CLAIR

October 24, 1995

Kathy Barylski
Acid Rain Division
U.S. Environmental Protection Agency
401 M Street, S.W., M.C. 6204J
Washington, D.C. 20460

from

HOPPING GREEN SAMS & SMITH
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS
123 SOUTH CALHOUN STREET
POST OFFICE BOX 6526
TALLAHASSEE, FLORIDA 32314

Re: Orange Cogeneration Facility; Bartow, Florida
Request for Confirmation of Exemption from Acid Rain Program

Dear Ms. Barylski:

Orange Cogeneration Limited Partnership hereby requests that the U.S. Environmental Protection Agency (EPA) confirm that the federal Acid Rain Program does not apply to its Orange Cogeneration facility located near Bartow, Florida. The Orange Cogeneration facility is exempted as a "qualifying facility" under 40 CFR § 72.6(b)(5), and we are seeking the agency's confirmation of this exemption.

Section 72.6(b)(5) provides that "qualifying facilities" meeting certain criteria are not affected units subject to the requirements of the Acid Rain Program. The Orange Cogeneration facility meets those criteria and is therefore exempt. The Orange Cogeneration facility has, nevertheless, been operating for several months under the mistaken impression that the Acid Rain Program applied. For example, a designated representative has been appointed, and a continuous emission monitoring system has been installed and certified consistent with 40 CFR Part 75. Based on Orange Cogeneration Limited Partnership's recent understanding of the exemption available for qualifying facilities under 40 CFR § 72.6(b)(5), however, the Orange Cogeneration facility is exempt and should not be required to comply with the Acid Rain Program. By this letter, the Orange Cogeneration Limited Partnership requests EPA's confirmation that the facility is exempt as a qualifying facility.

The criteria established for the qualifying facility exemption under 40 CFR § 72.6(b)(5), as well as the related definitional provisions under 40 CFR § 72.2, are as follows:

A. The facility must be a "qualifying small power production facility" within the meaning of Section 3(17)(C) of the Federal Power Act or a "qualifying cogeneration facility" within the meaning of Section 3(18)(B) of the Federal Power Act.

ORANGE COGENERATION

October 24, 1995

1050231-001-AV

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B. One or more legally binding agreements must exist between the qualifying facility and a regulated electric utility that establish the terms and conditions for the sale of power from the facility to the utility.

C. These power sales agreements must have been entered into as of November 15, 1990, and must require the utility to purchase at least 15 percent of the total planned net output capacity.[1] Changes to the power sales agreements are irrelevant as long as no changes are made regarding the identity of the electric output purchaser[2] or to allow the costs of compliance with the Acid Rain Program to be shifted to the purchaser.

D. The facility must have a total installed net output capacity that does not exceed 130 percent of the total planned net output capacity.

As described below, all of these criteria are met and the Orange Cogeneration facility is exempt as a qualifying facility.

1. *Description of facility* - The Orange Cogeneration facility is a 102.7 megawatt (MW) cogeneration facility (at base conditions) supplying steam to Orange-Co. of Florida, Inc., and electricity to Florida Power Corporation (FPC) and to Tampa Electric Company (TECO). The facility is owned by Orange Cogeneration Limited Partnership and operated by CSW Energy, Inc. The facility includes two combustion turbine generators, two unfired heat recovery boilers, and an extraction/condensing steam turbine generator. Natural gas is the sole fuel for these units. Construction commenced on January 10, 1994, and commercial operation commenced on June 16, 1995.

2. *Qualifying facility*--The Orange Cogeneration facility is a "Qualifying Facility" based on the Federal Energy Regulatory Commission's Order Granting Application for Certification as a Qualifying Cogeneration Facility (as defined under Section 3(18)(B) of the Federal Power Act). A copy of this order, issued on December 1, 1993, is attached as Exhibit 1.

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[1] Other types of power purchase commitments are allowed but are not relevant to this request.

[2] The definition of "qualifying power purchase commitment" provides that the identity of the electric output purchaser can be changed if the identity of the steam purchaser and the location of the project remain unchanged. This part of the definition is not relevant to the situation described in this letter.

3. *Qualifying power purchase commitment(s) for at least 15 percent of total planned net output capacity*--The Orange Cogeneration facility has qualifying power purchase commitments to sell a total of 97 MW of electricity, or 95 percent of the total planned net output capacity of 102 MW, that were in effect as of November 15, 1990. Under legally binding power sales agreements, FPC and TECO, both of which are regulated electric utilities in Florida, are obligated to purchase electricity from the Orange Cogeneration facility, as set forth in paragraphs 4 and 5 below. FPC is obligated to purchase 74 MW, and TECO is obligated to purchase 23 MW, for a total of 97 MW. FPC's obligations originally arose through two separate agreements with CFR Bio-Gen Corporation. CFR Bio-Gen's contract rights were eventually assigned to the Orange Cogeneration Limited Partnership. TECO's obligