The initial customer deposits have been in effect since the Utility's certification in the late 1970s. The late payment charge was approved administratively in 2012. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a Utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by the Commission. In addition, the Utility has miscellaneous service charges, which were also approved in 1991. However, the miscellaneous service charges do not conform to Rule 25-30.460, F.A.C., and are discussed in Issue 5. Therefore, staff recommends that the Utility's existing rates, late payment charge, service availability charges, and initial customer deposits as shown on Schedule No. 2, should remain in effect, until a change is authorized by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C.

¹¹ Order No. PSC-2022-0115-PAA-WS, issued March 15, 2022, in Docket No. 20210093-WS, *In re: Application for transfer of water and wastewater systems of Aquarina Utilities, Inc., water Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County*; Order No. PSC-2022-0120-PAA-WU, issued March 18, 2022, in Docket No. 20210095-WU, *In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. and water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County*; Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County*; Order No. PSC-2022-0364-PAA-WU, issued October 25, 2022, in Docket No. 20220019-WU, *In re: Application for transfer of water facilities of Neighborhood Utilities, Inc. and water Certificate No. 430-W to CSWR-Florida Utility Operating Company, LLC, in Duval County*.

¹² Order No. PSC-11-0345-PAA-WS, issued August 16, 2011, in Docket No. 20100359-WS, *In re: Application for staff-assisted rate case in Volusia County by Tymber Creek Utilities, Inc.*

¹³ Order No. 24206, issued March 7, 1991, in Docket No 900501-WS, *In re: Application for a staff-assisted rate case in Volusia County by Tymber Creek Utilities.*

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Regulatory Assessment Fees and Annual Report

Staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2022. The Buyer will be responsible for filing the Utility's annual reports and paying RAFs for all future years.

Conclusion

Based on the foregoing, staff recommends the transfer of the water and wastewater systems and Certificate Nos. 303-W and 252-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the signed contract for sale and the executed and recorded deed for continued access to the land upon which its facilities are located and copies of its permit transfer applications to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer should file a status update in the docket file. The Utility's existing rates, late payment charges, service availability charges, and initial customer deposits, as shown on Schedule No. 2, should remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. Staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2022. The Buyer should be responsible for filing the Utility's annual reports and paying RAFs for all future years.

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Issue 3: What is the appropriate net book value for CSWR-Florida Utility Operating Company, LLC's water and wastewater systems for transfer purposes?

Recommendation: For transfer purposes, the net book value (NBV) of the system is \$62,485 for water and \$131,849 for wastewater, as of February 28, 2022. Within 90 days of the date of the Consummating Order, CSWR-Tymber Creek should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2023 Annual Report when filed. (Thurmond)

Staff Analysis: Rate base was last established on August 16, 2011, by Order No. PSC-2011-0345-PAA-WS.¹⁴ The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. CSWR-Tymber Creek's request for a positive acquisition adjustment is addressed in Issue 4. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of February 28, 2022.¹⁵ Staff's recommended NBV, as described below, is shown on Schedule No. 1.

Utility Plant in Service (UPIS)

According to the Utility's general ledger, the total UPIS balance was \$335,032 for water and \$1,037,526 for wastewater, as of February 28, 2022. Staff auditors compiled the plant additions and retirements to UPIS from June 30, 2010, to February 28, 2022, and traced supporting documentation. As a result, staff recommends a decrease to UPIS of \$48,765 for water and \$154,586 for wastewater as of February 28, 2022. Accordingly, staff recommends a total UPIS balance of \$286,268 for water and \$882,940 as of February 28, 2022.

Land

The Utility's general ledger reflected a land balance of \$1,131 for water and \$4,524 for wastewater, as of February 28, 2022. There have been no additions to land since June 30, 2010. Therefore, staff recommends no adjustments to its land balance.

Accumulated Depreciation

According to the Utility's general ledger, the total accumulated depreciation balance was \$262,455 for water and \$804,078 for wastewater, as of February 28, 2022. Staff auditors recalculated depreciation accruals for all wastewater accounts since the last rate case through February 28, 2022, using audited UPIS balances and the depreciation rates established by Rule 25-30.140, F.A.C. As a result, staff recommends that the accumulated depreciation balance be decreased by \$37,541 for water and \$48,464 for wastewater, as of February 28, 2022. Accordingly, staff recommends total accumulated depreciation balances of \$224,914 for water and \$755,614 for wastewater, as of February 28, 2022.

¹⁴ Order No. PSC-11-0345-PAA-WS, issued August 16, 2011, in Docket No. 20100359-WS, *In re: Application for staff-assisted rate case in Volusia County by Tymber Creek Utilities, Incorporated*.

¹⁵ Net book value is calculated through the date of the closing. According to the Utility's application, the closing will not occur until after the transaction receives Commission approval. Therefore, staff is relying on the most current information provided to staff auditors at the time of the filing.

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Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

According to the Utility's general ledger, the CIAC balances were \$155,893 for water and \$380,306 for wastewater, as of February 28, 2022. Also, the accumulated amortization of CIAC balances were \$155,893 for water and \$380,306 for wastewater, as of February 28, 2022. Staff auditors traced CIAC and accumulated amortization of CIAC balances from June 30, 2010, to February 28, 2022, using supporting documentation. As a result, staff recommends that the CIAC balance be decreased by \$2,510 for water as of February 28, 2022. Staff also recommends that the accumulated amortization of CIAC balance be decreased by \$2,510 for water as of February 28, 2022. Accordingly, staff recommends total CIAC and Accumulated Amortization of CIAC balances of \$153,383 and \$153,383 for water and \$380,306 and \$380,306 for wastewater, respectively, as of February 28, 2022.

Net Book Value

The Utility's general ledger reflected a NBV of \$73,708 for water and \$237,972 for wastewater as of February 28, 2022. Based on the adjustments described above, staff recommends a NBV of \$62,485 for water and \$131,849 for wastewater as of February 28, 2022. Staff's recommended NBV and the National Association of Regulatory Utility Commissioners, Uniform System of Accounts (NARUC USOA) balances for UPIS and accumulated depreciation are shown on Schedule No. 1 as of February 28, 2022. As addressed in Issue 4, a positive acquisition adjustment should not be recognized for ratemaking purposes.

Conclusion

Based on the above, staff recommends a NBV of \$62,485 for water and \$131,849 for wastewater as of February 28, 2022, for transfer purposes. Within 90 days of the date of the consummating Order, the Buyer should be required to notify the Commission in writing, that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2023 Annual Report when filed.

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Issue 4: Should a positive acquisition adjustment be recognized for ratemaking purposes?

Recommendation: No. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment should not be granted as the Buyer failed to demonstrate extraordinary circumstances. (Thurmond, M. Watts)

Staff Analysis: In its filing, the Buyer requested a positive acquisition adjustment be included in the calculation of CSWR-Tymber Creek's rate base. An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of acquisition. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV and a negative acquisition adjustment results when the purchase price is less than the NBV. A positive acquisition adjustment, if approved, increases rate base.

According to the purchase agreement, the Buyer will purchase the Utility for \$1,000,000. As discussed in Issue 3, staff is recommending a combined NBV for the two systems of \$194,334. This would result in a positive acquisition adjustment of \$805,666.

Any entity that believes a full or partial positive acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. Rule 25-30.0371(2), F.A.C., states:

In determining whether extraordinary circumstances have been demonstrated, the Commission shall consider evidence provided to the Commission such as anticipated improvements in quality of service, anticipated improvements in compliance with regulatory mandates, anticipated rate reductions or rate stability over a long-term period, anticipated cost efficiencies, and whether the purchase was made as part of an arms-length transaction.

If a purchase price above depreciated original cost is used to determine rate base, without the requirement for extraordinary circumstances, it could encourage utilities to "swap assets" and inappropriately increase cost to customers.

Deferral

In discovery, CSWR-Tymber Creek stated that it intends to ask for deferral of a decision regarding the requested acquisition adjustment. In its application, the Buyer laid out factors such as improvements to quality of service, cost efficiencies, and rate stability. These are discussed below and staff finds these factors do not constitute extraordinary circumstances.

In response to discovery, the Buyer agreed that after rate base is set, if a company provides support in a separate and subsequent case that there are utility assets that were not previously recorded, then the company can prospectively recover the unrecorded amount of that investment. Therefore, if the Buyer finds assets were incorrectly recorded on the Seller's balance sheet, the Buyer can support those costs and recover them in a future rate case. That is normal Commission practice and are not considered extraordinary circumstances.

Pursuant to Commission practice, the Buyer has the burden to prove extraordinary circumstances at the time of transfer. Staff believes in the instant case the Buyer has failed to provide proof of extraordinary circumstances. Further, the Buyer had multiple opportunities to provide pertinent

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information needed to determine if a positive acquisition adjustment is appropriate. As such, staff recommends the Commission deny the request to defer a decision on the positive acquisition adjustment.

Finally, it is long-standing Commission practice to address the disposition of any positive or negative acquisition adjustment at the time of transfer. Pursuant to Section 120.68(7)(e)3., F.S., when agencies change their established policies, practices and procedures, they must give an explanation for the deviation. Staff does not believe the facts in this case warrant such a deviation. As such, staff believes the deferral of a positive acquisition adjustment decision in this docket would result in an unnecessary deviation from Commission practice.

Improvements in Quality of Service and Compliance with Regulatory Mandates

In its application, CSWR-Tymber Creek listed six business practices that it believes will improve the quality of service to its customers: (1) provision of 24-hour emergency service phone numbers; (2) on-call emergency service personnel who are required to respond to emergency service calls within prescribed time limits; (3) a computerized maintenance management system; (4) access to resources not usually available to comparably sized systems and the ability to supplement local personnel with resources owned by the parent and sister companies; (5) online bill payment options; and (6) an updated website for customer communication, bulletins, procedures, etc.

Staff reviewed the complaints filed with the Commission for the five-year period prior to the application, March 2017 to March 2022. The Commission recorded a total of three complaints during this period, all of which pertained to billing. There were no complaints involving the water quality or the water distribution system, the wastewater treatment system or the wastewater collection system.

In addition to reviewing the Utility's most recent inspection reports, staff also reviewed the DEP inspection reports and enforcement actions for the three years prior to the Utility's transfer application. As discussed in Issue 2, the Utility is currently under a DEP CO for violation of its rules and regulations. As noted in the CO, the Utility's WWTP appears to have had ongoing issues with nitrate and total suspended solids (TSS) exceedances, as well as maintaining required on-site documentation. Documentation from the DEP database indicates that the Utility is on schedule with complying with the terms of the CO.

In Exhibit H of its application, CSWR-Tymber Creek noted the WWTP issues described above, as well as some minor leaks in the facility tanks, notable rust on the blowers and blower motors, and a build-up of fine solids in the sand filter. The Buyer noted that the lift stations appear to be in good condition, but it was unable to inspect the interior. Based on its inspection of the WWTP, CSWR-Tymber Creek proposed improvements it plans to make to ensure the longevity of the system. These plans include installing a sieve screen at the plant headworks for automated removal of nuisance solids, cleaning the sand filter, adding a polymer feed to the clarifier, patching leaks on the sand filter tank, replacing the blowers and blower motors, and installing a remote monitoring system.

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Staff's review of the DEP water quality tests and the Commission's Consumer Activity Tracking System did not reveal any indication of problems with the water distribution system. Despite the apparent absence of problems, CSWR-Tymber Creek proposed improvements to the water system as well. These improvements include making master meter pit renovations, installing remote monitoring with a chlorine analyzer, as well as anticipating distribution system repairs and valve replacements.

Based on the above, it appears that Tymber Creek has had issues with respect to regulatory compliance leading to a CO for its wastewater treatment system, but is on-schedule with its compliance with the current CO. Tymber Creek does not appear to have issues with respect to regulatory compliance regarding its water treatment system. While the Buyer identified several improvements it intends to implement in an effort to rectify the WWTP problems, and some that it believes need to be addressed with the water system, staff does not believe the Buyer has demonstrated extraordinary circumstances in support of its requested positive acquisition adjustment. Instead, staff believes that the proposed anticipated improvements in quality of service and compliance with regulatory mandates demonstrates CSWR-Tymber Creek's intention to responsibly execute its obligations as a utility owner. While staff does not believe the Utility's anticipated improvements justify its requested positive acquisition adjustment, these improvements may be considered for prudence and cost recovery in a future rate proceeding.

Anticipated Cost Efficiencies

In its application, the Buyer stated that based on its size and anticipated consolidation of many small systems under one financial and managerial entity would result in operational cost efficiencies particularly in the areas of:

- PSC and environmental regulatory reporting
- Managerial and operational oversight
- Utility asset planning
- Engineering planning
- Ongoing utility maintenance
- Utility record keeping
- Customer service responsiveness
- Improved access to capital necessary to repair and upgrade Tymber Creek to ensure compliance with all health and environmental requirements and ensure service to customers remains safe and reliable

In response to discovery, the Buyer provided an estimated annual reduction of O&M expense of approximately \$51,000. However, with a requested acquisition adjustment of \$805,666, the requested amount is over four times greater than the Utility's current NBV of \$194,334. Even if the Buyer was able to achieve these savings in O&M expense, the inclusion of the requested acquisition adjustment in rate base and the inclusion of the annual amortization expense in the NOI calculation would result in an increased revenue requirement. By operation of math, the overall impact would be a net increase to customer rates.

The Buyer also stated that CSWR-Tymber Creek would bring long-term rate stability to the Utility, should the transfer be approved. Staff agrees that economies of scale and potential

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consolidation of several systems in Florida, as proposed by CSWR-Tymber Creek, could bring some amount of long-term rate stability. However, absent specific and detailed support for these assertions, the Buyer has failed to meet its burden of demonstrating extraordinary circumstances. Moreover, Tymber Creek has exhibited rate stability. The Utility has had only two staff-assisted rate cases since 2004.

Staff's recommendation is consistent with the Commission's decision in Order No. PSC-2020-0458-PAA-WS.¹⁶ In that docket, the Buyer identified estimates of anticipated cost efficiencies, including a reduction in O&M expense and a reduction of cost of capital that would result from the transfer. Additionally, the Buyer cited several improvements it made to the water treatment plant and wastewater lift station since acquisition to improve the quality of service and compliance with regulatory mandates. While the Commission acknowledged that the Buyer accomplished cost savings, it did not believe the actions performed demonstrated extraordinary circumstances that would justify approval of a positive acquisition adjustment.

Staff's recommendation is also consistent with the Commission's decisions to deny CSWR-Florida Utility Operating Company, LLC a positive acquisition adjustment in its previous transfer dockets (see Order Nos. PSC-2022-0364-PAA-WU, PSC-2022-0116-PAA-SU, PSC-2022-0120-PAA-WU, and PSC-2022-0115-PAA-WS).¹⁷ In each of those cases, the Commission determined CSWR-Florida Utility Operating Company, LLC failed to provide sufficient evidence of extraordinary circumstances and denied a positive acquisition adjustment. In those cases, CSWR-Florida Utility Operating Company, LLC also requested a deferral of the decision regarding the positive acquisition adjustments which was denied by the Commission. Staff believes the facts of this case are similar to the four cases discussed above.

Conclusion

Pursuant to Rule 25-30.0371, F.A.C., staff recommends a positive acquisition adjustment not be granted as the Buyer did not demonstrate extraordinary circumstances. Staff believes the Buyer's anticipated improvements in quality of service and compliance with regulatory mandates do not indicate extraordinary circumstances and instead demonstrates CSWR-Tymber Creek's intentions to responsibly provide utility service.

¹⁶ Order No. PSC-2020-0458-PAA-WS, issued November, 23, 2020, in Docket No. 20190170-WS, *In re: Application for transfer of facilities and Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc.*

¹⁷ Order No. PSC-2022-0364-PAA-WU, issued October 25, 2022, in Docket No. 20220019-WU, *In re: Application for transfer of water facilities of Neighborhood Utilities, Inc. and water Certificate No. 430-W to CSWR-Florida Utility Operating Company, LLC, in Duval County.*; Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County*; Order No. PSC-2022-0120-PAA-WU, issued March 18, 2022, in Docket No. 20220095-WU, *In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. and water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County*; Order No. PSC-2022-0115-PAA-WS, issued March 15, 2022, in Docket No. 20210093-WS, *In re: Application for transfer of water and wastewater systems of Aquarina Utilities, Inc., water Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County.*

Issue 5: Should CSWR-Florida Utility Operating Company, LLC's miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: Yes. The miscellaneous service charges should be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. The Utility should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding. (Bruce)

Staff Analysis: Effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.¹⁸ The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. The Utility's miscellaneous service charges consist of initial connection and normal reconnection charges. The normal reconnection charge is more than the premises visit charge. Since the premises visit entails a broader range of tasks, staff believes the premises visit should reflect the amount of the normal reconnection charge of \$15 for normal hours. Therefore, staff recommends that the initial connection and normal reconnection charges be removed, the premises visit should be revised to \$15 for normal hours, and the definition for the premises visit charge be updated to comply with amended Rule 25-30.460, F.A.C. The Utility's existing and staff's recommended miscellaneous service charges are shown below in Tables 5-1 and 5-2.

Table 5-1
Utility's Existing Miscellaneous Service Charges

	<u>Normal Hours</u>
Initial Connection Charge	\$15.00
Normal Reconnection Charge	\$15.00
Violation Reconnection Charge - Water	\$15.00
Violation Reconnection Charge - Wastewater	Actual Cost
Premises Visit Charge (in lieu of disconnection)	\$10.00

5-2
Staff Recommended Miscellaneous Service Charges

	<u>Normal Hours</u>
Violation Reconnection Charge - Water	\$15.00
Violation Reconnection Charge – Wastewater	Actual Cost
Premise Visit Charge	\$15.00

¹⁸ Order No. PSC-2021-0201-FOF-WS, issued June 4, 2021, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges*.

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Conclusion

Based on the above, staff recommends the miscellaneous service charges be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. The Utility should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

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Issue 6: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, that the Buyer has submitted the executed and recorded warranty deed and that the Buyer has submitted copies of its applications for permit transfers to the DEP and the SJRWMD, within 60 days of the Commission's Order approving the transfer. (Thompson)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, that the Buyer has submitted the executed and recorded warranty deed and that the Buyer has submitted copies of its applications for permit transfers to the DEP and the SJRWMD, within 60 days of the Commission's Order approving the transfer.

TERRITORY DESCRIPTION
CSWR-Florida Utility Operating Company, LLC
Volusia County
Water and Wastewater Service

ALL OF TYMBER CREEK SUBDIVISION AND LOST CREEK SUBDIVISION, DEVELOPED OR UNDEVELOPED, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Parcel #1 – The South 1/4 of the East 1/2 of the Northwest 1/4 except the West 25 feet in Hull Road, and the Northeast 1/4 of the Southwest 1/4 North of the creek (Little Tomoka River) except the West 25 feet in Hull Road, Section 25, Township 14 South, Range 31 East, Volusia County, Florida, containing 41 Acres, more or less.

Parcel #2 – The North 1/2 of the South 1/2 of the East 1/2 of the Northwest 1/4 except the West 25 feet in Hull Road, Section 25, Township 14 South, Range 31 East, Volusia County, Florida, containing 19.462 Acres.

Parcel #3 – The Northeast 1/4 of the Northwest 1/4 except the West 25 feet in Hull Road, Section 25, Township 14 South, Range 31 East, Volusia County, Florida, being 39.021 Acres.

Parcel #4 – A portion of the Northeast 1/4 of Section 25, Township 14 South, Range 31 East, described as follows:

As a point of reference, commence at the Northeast corner of Section 25, Township 14 South, Range 31 East; thence South 88°03'10" West a distance of 1,306.37 feet to a point in the Westerly right-of-way line of Interstate 95 (a 300 foot right-of-way as used) which is the Point of Beginning of the following described parcel: thence South 16°57'20" East along the Westerly right-of-way line of said Interstate 95 a distance of 1,333.37 feet to a point; thence South 86°26'21" West a distance of 2,034.63 feet to a point; thence North 0°44'20" West a distance of 1,296.89 feet to a point; thence North 86°22'40" East a distance of 1,661.89 feet to the Point of Beginning. Said parcel contains 55.0 Acres.

Parcel #5- A portion of the Southeast 1/4 of Section 24, Township 14 South, Range 31 East, described as follows:

As a point of reference, commence at the Southeast corner of said Section 24, Township 14 South, Range 31 East; thence South 88°3'10" West a distance of 1,306.37 feet to a point in the Westerly right-of-way line of Interstate 95 (a 300 foot right-of-way as used) which is the Point of Beginning of the following described parcel: thence South 86°22'40" West a distance of 1,661.89 feet to a point; thence North 0°58'06" West a distance of 1,383.16 feet to a point; thence North 88°29'30" East a distance of 1,282.47 feet to a point in the Westerly right-of-way line of said Interstate 95; thence South 16°57'20" East along said Westerly right-of-way line of Interstate 95 a distance of 1,371.34 feet to the Point of Beginning. Said parcel contains 45.8 Acres.

Parcel #6 – That part of the following described parcel that lies Westerly of Interstate 95 (a 300 foot right-of-way). The Easterly 264 feet of the Northwest 1/4 of the Southeast 1/4 and the Westerly 792 feet of the Northeast 1/4 of the Southeast 1/4 of Section 24, Township 14 South,

Range 31 East, Volusia County, Florida, excepting therefrom those portions used for Hull Road and for Interstate "I-95" Highway. Said parcel contains 2.10 Acres.

Parcel #7 – (Lost Creek) A part of the Southwest 1/4 of the Northeast 1/4 of Section 25, Township 14 South, Range 31 East, lying North of the Tomoka River and East of Groover Branch Creek, in Volusia County, Florida.

Lost Creek Legal Description

That portion of the Southwest 1/4 of the Northeast 1/4 of Section 25, Township 14 South, Range 31 East, lying North of the Northerly top of bank of the Tomoka River and Easterly of Groover Branch Creek, in Volusia County, Florida, being more particularly described as follows:

Commence at the Southwest corner of lot 326, after lot 326 as measured along the West line of the NE 1/4 of Section 25 1,319.05 feet South from the NW corner of the NE 1/4 of Section 25, Township 14 South, Range 31 East, Tymber Creek Phase II subdivision, as recorded in map book 35, pages 116 thru 136 of the public records of Volusia County, Florida. Said point being the Point of Beginning; thence North 87°26'54" East along the Southerly line of said Tymber Creek Phase II Subdivision, 1,330.09 feet to the East line of the said SW 1/4 of the NE 1/4 of Section 25; thence South 01°25'04" East along the said East line a distance of 516.82 feet to a meander line along the Northerly top of bank of the Tomoka River; thence along the said top of bank of the Tomoka River the following courses and distances: South 56°53'33" West 163.94 feet; South 58°00'47" West 100.98 feet; South 41°45'18" West 109.66 feet; South 63°07'13" West 100.12 feet; South 82°40'55" West 104.40 feet; South 46°41'34" West 105.94 feet; South 76°08'56" West 32.10 feet; South 44°55' 10" West 107.70 feet; South 32°45' 58" West 101.43 feet; South 20°15'20" West 100.12 feet; South 28°52' 54" West 81.18 feet; South 71°09' 07" West 40.26 feet to a meander line along the Easterly top of bank of said Groover Branch Creek; thence along said top of bank of Groover Branch Creek the following courses and distances: North 81°16'40" West 57.20 feet; North 18°23'19" West 34.56 feet; North 17°18' 38" West 38.01 feet; North 04°51'59" West 56.40 feet; North 23°33'35" West 23.18 feet; North 03°39'21" West 52.53 feet; North 13°17'07" East 45.99 feet; South 83°41' 27" East 38.88 feet; North. 39°20'57" East 56.10 feet; North 29°00'26" West 36.31 feet; North 55°22'42" West 47.25 feet; North 56°00'28" West 51.45 feet; North 15°18'09" West 72.15 feet; North 29°53'10" West 69.49 feet; South 66°30'02" West 33.57 feet; South 08°08'31" West 36.56 feet; South 43°31'28" West 41.66 feet; South 84°11'30" West 65.49 feet; North 80°37'26" West 40.34 feet; North 48°25'21" West 61.62 feet; North 12°00'14" West 26.80 feet; North 28°07'04" East 80.59 feet; North 15°29'07" E. 85.50 feet; North 27°46'29" West 19.83 feet; South 72°57'24" West 70.77 feet; South 46°51'09" West 64.30 feet; South 29°10'55" West 42.53 feet; South 51°45'35" West 22.87 feet to the West line of the said SW 1/4 of the NE 1/4 of Section 25; thence North 01°20'57" West 610.00 feet to the Point of Beginning.

Said parcel containing 23.7 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Number 303-W

to provide water service in Volusia County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
Order No. 8242	04/06/78	19770324-W	Original Certificate
Order No. 8242	04/06/78	19770325-S	Original Certificate
PSC-05-0188-FOF-WS	02/18/05	20041339-WS	Name Change
PSC-12-0571-FOF-WS	10/24/12	20110317-WS	TMOC
PSC-12-0571-FOF-WS	10/24/12	20120191-WS	Amendment
*	*	20220064-WS	Transfer

***Order Number and date to be provided at time of issuance**

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Number 252-S

to provide wastewater service in Volusia County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
Order No. 8242	04/06/78	19770324-W	Original Certificate
Order No. 8242	04/06/78	19770325-S	Original Certificate
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PSC-12-0571-FOF-WS	10/24/12	20120191-WS	Amendment
*	*	20220064-WS	Transfer

***Order Number and date to be provided at time of issuance**

**CSWR-Florida Utility Operating Company, LLC
Tymber Creek Utilities, Inc.**

Schedule of Water Net Book Value as of February 28, 2022

<u>Description</u>	<u>Balance Per Utility 2/28/22</u>	<u>Adjustments</u>		<u>Staff 2/28/22</u>
Utility Plant in Service	\$335,032	(\$48,765)	A	\$286,268
Land & Land Rights	1,131	-		1,131
Accumulated Depreciation	(262,455)	37,541	B	(224,914)
CIAC	(155,893)	2,510	C	(153,383)
Amortization of CIAC	<u>155,893</u>	<u>(2,510)</u>	D	<u>153,383</u>
Total	<u>\$73,708</u>	<u>(\$11,223)</u>		<u>\$62,485</u>

**CSWR-Florida Utility Operating Company, LLC
Tymber Creek Utilities, Inc.**

Schedule of Wastewater Net Book Value as of February 28, 2022

<u>Description</u>	<u>Balance Per Utility 2/28/22</u>	<u>Adjustments</u>		<u>Staff 2/28/22</u>
Utility Plant in Service	\$1,037,526	(\$154,586)	A	\$882,940
Land & Land Rights	4,524	-		4,524
Accumulated Depreciation	(804,078)	48,464	B	(755,614)
CIAC	(380,306)	-	C	(380,306)
Amortization of CIAC	<u>380,306</u>	=	D	<u>380,306</u>
Total	<u>\$237,972</u>	<u>(\$106,123)</u>		<u>\$131,849</u>

**CSWR-Florida Utility Operating Company, LLC
Tymber Creek Utilities, Inc.**

Explanation of Adjustments to Water Net Book Value as of February 28, 2022

Explanation	Amount
A. UPIS To reflect the appropriate balance.	(\$48,765)
B. Accumulated Depreciation To reflect the appropriate balance.	37,541
C. CIAC To reflect the appropriate balance.	2,510
D. Accumulated Amortization of CIAC To reflect the appropriate balance.	<u>(2,510)</u>
Total Adjustments to Water Net Book Value as of February 28, 2022	<u>(\$11,223)</u>

**CSWR-Florida Utility Operating Company, LLC
Tymber Creek Utilities, Inc.**

**Explanation of Adjustments to Wastewater Net Book Value as of February 28,
2022**

Explanation	Amount
A. UPIS To reflect the appropriate balance.	(\$154,586)
B. Accumulated Depreciation To reflect the appropriate balance.	<u>48,464</u>
Total Adjustments to Wastewater Net Book Value as of February 28, 2022	<u>(\$106,123)</u>

**CSWR-Florida Utility Operating Company, LLC
Tymber Creek Utilities, Inc.**

**Schedule of Staff's Recommended Water Account Balances as of February 28,
2022**

Account No.	Description	UPIS	Accumulated Depreciation
301	Organization	\$36	(\$33)
304	Structures & Improvements	179	(176)
309	Supply Mains	25,211	(12,473)
310	Power Generation Equipment	15,165	(15,165)
311	Pumping Equipment	3,742	(439)
331	Transmission and Distribution Mains	179,981	(156,222)
333	Services	11,160	(11,160)
334	Meters and Meter Installations	22,868	(5,685)
335	Hydrants	9,185	(8,502)
340	Office Furniture and Equipment	9,325	(9,320)
341	Transportation Equipment	7,812	(4,668)
345	Power Operated Equipment	373	(373)
348	Other Tangible Plant	<u>1,230</u>	<u>(697)</u>
	Total	<u>\$286,268</u>	<u>\$224,914</u>

**CSWR-Florida Utility Operating Company, LLC
Tymber Creek Utilities, Inc.**

**Schedule of Staff's Recommended Wastewater Account Balances as of February
28, 2022**

Account No.	Description	UPIS	Accumulated Depreciation
354	Structures & Improvements	\$157,112	(\$135,004)
360	Collection Sewers - Force	12,551	(4,611)
361	Collection Sewers - Gravity	273,086	(273,086)
363	Services to Customers	43,346	(43,346)
364	Flow Measuring Devices	31,553	(13,980)
370	Receiving Wells	83,227	(9,400)
380	Treatment and Disposal Equipment	252,642	(252,642)
382	Outfall Sewer Lines	10,827	(10,827)
389	Other Plant and Misc. Equipment	5,725	(2,312)
390	Office Furniture and Equipment	6,935	(6,935)
391	Transportation Equipment	2,817	(352)
395	Power Operated Equipment	<u>3,120</u>	<u>(3,120)</u>
	Total	<u>\$882,940</u>	<u>(\$755,614)</u>

**CSWR – Florida Utility Operating Company, LLC.
Tymber Creek Utilities, Inc.**

Monthly Water Rates

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$9.91
3/4"	\$14.87
1"	\$24.78
1 1/2"	\$49.55
2"	\$79.28
3"	\$158.56
4"	\$247.75
6"	\$495.50

Charge Per 1,000 gallons – Residential Service

0-6,000 gallons	\$3.88
6,001-10,000 gallons	\$4.44
Over 10,000 gallons	\$6.59

Charge Per 1,000 gallons – General Service	\$4.19
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Initial Customer Deposits

	<u>Residential Service</u>	<u>General Service</u>
5/8" x 3/4"	\$20.00	N/A
1"	N/A	\$34.00
1 1/2"	N/A	\$66.00
Over 2"	N/A	\$106.00

Miscellaneous Service Charges

Late Payment Charge	\$5.90
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Service Availability Charges

Main Extension Charge	
5/8" x 3/4"	\$100.00

**CSWR – Florida Utility Operating Company, LLC.
Tymber Creek Utilities, Inc.**

Monthly Wastewater Rates

Residential Service

Base Facility Charge by Meter Size

All Meter Sizes \$34.40

Charge Per 1,000 gallons – Residential Service

8,000 gallon cap \$9.20

General Service

Base Facility Charge by Meter Size

5/8" x 3/4" \$34.40

3/4" \$51.60

1" \$86.00

1 1/2" \$172.00

2" \$275.20

3" \$550.40

4" \$860.00

6" \$1,720.00

Charge Per 1,000 gallons \$11.05

Initial Customer Deposits

	<u>Residential Service</u>	<u>General Service</u>
5/8" x 3/4"	\$20.00	N/A
1"	N/A	\$34.00
1 1/2"	N/A	\$66.00
Over 2"	N/A	\$106.00

Miscellaneous Service Charges

Late Payment Charge \$5.90

Service Availability Charges

Main Extension Charge
Residential per ERC \$600.00

Plant Capacity Charge
Residential per ERC \$450.00

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (P. Kelley, Hampson) *JKH*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20230035-EU – Joint petition for approval of temporary territorial variance, by Duke Energy Florida, LLC and Peace River Electric Cooperative, Inc.

AGENDA: 06/13/23 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On March 15, 2023, Duke Energy Florida, LLC (Duke) and Peace River Electric Cooperative, Inc. (PRECO), (jointly, the Parties) filed a joint petition for approval of a temporary territorial agreement variance (2023 Agreement). The 2023 Agreement would enable Duke to provide temporary electric service to an industrial customer's planned eastern phosphate mining expansion project (project) south of State Road 64 (SR 64). The area south of SR 64 is located in PRECO's service territory; however, PRECO does not have the transmission facilities necessary to serve the planned mining load. The 2023 Agreement also includes a provision to transfer Duke's Lake Branch substation and 1.84 acres of land on which the substation resides to PRECO.

In 1994, the Commission approved a territorial agreement that established service territory boundaries for the Parties in Hardee, Highlands, Polk, and Osceola counties (1994 Agreement).¹ The 1994 Agreement contained a provision permitting Duke (formerly Florida Power Corporation) to provide transmission level electric service to certain phosphate mining companies in PRECO's service territory, because PRECO did not have the appropriate facilities to meet the industrial customers' service needs. In 2006, the Commission approved an amendment to certain sections of the 1994 Agreement to clarify the Parties' obligations with respect to the existing phosphate mining customers in PRECO's service territory.²

In 2019, the Commission approved a territorial agreement between the Parties which replaced the prior territorial agreement in its entirety (2019 Agreement).³ The 2019 Agreement modified the territorial boundaries, transferring customers to better eliminate duplication of service and creating operational efficiencies for both utilities. Furthermore, the 2019 Agreement incorporated many provisions from the previous agreements, including Section 2.5, which allows Duke to provide electric service to a phosphate mining industrial customer in PRECO's service territory north of SR 64. The 2019 Agreement was negotiated for an initial term of 30 years, which would expire in 2049 and would remain in effect for succeeding periods of five years.

Order No. PSC-2023-0127-PCO-EU, acknowledges the Office of Public Counsel's (OPC) intervention in this docket. Duke and PRECO responded to Staff's First Data Request on April 21, 2023 and to Staff's Second Data Request on May 18, 2023. On May 17, 2023, the Parties responded to OPC's First Set of Interrogatories and First Request for Production of Documents.

This is staff's recommendation regarding the joint petition for a temporary territorial variance agreement. The 2023 Agreement and map providing the proposed territorial boundaries are included in the recommendation as Attachments A and B. The Commission has jurisdiction pursuant to Section 366.04, Florida Statutes (F.S.).

¹ Order No. PSC-94-1522-FOF-EU, issued December 12, 1994, in Docket No. 940376-EU, *In re: Joint petition for approval of territorial agreement between Florida Power Corporation and Peace River Electric Cooperative, Inc.*

² Order No. PSC-06-0673-PAA-EU, issued August 7, 2006, in Docket No. 060277-EU, *In re: Joint petition for approval of territorial amendment in Polk, Hardee, Highlands, Manatee, and Osceola Counties by Progress Energy Florida, Inc. and Peace River Electric Cooperative, Inc.*

³ Order No. PSC-2019-0048-PAA-EU, issued January 28, 2019, in Docket No. 20180159-EU, *In re: Joint petition for approval of amendment to territorial agreement in Hardee, Highlands, Polk, and Osceola Counties, by Peace River Electric Cooperative and Duke Energy Florida, LLC.*

Date: June 1, 2023

Discussion of Issues

Issue 1: Should the Commission approve Duke and PRECO's joint petition for a temporary territorial variance?

Recommendation: Yes. The Commission should approve Duke and PRECO's joint petition for a temporary territorial variance, entered into by the Parties on February 28, 2023, because it is in the public interest and will avoid uneconomic duplication of facilities. For the term of the variance agreement, Duke will temporarily serve the mining load south of SR 64 in the eastern expansion project area until the mining project is completed. The mining project south of SR 64 is estimated to begin in 2024 and continue until 2028. The Parties should notify the Commission once the mining operations subject to the variance are concluded. (P. Kelley, Hampson)

Staff Analysis: Pursuant to Section 2.5 of the 2019 Agreement, Duke provides service to the industrial customer in PRECO's service territory north of SR 64. The eastern expansion project's site includes areas located both north and south of SR 64. The part of the project located south of SR 64 is currently within PRECO's service territory. The project is an industrial phosphate mining operation and associated pump operation. Phosphate mining companies operate draglines that excavate phosphate used to produce fertilizer and other commercial products. Once a specific mining area has been depleted, the companies move to another location.

The Parties request that Duke, instead of PRECO, temporarily serve the industrial customer's entire project area including the area south of SR 64. The Parties estimate the customer will conclude its mining operations in the project south of SR 64 by December 31, 2028. The Parties stated in response to Staff's Second Data Request that they will notify the Commission once the mining operations are concluded.

Duke asserts in the petition that it has sufficient capacity to serve the industrial customer's load south of SR 64 and can provide immediate electric service to the project from an existing substation located within Duke's electric service territory located in Hardee County. PRECO asserts in the petition that it does not have sufficient capacity to serve the load and will need Duke's assistance to provide immediate electric service to the project. To serve the new load south of SR 64, PRECO would need to construct a new substation, estimated to cost approximately \$4 million. Due to these circumstances, the Parties agree Duke should serve the load as the industrial customer estimates that the project would add approximately 20 megawatts (MW) of load south of SR 64.

No customers are being transferred as a result of the proposed variance. Therefore, Rule 25-6.0440 (1) (d), Florida Administrative Code, regarding customer notification of transferred customers, does not apply.

Lake Branch Substation Transfer

The proposed variance includes a provision that PRECO will acquire Duke's Lake Branch substation (substation) by December 31, 2025. The substation is located in PRECO's service territory north of SR 64 by the intersection of Lake Branch Road and Platt Road (County Road 664A) in Hardee County. Pursuant to Section 2.5 of the 2019 Agreement, Duke serves the

Date: June 1, 2023

phosphate mining load in certain areas north of SR 64. Specifically, the industrial customer receives electric service for its South Meade mining operations from Duke at multiple delivery points, including Duke's Lake Branch substation. Pursuant to the 2019 Agreement, Duke only has the right to serve the industrial customer's load in the particular area served by the Lake Branch substation; PRECO has the right to serve any other load.

Section 4 of the 2023 Agreement includes a provision that the Lake Branch substation would be transferred to PRECO on or before December 31, 2025, dependent on if the substation's pumping load ceases before the stated date. The Parties have agreed upon a transfer of the Lake Branch substation and the 1.84 acres of land on which the substation resides for the nominal consideration of \$10. The Parties explained that nominal consideration is a legal formality commonly employed to ensure that a contract is enforceable. The details of the substation transfer are contained in the Asset Purchase Agreement that was included with the petition. The Parties stated that they are not seeking Commission approval of the Asset Purchase Agreement.

The Parties assert that the nominal consideration was determined by considering the exchange of benefits between the Parties. Duke would have the benefit of serving the industrial customer and associated additional 20 MW of load, south of SR 64, for approximately five years (2024-2028) in PRECO's territory. In exchange, PRECO would acquire the substation to serve its customers. Duke stated that the substation only serves the industrial customer and will have no other benefit to Duke once the mining operations served by the substation cease. PRECO stated that it would be able to tie the substation into its distribution system with minimal additional construction, because the utility has feeder lines adjacent to the Lake Branch substation.

To support the transfer of the Lake Branch substation, the Parties assert that by agreeing to convey the substation to PRECO, Duke's customers would no longer have the obligation for the cost of removal of the substation. Further, the revenues Duke is projected to receive from the additional 20 MW of load will more than offset the estimated \$1.9 million net book value of the substation as of December 31, 2025. Duke provided an analysis showing that the future expected non-fuel revenues from the additional 20 MW of load total \$6.4 million on a nominal basis, or \$4.3 million on a net present value basis. Based on Duke's analysis, the expected revenues offset the net book value of the substation. Therefore, Duke's general body of ratepayers is not being harmed by the transfer of the substation to PRECO for nominal consideration.

Conclusion

Based on the assertions made in the petition and the Parties' responses to staff's and OPC's Data Requests, staff believes the Commission should approve Duke and PRECO's joint petition for a temporary territorial variance, entered into by the Parties on February 28, 2023, because it is in the public interest and will avoid uneconomic duplication of facilities. For the term of the 2023 Agreement, Duke will temporarily serve the mining load south of SR 64 in the eastern expansion project area until the mining project is completed. The mining project south of SR 64 is estimated to begin in 2024 and continue until 2028. The Parties should notify the Commission once the mining operations subject to the 2023 Agreement are concluded.

Date: June 1, 2023

Issue 2: Should this docket be closed?

Recommendation: If no protest is filed by a person whose substantial interests are affected 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 protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

Exhibit B

AGREEMENT FOR TEMPORARY TERRITORIAL VARIANCE

Duke Energy Florida, LLC ("DEF"), and Peace River Electric Cooperative, Inc. ("PRECO"), collectively referred to as the "Parties", enter into this Agreement for Temporary Territorial Variance ("Agreement"), this 28th day of February, 2023.

RECITALS:

WHEREAS, DEF and PRECO are parties to a territorial agreement most recently approved by the Florida Public Service Commission ("Commission") on January 28, 2019 in Order No. Order No. PSC-2019-0048-PAA-EU (the "Existing Agreement").

WHEREAS, the Existing Agreement establishes a territorial boundary line between DEF's and PRECO's service territories;

WHEREAS, the Existing Agreement authorizes DEF to serve the South Meade phosphate mining load of the Special Industrial Customer in areas north of State Road 64 in Hardee County, Florida, and PRECO to serve the Special Industrial Customer's mining load south of State Road 64 in Hardee County.

WHEREAS, the Special Industrial Customer has planned a new mining project (the "Eastern Expansion Project" or the "Project") which includes areas located both north and south of SR 64 in Hardee County.

WHEREAS, under the Existing Agreement the Project will be partly in the service territory of DEF and partly in the service territory of PRECO.

WHEREAS, based on these unique circumstances, DEF and PRECO have concluded that to avoid uneconomic duplication of facilities it would be most efficient for DEF to temporarily provide electric service to the Special Industrial Customer's entire mining load for the Eastern Expansion Project.

Exhibit B

WHEREAS, the Parties have negotiated a temporary variance to the Existing Agreement such that DEF will temporarily serve the entire mining load for the Project, including the new addition south of SR 64.

NOW, THEREFORE, in consideration of ten dollars (\$10.00), and other good and valuable considerations the receipt and adequacy of which are hereby acknowledged by the Parties, DEF and PRECO agree as follows:

1. The foregoing recitals are true and correct, and are incorporated herein by reference.
2. This Agreement addresses the provision of electric service on a temporary basis to the phosphate loads associated with the Special Industrial Customer's Eastern Expansion Project located in the general area of Sections 24, 25, 26, 27, and 34, Township 33 S, Range 27 E, in Hardee County, Florida, said area containing approximately 2,260 acres in Hardee County as shown in Attachment A.
3. For the term of this Agreement, DEF will temporarily serve the Special Industrial Customer's mining load south of SR 64 in the Eastern Expansion Project area. The Parties estimate that this new mining load will begin in 2024 and continue until 2028, but the Parties intend for the territorial variance to be in place until the Special Industrial Customer concludes its mining operations in the Project area.
4. In exchange, PRECO will acquire DEF's Lake Branch substation and the estimated non-mining load of approximately 1 MW for nominal consideration on or before December 31, 2025. The Parties agree that DEF will continue to serve the Special Industrial Customer's load from the Lake Branch substation until the earlier of December 31, 2025 or the date all tailing pumping operations served by the Lake Branch substation ceases.

Exhibit B

5. Upon termination of this Agreement, the Parties' rights and obligations with respect to the provisions of electric service to the Special Industrial Customer's load in the areas addressed herein shall revert to and be governed by the Existing Agreement.

6. The Parties agree that the above temporary service assignment is economically sound and consistent with good engineering practices.

7. This Agreement and the Parties' performance thereof are subject to the approval of the Commission and shall become effective on the date of issuance of a final non-appealable Commission order approving same without modification. The Parties agree to jointly seek approval of this Agreement by the Commission.

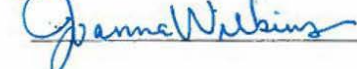
8. In the event Commission approval of this Agreement without modification is not obtained, neither Party will have any cause of action against the other arising under the Agreement or on account of such nonattainment of approval

9. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

This Agreement shall be non-assignable unless approved in writing by both Parties and the Commission.

IN WITNESS WHEREOF, DEF and PRECO have executed this Agreement on the day and year first above written.

Witnesses:



DUKE ENERGY FLORIDA LLC

By: 

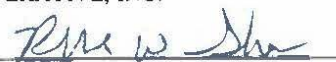
As Its: 

Exhibit B

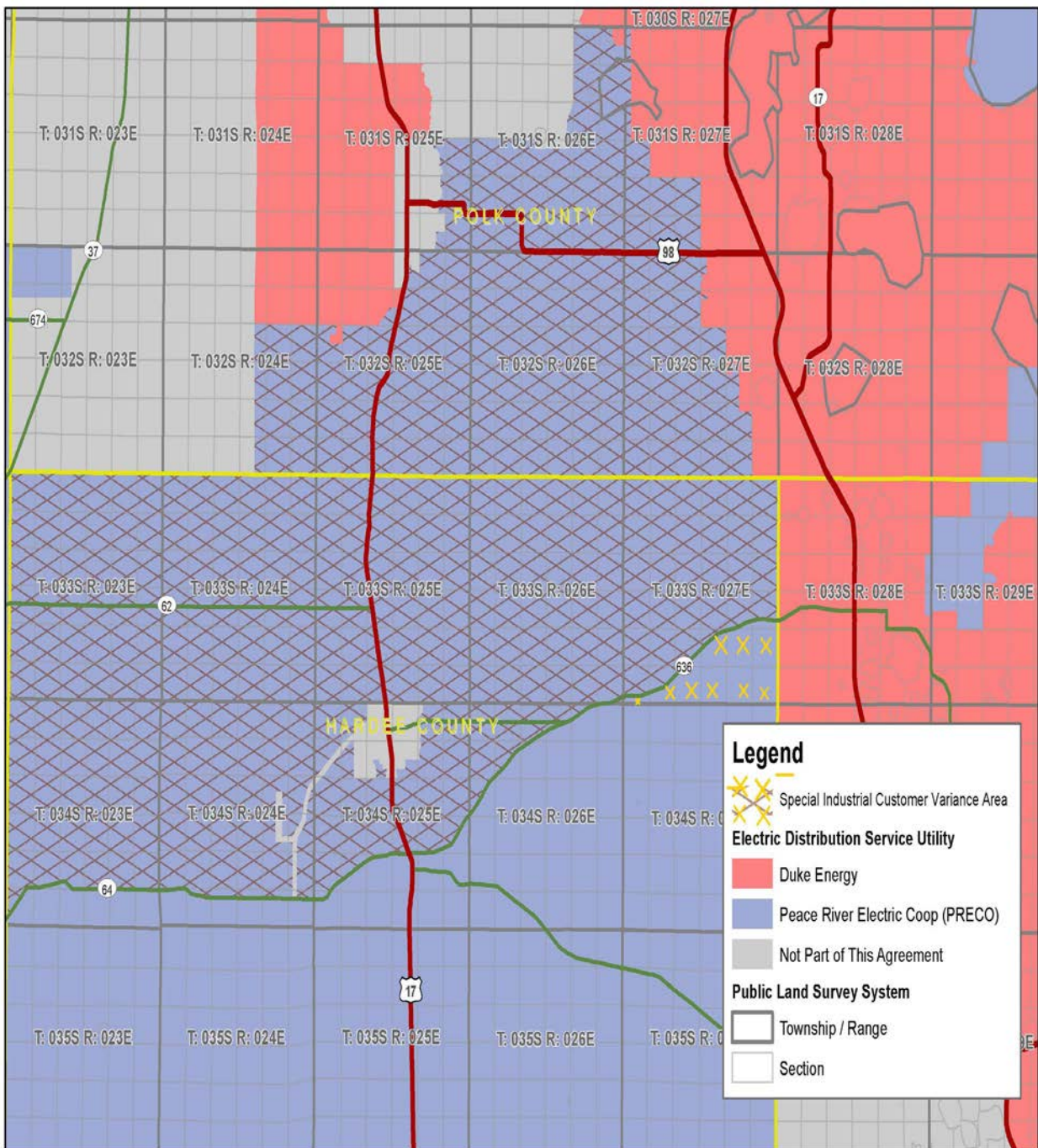
Witnesses:

PEACE RIVER ELECTRIC
COOPERATIVE, INC.

By: 

As Its: General Manager / CEO



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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward, Hampson) *JGH*
Office of the General Counsel (Thompson) *JSC*

RE: Docket No. 20230036-EI – Petition for approval of modifications to rate schedule tariff sheet Nos. 2.0, 2.7, 6.383, and 7.500, by Duke Energy Florida, LLC.

AGENDA: 06/13/23 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/22/23 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On March 22, 2023, Duke Energy Florida, LLC (Duke or utility) filed a petition for approval of modifications to Tariff Sheet Nos. 2.0, 2.7, 6.383, and 7.500. Tariff Sheet No. 2.0 is an index that describes the sheets contained within section II of the tariff. Tariff Sheet No. 2.7 sets out the process and charges required under the optional Load Profiler Online Service (LPO) available to commercial customers requesting detailed consumption data. The utility is seeking to eliminate the monthly and weekly report options available under this program while lowering the cost of the daily option. Tariff Sheet No. 6.383 lists the economic development bill reduction factors and terms of service under the Economic Development Rider. Duke is seeking to add additional criteria for determining the benefit of new or expanded load under this program. Tariff Sheet No. 7.500 is the standard service agreement for customers who participate in the Economic Development Rider. The utility is seeking to make non-substantive changes to this standard service agreement, including adding a line to display the customer's percent discount offered under the Economic Development Rider.

The optional LPO service was originally approved by the Commission in Order No. PSC-04-0405-TRF-EI for Duke (formerly Progress Energy Florida).¹ The Economic Development Rider was approved in Duke's most recent rate case.² In response to staff's first data request, Duke stated that there is currently one customer taking service under the Economic Development Rider, with one other expected to take service in the second quarter of 2024.

In Order No. PSC-2023-0158-PCO-EI the Commission suspended Duke's proposed modifications to Tariff Sheet Nos. 2.0, 2.7, 6.383, and 7.500 to allow staff time to gather additional data.³ On April 10, 2023, staff issued its first data request, to which Duke responded on April 24, 2023. Staff issued a second data request on May 9, 2023, to which Duke responded on May 16, 2023. The proposed tariffs are included in this recommendation as Attachment A. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

¹ Order No. PSC-04-0405-TRF-EI, issued April 19, 2004, in Docket No. 20031100-EI, *In re: Petition for approval of tariffs offering energy profiler online service and remote access service by Progress Energy Florida, Inc.*

² Order No. PSC-2021-0202A-AS-EI, issued June 28, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.*

³ Order No. PSC-2023-0158-PCO-EI, issued May 15, 2023, in Docket No. 20230036-EI, *In re: Petition for approval of modifications to rate schedule tariff sheet Nos. 2.0, 2.7, 6.383, and 7.500, by Duke Energy Florida, LLC.*

Date: June 1, 2023

Discussion of Issues

Issue 1: Should the Commission approve Duke's proposed tariff modifications?

Recommendation: Yes, the Commission should approve Duke's proposed Tariff Sheet Nos. 2.0, 2.7, 6.383, and 7.500 effective on the date of the Commission vote. Staff believes that the proposed changes are reasonable and appropriate. (Ward)

Staff Analysis:

Load Profiler Online Service

The LPO service is an optional service available to certain commercial customers who wish to review reports of their historic consumption data. In response to staff's second data request, Duke explained that the LPO service offers more functionality than the Advanced Metering Infrastructure (AMI) program that encompasses smart meters. Examples of the additional information available under the LPO service include various graphs and charts, historical comparisons, as well as more data export formats. Currently, data is available to customers under the LPO tariff on a monthly, weekly, or daily basis.

In its petition, Duke explained that its deployment of the AMI program has made data for daily reports available at a lower cost. Duke is proposing to eliminate the monthly and weekly options while reducing the monthly cost of the daily option from \$45 to \$20 to reflect Duke's lower costs to administer an LPO account. In response to staff's first data request, Duke stated that out of the 772 accounts currently on LPO, there are 714 accounts registered for the daily option. The remaining accounts currently pay \$25 per month to receive monthly or weekly reports. Additionally, Duke is proposing to change the name of LPO to Energy Profiler Online Service. The utility stated in its petition that the proposed name better reflects the nature of the service.

Staff believes that the proposed changes to the LPO service are reasonable. Lowering the cost of the daily option will lower costs for all customers using the service. Staff has reviewed the cost support provided by Duke and believes this change will more accurately reflect the cost of the program to the utility.

Economic Development Rider

Duke's Economic Development Rider (ED-2) is an optional program that provides qualifying customers with an economic development bill reduction factor for new load. New load as defined by the tariff is load being established after the date of the original issue of the tariff sheet (January 1, 2022) by a new business or the expansion of an existing business. The percentage discount offered under the tariff is currently determined by five criteria. Duke is proposing to add two additional criteria to the tariff: geographic location benefits and economic multiplier.

In its petition, Duke stated that it has identified the additional criteria after gaining experience through implementing the ED-2 program. In response to staff's first data request, Duke explained that geographic location benefits refers to customers locating in areas perceived to be less desirable or in areas of distress. Examples of these areas include opportunity zones, brownfields, and rural areas of opportunity. Duke also explained that economic multiplier refers to research that allows the utility to identify the impact that specific industry types could have on

Date: June 1, 2023

a community. The utility stated that it uses the input/output economic multiplier model from the labor market software Lightcast to quantify this. In response to staff's second data request, Duke stated that each aforementioned geographic category is determined by a source independent of Duke.

Duke is proposing two additional changes to the ED-2 tariff. First, the utility is proposing to revise the language of the tariff to allow Duke to adjust the discount rather than just discontinue it, if at any time the customer violates the terms and conditions of the ED-2 tariff. Second, Duke is proposing to extend the effective date of service under the ED-2 tariff from 18 months to two years to allow for additional time, if needed, to accommodate for potential delays in the customer's construction or expansion project.

The utility is also proposing changes to the Economic Development Rider standard service agreement. In its petition Duke stated that these changes are intended to add additional information for clarity and ease of reference. The proposed changes include adding a line that displays the customer's monthly percentage discount.

Staff believes that the proposed changes to the ED-2 tariff are reasonable. The two proposed criteria would give the utility additional ways to offer the discount to customers, which could incentivize economic development. Staff believes that the additional changes to the language of the ED-2 tariff are appropriate and benefit both the utility and the customer. The proposed changes to the Economic Development Rider standard service agreement are reasonable and would provide clarity to customers.

Conclusion

Having reviewed the petition and staff data request responses, staff believes that the proposed tariff changes are reasonable and appropriate. Therefore, staff recommends that the Commission approve Duke's proposed Tariff Sheet Nos. 2.0, 2.7, 6.383, and 7.500 effective on the date of the Commission vote.

Date: June 1, 2023

Issue 2: Should this docket be closed?

Recommendation: Yes. 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 pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Thompson)

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 pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.



SECTION NO. II
~~NINTH-TENTH~~ REVISED SHEET NO. 2.0
CANCELS ~~EIGHTH-NINTH~~ REVISED SHEET NO. 2.0

MISCELLANEOUS
INDEX

<u>DESCRIPTION</u>	<u>SHEET NO.</u>
Florida BERS/HERS Audit	2.6
Lead-Energy Profiler Online	2.7
Remote Access	2.8

ISSUED BY: ~~Javier J. Portuendo, Director~~Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL
EFFECTIVE: ~~July 21, 2045~~



SECTION NO. II
~~SECOND-THIRD~~ REVISED SHEET NO. 2.7
CANCELS ~~FIRST-SECOND~~ REVISED SHEET NO. 2.7

OPTIONAL ~~LOAD-ENERGY~~ PROFILER ONLINE (~~L~~EPO) SERVICE

Availability:

Available throughout the entire territory served by the Company, subject to the availability of appropriate metering and meter-related equipment.

Applicable:

To General Service and Standby Service customers with a registered or contract demand of 30 kW or greater (based on most recent twelve (12) months of metered data or, if unavailable, twelve (12) months of actual and/or projected data), as an optional service using a password protected internet-based program that allows a Customer access at any internet-capable location to historic consumption data from the Company's meter(s) serving the Customer's account(s).

Schedule of Fees and Charges:

Initial one-time setup charge	\$50.00 per meter
Initial one-time meter upgrade charge	\$88.00 if applicable (see Special Provision 1 below)
Monthly fee (per meter)	
Data updated monthly.⁴	\$25.00
Data updated weekly.²	\$25.00
Data updated daily ¹²	\$45 20 .00 (available to customers with a demand greater than 500 kW)

⁴ ~~The timing of the monthly updates will be based on the availability metered data obtained from the Company's regularly scheduled meter readings.~~

²¹ Plus a wireless telecommunications service fee of \$24.50 per meter if such service is not otherwise provided to the meter.

Terms of Payment:

The monthly fee will be included on, and payable with, the Customer's bill for electric service. The initial one-time setup charge and, if applicable, the initial one-time meter upgrade charge (see Special Provision 1 below) must be paid prior to commencement of ~~LPO-EPO~~ service.

Special Provisions:

1. The ~~weekly or~~ daily data update options of ~~LPO-EPO~~ service require that the standard meter(s) serving a Customer, as determined solely by Company based upon the Customer's electrical requirements, must be capable of recording consumption data at 15-minute intervals and must be capable of being read remotely. An initial one-time meter upgrade charge (see Schedule of Fees and Charges above) will be made for each standard meter serving the Customer that does not have these capabilities.

ISSUED BY: ~~Javier J. Portuondo, Director~~Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL
EFFECTIVE: ~~April 20, 2013~~



SECTION NO. VI
ORIGINAL FIRST REVISED SHEET NO. 6.383
CANCELS ORIGINAL SHEET NO. 6.383

Page 2 of 2

**RATE SCHEDULE ED-2
ECONOMIC DEVELOPMENT RIDER**
(Continued from Page No. 1)

Economic Development Bill Reduction Factor: (Continued)

The percentage discount to be applied to the customer's monthly bills will be determined in advance, on or prior to the date of execution of the Economic Development Service Agreement, and will be developed on an individual customer basis ~~given, the e~~ Evaluation of shall include, but is not limited to the following criteria as to the new or expanded load:

1. Peak monthly demand;
2. Average monthly load factor;
3. The Company's incremental costs to serve;
4. Number of new FTEs; ~~and~~
5. Total new capital investment of the customer;
6. Geographic location benefits; and
- 6-7. Economic multiplier.

The third criterion, Company's incremental costs to serve the new load, will not take into account the costs for additional facilities that are being covered in full by the customer through the terms of the Economic Development Service Agreement or another agreement between the Company and the customer.

Term of Service:

The customer may request an effective date of this rider which is no later than ~~eighteen (18) months after the Economic Development Service Agreement is approved and signed by the Company~~ two (2) years from the service delivery date. The minimum term of the Economic Development Service Agreement shall be ten (10) years following the customer's effective date, with the bill reductions being available for a maximum period of five (5) years after such effective date.

Penalty for Non-Compliance with Qualifying Criteria or Term of Service:

If at any time during the term of the rider agreement the customer violates the terms and conditions of the rider or the Economic Development Service Agreement, the Company may adjust or ~~adjust or~~ discontinue the discount provided for under this rider and bill the customer based on the otherwise applicable General Service Tariff. If the customer terminates service prior to the end of the Agreement period, or fails to meet the qualifying criteria agreed to for the term of the Agreement, this will constitute a violation of the terms and conditions of the rider and agreement.

Should service under this rider be discontinued by the Company or the customer for said violation, the customer shall be required to repay to the Company the amount of the cumulative discounts received under this rider in accordance with the following schedule:

Number of months beginning with and following the effective date declaration and ending with the date of violation	Required percentage of cumulative economic development bill discounts that must be repaid:
Months 1-60	100%
Months 61-72	80%
Months 73-84	60%
Months 85-96	40%
Months 97-108	20%
Months 109-120	10%

If a change in ownership occurs after execution of the Economic Development Service Agreement, the successor customer may, in the Company's discretion, be allowed to fulfill the balance of the Economic Development Service Agreement and participate in this rider.

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy - FL

EFFECTIVE: ~~January 1, 2022~~



SECTION NO. VII
~~SECOND-THIRD~~ REVISED SHEET NO. 7.500
CANCELS ~~FIRST-SECOND~~ REVISED SHEET NO. 7.500

Page 1 of 1

**DUKE ENERGY FLORIDA, LLC
ECONOMIC DEVELOPMENT RIDER**

Service Agreement

For a New Establishment or an Existing Establishment with Expanding Load

CUSTOMER NAME _____ ACCOUNT NUMBER _____

ADDRESS _____

TYPE OF BUSINESS _____

The Customer hereto agrees as follows:

1. To create _____ full - time jobs or new capital investment of \$ _____ and a net increase of full - time jobs.
2. That the quantity of ~~new or expanded~~ net new load shall be _____ KW of demand with a _____ % load factor. If an expansion, the average monthly demand for the last 12 months is _____ KW of demand with a _____ % load factor.
3. Type of business and expected hours of operation are _____.
4. To initiate service under this rider on _____, _____, and terminate service under this rider on _____, _____. This shall constitute a period of 5 years.
5. Receive a _____ % reduction in monthly bill for qualifying new load, based on the Qualifying Criteria listed under rider ED-
6. In case of early termination by the Customer, or an early discontinuation by the Company for a violation of the terms and conditions of this rider, the Customer shall be required to repay Duke Energy Florida, LLC the cumulative discounts received to date under this rider plus interest.
7. If a change in ownership occurs after the Customer contracts for service under this rider, the successor Customer may be allowed to fulfill the balance of the contract under rider ED-2 and continue the schedule of rate reductions.
8. All terms of Rate Schedule ED-2, Economic Development Rider, apply to this agreement and are incorporated by reference herein.

By signing below, I hereby attest that the availability of this rider is a significant factor in this Customer's location / expansion decision.

Signed: _____
Customer

Accepted by: _____
Duke Energy Florida, LLC

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL

ECON DEV

EFFECTIVE: January 1, 2022

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward, Hampson) *JGH*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20230068-EI – Petition for approval of smart outdoor lighting services pilot program by Duke Energy Florida, LLC.

AGENDA: 06/13/23 – Regular Agenda – Tariff Suspension – Participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 07/14/23 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On May 15, 2023, Duke Energy Florida, LLC (Duke) filed a petition for approval of the smart outdoor lighting services pilot program (pilot program). Specifically, Duke is proposing to make modifications to Tariff Sheet Nos. 6.280 and 6.281 to allow certain customers who take service under the existing LS-1 lighting tariff to set their own personal lighting schedule and to dim the lights. The LS-1 lighting tariff is available to any customer for the sole purpose of lighting roadways or other outdoor land use areas. Currently, the energy rates for the LS-1 tariff are set for all customers based on the same lighting schedule (dusk to dawn). In its petition, Duke asserts that the pilot program will allow it to gather data on energy usage changes so that it can consider a future permanent program that is appropriately priced. Duke proposes to limit participation in the pilot program to 10,000 lights, while also reserving the right to allow additional participation. If approved, the pilot program would last 18 months from the day of the final Commission order approving the petition.

Docket No. 20230068-EI

Date: June 1, 2023

This recommendation is to suspend the proposed tariffs. 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 tariffs be suspended?

Recommendation: Yes. The tariffs should 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. (Ward)

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 requirements of Section 366.06(3), F.S.

Date: June 1, 2023

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariffs. (Brownless)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.

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: June 1, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Bruce, Bethea, Hudson) *JGH*
Division of Accounting and Finance (Haddix, Higgins, Richards) *ALM*
Division of Engineering (Davis, Ellis) *TB*
Office of the General Counsel (Sparks, Harper) *AH*

RE: Docket No. 20220185-WS – Application for limited alternative rate increase in Hardee, Manatee, Marion, Polk, and Pasco Counties, by Charlie Creek Utilities, LLC, Crestridge Utilities, LLC, East Marion Utilities, LLC, Heather Hills Utilities, LLC, Holiday Gardens Utilities, LLC, Lake Yale Utilities, LLC, McLeod Gardens Utilities, LLC, Orange Land Utilities, LLC, Sunny Shores Utilities, LLC, Sunrise Water, LLC and West Lakeland Wastewater, LLC.

AGENDA: 06/13/23 – Regular Agenda – Proposed Agency Action – Except for Issue No. 3 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: Waived through the June 13, 2023 Commission Conference

SPECIAL INSTRUCTIONS: None

Case Background

On November 4, 2022, Florida Utility Services 1, LLC (FUS1) filed an application for a limited alternative rate increase (LARI) pursuant to Rule 25-30.457, Florida Administrative Code (F.A.C.) for the following systems: Charlie Creek Utilities, LLC (Charlie Creek); Crestridge Utilities, LLC (Crestridge); East Marion, LLC (East Marion); Heather Hills Utilities, LLC (Heather Hills); Holiday Gardens Utilities, LLC (Holiday Gardens); Lake Yale Utilities, LLC (Lake Yale); McLeod Gardens, LLC (McLeod Gardens); Orange Land Utilities, LLC (Orange Land); Sunny Shores Utilities, LLC (Sunny Shores); Sunrise Water, LLC (Sunrise); and West Lakeland Wastewater, LLC (West Lakeland).

On November 7, 2022, FUS1 filed a petition pursuant to Section 120.542, Florida Statutes (F.S.), for temporary waiver of Rule 25-30.020(2)(f), Florida Administrative Code (F.A.C.), requesting that the Commission waive the \$13,000 in filing fees required by the rule and enable FUS1 to instead pay a single filing fee of \$1,000. At the January 10, 2023 Commission Conference, the Commission voted to deny FUS1's request to waive the above-mentioned rule pertaining to filing fees and its request to pay \$1,000.¹ On the same day, FUS1 filed an amendment to the application to include Leighton Estates Utilities, LLC (Leighton), which increased the filing fee from \$13,000 to \$13,500. On January 26, 2023, FUS1 paid a filing fee of \$13,500, which was deemed as the official filing date.

On April 14, 2023, FUS1 revised its application to reflect updated schedules, which are based on 2022 financial information rather than 2021 financial information as contained in the original filing. On May 4, 2023, FUS1 withdrew its application for Leighton due to potential overearnings and requested a refund of the filing fee for that utility.² Staff has started the process for refunding the filing fee. The other utilities remain in this proceeding. The following two tables reflect the number of customers, 2022 Annual Report gross revenues and operating expenses, and the rate proceedings in which rates were last established for the remaining utilities, and the number of complaints by utility.

¹ Order No. PSC-2023-0064-PAA-WS, issued January 30, 2023, in the instant docket.

² Document No. 03079-2023, filed on May 4, 2023.

**Customers, Revenues, Operating Expenses, and Last
Proceedings Establishing Rates**

Utility	Customers	Gross Revenues	Operating Expenses	Order	Issuance Date
Charlie Creek	159	\$73,443	\$86,852	PSC-2017-0144-PAA-WU	4/27/17
Crestridge	614	\$215,368	\$227,457	PSC-2017-0042-PAA-WU	2/01/17
East Marion - w	116	\$37,526	\$40,806	PSC-2020-0393-PAA-WU	10/22/20
East Marion - ww	116	\$48,925	\$63,774	PSC-2020-0393-PAA-WU	10/22/20
Heather Hills -w	351	\$80,918	\$88,698	PSC-2020-0119-PAA-WS	4/20/20
Heather Hills - ww	351	\$127,219	\$131,205	PSC-2020-0119-PAA-WS	4/20/20
Holiday Gardens	457	\$139,460	\$156,660	PSC-2017-0041-PAA-WU	2/01/17
Lake Yale - w	388	\$92,916	\$84,475	PSC-2021-0106-PAA-WS	3/17/21
Lake Yale - ww	300	\$98,750	\$112,025	PSC-2021-0106-PAA-WS	3/17/21
McLeod Gardens	100	\$61,761	\$57,862	PSC-2021-0107-PAA-WU	3/19/21
Orange Land	74	\$29,625	\$29,295	PSC-2018-0439-PAA-WU	8/28/18
Sunny Shores	261	\$108,002	\$115,203	PSC-2021-0320-PAA-WU	8/23/21
Sunrise	263	\$107,274	\$96,398	PSC-2016-0126-PAA-WU	3/28/16
West Lakeland	317	\$147,043	\$168,997	PSC-2019-0503-PAA-SU	11/25/19

Source: 2022 Annual Report and the Case Management system

In each of the utilities' last rate cases, the Commission found the overall quality of service to be satisfactory, with the exception of Sunrise. In its 2014 rate case, the Commission found the overall quality of service to be unsatisfactory and ordered a 25 percent penalty to be applied to the officer's salary.³ Subsequent to its last rate case, Sunrise was transferred to its current owner in June 2018.⁴ Staff has identified a total of 10 complaints received by the Commission regarding secondary water quality standards for the utilities since their last rate case or limited alternative rate increase.⁵ The complaints address bad odors and/or discoloration. Eight of the 10 complaints are for McLeod Gardens, which passed its most recent Department of Environmental Protection (DEP) secondary water standard test results in June 2021. Staff has identified 6 secondary water quality complaints filed with the DEP. The complaints address the odor, taste, discoloration or particulate matter in the water for Charlie Creek, Crestridge, Holiday Gardens, Lake Yale and Orange Land facilities. The aforementioned utilities passed their most recent DEP secondary water standard test during calendar year 2022.

A Notice for the Solicitation of Comments (Notice) was sent to customers on May 16, 2023, and 41 comments were received through noon on May 31, 2023. These comments included 10 which address secondary water quality standards, and 15 which address other water quality issues, such

³ Order No. PSC-2016-0126-PAA-WU, issued March 28, 2016, in Docket 20140220-WU, *In re: Application for staff-assisted rate case in Polk County by Sunrise Utilities, L.L.C.*

⁴ Order No. PSC-2019-0303-PAA-WU, issued July 29, 2019, in Docket No. 20180174-WU, *In re: Application to transfer facilities and Certificate No. 627-W in Polk County from Sunrise Utilities, LLC to Sunrise Water, LLC.*

⁵ Section 367.0812, F.S., states, in part, "In fixing rates that are just, reasonable, compensatory, and not unfairly discriminatory, the commission shall consider the extent to which the utility provides water service that meets secondary water quality standards as established by the [DEP]."

as water pressure or boiled water notices. The table below summarizes the complaints/comments received by each utility.

Customer Comments by Utility Regarding Water Quality

Utility	Commission	DEP	Notice
Charlie Creek Utilities, LLC	-	1	-
Crestridge Utilities, LLC	1	2	2
East Marion Utilities, LLC	-	-	3
Heather Hills Utilities, LLC	-	-	3
Holiday Gardens Utilities, LLC	-	1	3
Lake Yale Utilities, LLC	-	1	2
McLeod Gardens Utilities, LLC	8	-	4
Orange Land Utilities, LLC	1	1	3
Sunny Shores Utilities, LLC	-	-	2
Sunrise Water, LLC	-	-	1
West Lakeland Wastewater, LLC	-	-	2

Source: Consumer Activity Tracking System/DEP/Commission Docket File

In its revised application, FUS1 selected the test year ended December 31, 2022, for this proceeding. The Commission has jurisdiction pursuant to Section 367.0814(9) and 367.121(1), F.S.

Discussion of Issues

Issue 1: Should the Commission approve FUS1's application for a limited alternative rate increase for its systems?

Recommendation: Yes. The Commission should approve FUS1's application for a LARI for the subject utilities. Pursuant to Rule 25-30.457(7), F.A.C., the utilities are required to hold any revenue increase granted subject to refund with interest. To ensure overearnings will not occur due to the implementation of these rate increases, Commission staff will conduct earning reviews of the 12-month period following the implementation of the revenue increases. If Commission staff determines that a utility did not exceed the range of its last authorized return on equity, the revenue increase will no longer be held subject to refund. (Richards, Haddix, Davis)

Staff Analysis: Pursuant to Rule 25-30.457, F.A.C., any utility eligible to file for a staff-assisted rate case (SARC) may petition the Commission for a limited alternative rate increase. A limited alternative rate case allows a system to receive up to 20 percent applied to metered or flat recurring rates as an alternative to a SARC filed pursuant to Rule 25-30.455, F.A.C. Rule 25-30.457, F.A.C., was designed as an alternative to traditional SARCs in order to stream-line the rate review process for qualifying water or wastewater companies by establishing an abbreviated procedure for a limited rate increase that is less time consuming and less costly for utility customers. Rule 25-30.457, F.A.C., is similar to the rules governing "price index" and "pass-through" increases, in that neither an engineering review nor a financial audit of the utility's books and records are required.

Staff analyzed FUS1's filing based on the criteria listed in Rule 25-30.457(2), F.A.C., and recommends that the utilities qualify for staff assistance pursuant to subsection (1) of this Rule. Staff also verified that the utilities are current on their regulatory assessment fees and annual report filings. Each of the 14 systems have had rates established within the last seven years, pursuant to Rule 25-30.457(2)(1), F.A.C., and are not overearning based on information provided in their 2022 Annual Reports. Additionally, the utilities' books and records are organized consistent with Rule 25-30.110, F.A.C. The filing by FUS1 contained additional relevant information in support of its application.

On May 16, 2023, the utilities sent their customers the Notice that provided a summary of the rate request, the current and proposed rates, detailed instructions on how comments may be filed with the Commission prior to the Commission Conference, and instructions if a customer wished to comment at the Commission Conference. Also attached to the Notice was a customer comment card that customers could complete and mail to the Commission. As of noon on May 31, 2023, 41 customers submitted comments. Of these comments, 10 expressed concerns regarding secondary water standards such as issue with odor, discoloration, or particulates in the water, and 15 expressed concerns other water quality issues, such as low water pressure or frequency of boiled water notices.

FUS1 requested a 5 percent increase for the utilities included in Table 1-1, a 15 percent increase for the utilities included in Table 1-2, and a 20 percent increase for the utilities included in Table

1-3. Based on FUS1's calculations, the requested increase amounts are needed to prospectively bring each utility within its range of authorized return on equity.

Table 1-1
Recommended 5 Percent Increase

System	Amount (\$)
Lake Yale Utilities (water)	\$4,591
Sunrise Utilities (water)	<u>5,167</u>
Total	<u>\$9,758</u>

Source: FUS1 Application.

Table 1-2
Recommended 15 Percent Increase

System	Amount (\$)
Heather Hills Utilities (wastewater)	\$19,251
McLeod Gardens Utilities (water)	9,278
Orange Land Utilities (water)	<u>4,323</u>
Total	<u>\$32,851</u>

Source: FUS1 Application.

Table 1-3
Recommended 20 Percent Increase

System	Amount (\$)
Charlie Creek Utilities (water)	\$14,214
Crestridge Utilities (water)	42,193
East Marion Utilities (water)	7,481
East Marion Utilities (wastewater)	9,919
Holiday Gardens (water)	26,901
Heather Hills Utilities (water)	16,050
Lake Yale Utilities (wastewater)	20,046
Sunny Shores Utilities (water)	21,594
West Lakeland Utilities (wastewater)	<u>28,428</u>
Total	<u>\$186,826</u>

Source: FUS1 Application.

Conclusion

The data presented in the application was based on annualized revenues by customer class and meter size for the period ended December 31, 2022.

Pursuant to Rule 25-30.457(7), F.A.C., the utility is required to hold any revenue increase granted subject to refund with interest in accordance with Rule 25-30.360(4), F.A.C.

Date: June 1, 2023

To ensure overearnings do not occur due to the implementation of these rate increases, staff will conduct earning reviews of the 12-month period following the implementation of the revenue increases. At the end of the 12-month period, each utility will have 90 days to complete and file Form PSC 1025 (03/20), titled: "Limited Alternative Rate Increase Earnings Review." In the event a utility needs additional time to complete the form, it may request an extension of time supported by a statement of good cause that must be filed with the Commission within seven days prior to the 90-day deadline. If the earning reviews demonstrate that the utility exceeded the range of its last authorized rate of return on equity, such overearnings, up to the amount held subject to refund, with interest, shall be disposed of for the benefit of the customers. If staff determines that the utility did not exceed the range of its last authorized return on equity, the revenue increase will no longer be held subject to refund.

Issue 2: What are the appropriate monthly service rates for the utilities?

Recommendation: The appropriate staff recommended service rates are shown on Schedule No. 1. The utilities should file tariff sheets and proposed customer notices to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The utilities should provide proof of the date notice was given no less than 10 days after the date of the notice. (Bethea, Bruce)

Staff Analysis: Based on staff's recommended approval of the utilities' revenue increase LARI in Issue 1, the existing service rates for the utilities should be increased by the individual percentage rate increases shown in Table 2-1, which are in accordance with Rule 25-30.457, F.A.C.

Table 2-1
Staff Recommended Percentage Rate Increase

Utility	% Rate Increase
Lake Yale (water)	5%
Sunrise	5%
Heather Hills (wastewater)	15%
McLeod Gardens	15%
Orange Land	15%
Charlie Creek	20%
Crestridge	20%
East Marion (wastewater)	20%
East Marion (water)	20%
Heather Hills (water)	20%
Holiday Gardens	20%
Lake Yale (wastewater)	20%
Sunny Shores	20%
West Lakeland	20%

Staff calculated rates by applying the percentage rate increases across-the-board to the existing base facility and gallonage charges for each utility. The appropriate staff recommended service rates are shown on Schedule No. 1. Staff's recommended rates are the same as the utilities' requested rates; however, staff rounded up to the nearest tenth. The utilities should file tariff sheets and proposed customer notices to reflect the Commission-approved rates.

The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notices. The utilities should provide proof of the date notice was given no less than 10 days after the date of the notice.

Date: June 1, 2023

Issue 3: Should the recommended rates be approved for the utilities on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utilities?

Recommendation: Yes. The recommended rates should be approved for the utilities on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utilities. Pursuant to Rule 25-30.457(9), F.A.C., in the event of a protest of the Proposed Agency Action (PAA) Order by a substantially affected person other than the utilities, the utilities should be authorized to implement the rates established in the LARI PAA Order on a temporary basis subject to refund upon filing a SARC application within 21 days from the date the protest is filed. The utilities should file revised tariff sheets and proposed customer notices to reflect the Commission-approved rates. The rates should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. If the recommended rates are approved on a temporary basis, the incremental increase collected by the utility will be subject to the refund provisions outlined in Rule 25-30.360, F.A.C. Pursuant to Rule 25-30.457(9), F.A.C., if the utility fails to file a SARC application within 21 days in the event there is a protest, the application for a LARI will be deemed withdrawn. (Richards, Haddix)

Staff Analysis: Through its recommendation, staff has proposed an increase in rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue for the utility. Therefore, pursuant to Rule 25-30.457(9), F.A.C., the utilities should be authorized to implement the rates established in the LARI PAA Order on a temporary basis subject to refund upon filing a SARC application within 21 days from the date the protest is filed. Each utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. If the recommended rates are approved on a temporary basis, the incremental increase collected by the utility will be subject to the refund provisions outlined in Rule 25-30.360, F.A.C. Pursuant to Rule 25-30.457(9), F.A.C., if the utility fails to file a SARC application within 21 days in the event there is a protest, the application for a LARI will be deemed withdrawn.

Date: June 1, 2023

Issue 4: Should this docket be closed?

Recommendation: No. In the event of a protest, the utilities may implement the rates established in the PAA Order on a temporary basis, subject to refund with interest, upon the utility's filing of a SARC application within 21 days of the date the protest is filed. If the utilities fail to file a SARC within 21 days, the utility's petition for a LARI will be deemed withdrawn pursuant to Rule 25-30.457(9), F.A.C. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the PAA Order, a Consummating Order should be issued. The docket should remain open for staff's verification that the revised tariff sheets which reflect the Commission-approved rates, and the customer notices, have been filed by the utilities and approved by staff, and so that staff may conduct an earnings review of the utilities pursuant to Rule 25-30.457(8), F.A.C. Upon staff's approval of the tariff and completion of the earnings review process as set forth in Rule 25-30.457(8)(a), F.A.C., this docket should be closed administratively. (Sparks)

Staff Analysis: In the event of a protest, the utilities may implement the rates established in the PAA Order on a temporary basis, subject to refund with interest, upon the utility's filing of a SARC application within 21 days of the date the protest is filed. If the utilities fail to file a SARC within 21 days, the utility's petition for a LARI will be deemed withdrawn pursuant to Rule 25-30.457(9), F.A.C. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the PAA Order, a Consummating Order should be issued. The docket should remain open for staff's verification that the revised tariff sheets which reflect the Commission-approved rates, and the customer notices, have been filed by the utilities and approved by staff, and so that staff may conduct an earnings review of the utility pursuant to Rule 25-30.457(8), F.A.C. Upon staff's approval of the tariff and completion of the earnings review process as set forth in Rule 25-30.457(8)(a), F.A.C., this docket should be closed administratively.

Lake Yale Utilities, LLC Test Year Ended 12/31/22 Monthly Water Rates		Schedule No. 1 Docket No. 20220185-WS	
	UTILITY'S CURRENT RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$10.98	\$11.53	\$11.53
3/4"	\$16.47	\$17.29	\$17.30
1"	\$27.45	\$28.82	\$28.83
1-1/2"	\$54.90	\$57.65	\$57.65
2"	\$87.84	\$92.23	\$92.24
3"	\$175.68	\$184.46	\$184.48
4"	\$274.50	\$288.23	\$288.25
6"	\$549.00	\$576.45	\$576.50
8"	\$878.40	\$922.32	\$922.40
Charge per 1,000 gallons - Residential			
0-5,000 gallons	\$3.96	\$4.16	\$4.16
Over 5,000 gallons	\$5.93	\$6.23	\$6.23
Charge per 1,000 gallons - General Service			
	\$4.28	\$4.49	\$4.49
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$18.90	\$19.85	\$19.85
5,000 Gallons	\$30.78	\$32.33	\$32.33
10,000 Gallons	\$60.43	\$63.48	\$63.48

Sunrise Water, LLC Test Year Ended 12/31/22 Monthly Water Rates			Schedule No. 1 Docket No. 20220185-WS
	UTILITY'S CURRENT RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$13.19	\$13.85	\$13.85
3/4"	\$19.79	\$20.78	\$20.78
1"	\$32.98	\$34.63	\$34.63
1-1/2"	\$65.95	\$69.25	\$69.25
2"	\$105.52	\$110.80	\$110.80
3"	\$211.04	\$221.59	\$221.60
4"	\$329.75	\$346.24	\$346.25
6"	\$659.50	\$692.48	\$692.50
Charge per 1,000 gallons - Residential			
0 - 5,000 gallons	\$4.21	\$4.42	\$4.42
5,000 - 10,000 gallons	\$4.62	\$4.85	\$4.85
Over 10,000 gallons	\$9.24	\$9.70	\$9.70
Charge per 1,000 gallons - General Service			
	\$4.78	\$5.02	\$5.02
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$21.61	\$22.69	\$22.69
5,000 Gallons	\$34.24	\$35.95	\$35.95
8,000 Gallons	\$48.10	\$50.50	\$50.50

Heather Hills Utilities, LLC Test Year Ended 12/31/22 Quarterly Wastewater Rates		Schedule No. 1 Docket No. 20220185-WS	
	UTILITY'S EXISTING RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
Residential Service			
Base Facility Charge - All Meter Sizes	\$43.64	\$50.19	\$50.19
Charge per 1,000 gallons - Residential	\$8.73	\$10.04	\$10.04
General Service			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$43.64	\$50.19	\$50.19
3/4"	\$65.46	\$75.28	\$75.29
1"	\$109.10	\$125.47	\$125.48
1 1/2"	\$218.20	\$250.93	\$250.95
2"	\$349.12	\$401.49	\$401.52
3"	\$698.24	\$802.98	\$803.04
4"	\$1,091.00	\$1,254.65	\$1,254.75
6"	\$2,182.00	\$2,509.30	\$2,509.50
Charge per 1,000 gallons - General Service	\$8.73	\$10.04	\$10.04
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
4,000 Gallons	\$78.56	\$90.35	\$90.35
6,000 Gallons	\$96.02	\$110.43	\$110.43
10,000 Gallons	\$130.94	\$150.59	\$150.59

McLeod Gardens Utilities, LLC Test Year Ended 12/31/22 Monthly Water Rates			Schedule No. 1 Docket No. 20220185-WS
	UTILITY'S CURRENT RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
Residential and General Service			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$15.60	\$17.94	\$17.94
3/4"	\$23.40	\$26.91	\$26.91
1"	\$39.00	\$44.85	\$44.85
1-1/2"	\$78.00	\$89.70	\$89.70
2"	\$124.80	\$143.52	\$143.52
3"	\$249.60	\$287.04	\$287.04
4"	\$390.00	\$448.50	\$448.50
6"	\$780.00	\$897.00	\$897.00
Charge per 1,000 gallons - Residential			
0 - 5,000 gallons	\$4.76	\$5.47	\$5.47
5,000 - 10,000 gallons	\$7.14	\$8.21	\$8.21
Over 10,000 gallons	\$9.53	\$10.96	\$10.96
Charge per 1,000 gallons - General Service	\$5.75	\$6.61	\$6.61
Typical Residential 5/8" x 3/4" Meter Bill Comparison			
2,000 Gallons	\$25.12	\$28.88	\$28.88
5,000 Gallons	\$39.40	\$45.29	\$45.29
8,000 Gallons	\$60.82	\$69.92	\$69.92

Orange Land Utilities, LLC Test Year Ended 12/31/22 Monthly Water Rates		Schedule No. 1 Docket No. 20220185-WS	
	UTILITY'S CURRENT RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$15.00	\$17.25	\$17.25
3/4"	\$22.50	\$25.88	\$25.88
1"	\$37.50	\$43.13	\$43.13
1-1/2"	\$75.00	\$86.25	\$86.25
2"	\$120.00	\$138.00	\$138.00
3"	\$240.00	\$276.00	\$276.00
4"	\$375.00	\$431.25	\$431.25
6"	\$750.00	\$862.50	\$862.50
Charge per 1,000 gallons - Residential			
0 - 4,000 gallons	\$4.38	\$5.04	\$5.04
Over 4,000 gallons	\$5.16	\$5.93	\$5.93
Charge per 1,000 gallons - General Service			
	\$4.63	\$5.32	\$5.32
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$23.76	\$27.33	\$27.33
6,000 Gallons	\$42.84	\$49.27	\$49.27
8,000 Gallons	\$53.16	\$61.13	\$61.13

Charlie Creek Utilities, LLC Test Year Ended 12/31/22 Monthly Water Rates		Schedule No. 1 Docket No. 20220185-WS	
	UTILITY'S EXISTING RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$17.46	\$20.95	\$20.95
3/4"	\$26.19	\$31.43	\$31.43
1"	\$43.65	\$52.38	\$52.38
1-1/2"	\$87.30	\$104.76	\$104.75
2"	\$139.68	\$167.62	\$167.60
3"	\$279.36	\$335.23	\$335.20
4"	\$436.50	\$523.80	\$523.75
6"	\$873.00	\$1,047.60	\$1,047.50
Charge per 1,000 gallons - Residential			
0-4,000 Gallons	\$4.39	\$5.27	\$5.27
Over 4,000 Gallons	\$5.51	\$6.61	\$6.61
Charge per 1,000 gallons - General Service	\$4.87	\$5.84	\$5.84
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
4,000 Gallons	\$35.02	\$42.03	\$42.03
6,000 Gallons	\$46.04	\$55.25	\$55.25
10,000 Gallons	\$68.08	\$81.69	\$81.69

Crestridge Utilities, LLC		Schedule No. 1	
Test Year Ended 12/31/22		Docket No. 20220185-WS	
Monthly Water Rates			
	UTILITY'S EXISTING RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$12.85	\$15.42	\$15.42
3/4"	\$19.28	\$23.14	\$23.13
1"	\$32.13	\$38.56	\$38.55
1-1/2"	\$64.25	\$77.10	\$77.10
2"	\$102.80	\$123.36	\$123.36
3"	\$205.60	\$246.72	\$246.72
4"	\$321.25	\$385.50	\$385.50
6"	\$642.50	\$771.00	\$771.00
Charge per 1,000 gallons - Residential			
0-3,000 Gallons	\$4.22	\$5.06	\$5.06
Over 3,000 Gallons	\$8.38	\$10.06	\$10.06
Charge per 1,000 gallons - General Service			
	\$5.36	\$6.43	\$6.43
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$25.51	\$30.60	\$30.60
6,000 Gallons	\$50.65	\$60.78	\$60.78
10,000 Gallons	\$84.17	\$101.02	\$101.02

East Marion Utilities, LLC		Schedule No. 1	
Test Year Ended 12/31/22		Docket No. 20220185-WS	
Monthly Water Rates			
	UTILITY'S EXISTING RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$14.45	\$17.34	\$17.34
3/4"	\$21.68	\$26.02	\$26.01
1"	\$36.13	\$43.36	\$43.35
1-1/2"	\$72.25	\$86.70	\$86.70
2"	\$115.60	\$138.72	\$138.72
3"	\$231.20	\$277.44	\$277.44
4"	\$361.25	\$433.50	\$433.50
6"	\$722.50	\$867.00	\$867.00
Charge per 1,000 gallons - Residential			
0-10,000 Gallons	\$3.03	\$3.64	\$3.64
Over 10,000 Gallons	\$4.54	\$5.45	\$5.45
Charge per 1,000 gallons - General Service			
	\$3.54	\$4.25	\$4.25
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
4,000 Gallons	\$26.57	\$31.90	\$31.90
6,000 Gallons	\$32.63	\$39.18	\$39.18
10,000 Gallons	\$44.75	\$53.74	\$53.74

East Marion Utilities, LLC		Schedule No. 1	
Test Year Ended 12/31/22		Docket No. 20220185-WS	
Monthly Wastewater Rates			
	UTILITY'S EXISTING RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential Service</u>			
Base Facility Charge - All Meter Sizes	\$19.12	\$22.94	\$22.94
Charge per 1,000 gallons - Residential 10,000 gallon cap	\$5.82	\$6.98	\$6.98
<u>General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$19.12	\$22.94	\$22.94
3/4"	\$28.68	\$34.42	\$34.41
1"	\$47.80	\$57.36	\$57.35
1-1/2"	\$95.60	\$114.72	\$114.70
2"	\$152.96	\$183.55	\$183.52
3"	\$305.92	\$367.10	\$367.04
4"	\$478.00	\$573.60	\$573.50
6"	\$956.00	\$1,147.20	\$1,147.00
Charge per 1,000 gallons - General Service	\$7.00	\$8.40	\$8.40
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
4,000 Gallons	\$42.40	\$50.86	\$50.86
6,000 Gallons	\$54.04	\$64.82	\$64.82
10,000 Gallons	\$77.32	\$92.74	\$92.74

Holiday Gardens Utilities, LLC Test Year Ended 12/31/22 Monthly Water Rates			Schedule No. 1 Docket No. 20220185-WS
	UTILITY'S EXISTING RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$10.83	\$13.00	\$13.00
3/4"	\$16.25	\$19.50	\$19.50
1"	\$27.08	\$32.50	\$32.50
1-1/2"	\$54.15	\$64.98	\$65.00
2"	\$86.64	\$103.97	\$104.00
3"	\$173.28	\$207.94	\$208.00
4"	\$270.75	\$324.90	\$325.00
6"	\$541.50	\$649.80	\$650.00
Charge per 1,000 gallons - Residential			
0 - 3,000 Gallons	\$3.53	\$4.24	\$4.24
Over 3,000 Gallons	\$5.60	\$6.72	\$6.72
Charge per 1,000 gallons - General Service			
	\$4.24	\$5.09	\$5.09
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
4,000 Gallons	\$27.02	\$32.44	\$32.44
6,000 Gallons	\$38.22	\$45.88	\$45.88
10,000 Gallons	\$60.62	\$72.76	\$72.76

Heather Hills Utilities, LLC Test Year Ended 12/31/22 Quarterly Water Rates		Schedule No. 1 Docket No. 20220185-WS	
	UTILITY'S EXISTING RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8"X 3/4"	\$33.02	\$39.62	\$39.62
3/4"	\$49.53	\$59.44	\$59.43
1"	\$82.55	\$99.06	\$99.05
1 1/2"	\$165.10	\$198.12	\$198.10
2"	\$264.16	\$316.99	\$316.96
3"	\$528.32	\$633.98	\$633.92
4"	\$825.50	\$990.60	\$990.50
6"	\$1,651.00	\$1,981.20	\$1,981.00
Charge per 1,000 gallons	\$4.39	\$5.27	\$5.27
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
4,000 Gallons	\$50.58	\$60.70	\$60.70
6,000 Gallons	\$59.36	\$71.24	\$71.24
10,000 Gallons	\$76.92	\$92.32	\$92.32

Lake Yale Utilities, LLC Test Year Ended 12/31/22 Monthly Wastewater Rates		Schedule No. 1 Docket No. 20220185 - WS	
	UTILITY'S CURRENT RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential Service</u>			
All Meter Sizes	\$14.28	\$17.14	\$17.14
Charge per 1,000 gallons - Residential 6,000 gallonage cap	\$8.37	\$10.04	\$10.04
<u>General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$14.28	\$17.14	\$17.14
3/4"	\$21.42	\$25.70	\$25.71
1"	\$35.70	\$42.84	\$42.85
1-1/2"	\$71.40	\$85.68	\$85.70
2"	\$114.24	\$137.09	\$137.12
3"	\$228.48	\$274.18	\$274.24
4"	\$357.00	\$428.40	\$428.50
6"	\$714.00	\$856.80	\$857.00
8"	\$1,142.40	\$1,370.88	\$1,371.20
Charge per 1,000 gallons - General Service	\$10.04	\$12.05	\$12.05
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$31.02	\$37.22	\$37.22
6,000 Gallons	\$64.50	\$77.38	\$77.38
8,000 Gallons	\$64.50	\$77.38	\$77.38

Sunny Shores Utilities, LLC Test Year Ended 12/31/22 Monthly Water Rates		Schedule No. 1 Docket No. 20220185-WS	
	UTILITY'S CURRENT RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$75.24	\$90.29	\$90.29
3/4"	\$112.86	\$135.43	\$135.44
1"	\$188.10	\$225.72	\$225.73
1-1/2"	\$376.20	\$451.44	\$451.45
2"	\$601.92	\$722.30	\$722.32
3"	\$1,203.84	\$1,444.61	\$1,444.64
4"	\$1,881.00	\$2,257.20	\$2,257.25
6"	\$3,762.00	\$4,514.40	\$4,514.50
Charge per 1,000 gallons	\$3.57	\$4.28	\$4.28
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$82.38	\$98.85	\$98.85
6,000 Gallons	\$96.66	\$115.97	\$115.97
8,000 Gallons	\$103.80	\$124.53	\$124.53

West Lakeland Wastewater, LLC		Schedule No. 1	
Test Year Ended 12/31/22		Docket No. 20220185-WS	
Monthly Wastewater Rates			
	UTILITY'S CURRENT RATES	UTILITY'S PROPOSED RATES	STAFF RECOMMENDED RATES
<u>Residential Service</u>			
All Meter Sizes	\$17.56	\$21.07	\$21.07
Charge per 1,000 gallons - Residential 6,000 gallonage cap	\$6.53	\$7.84	\$7.84
<u>General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$17.56	\$21.07	\$21.07
3/4"	\$26.34	\$31.61	\$31.61
1"	\$43.90	\$52.68	\$52.68
1-1/2"	\$87.80	\$105.36	\$105.35
2"	\$140.48	\$168.58	\$168.56
3"	\$280.96	\$337.15	\$337.12
4"	\$439.00	\$526.80	\$526.75
6"	\$878.00	\$1,053.60	\$1,053.50
8"	\$1,404.80	\$1,685.76	\$1,685.60
Charge per 1,000 gallons - General Service	\$7.83	\$9.40	\$9.40
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$30.62	\$36.75	\$36.75
6,000 Gallons	\$56.74	\$68.11	\$68.11
8,000 Gallons	\$56.74	\$68.11	\$68.11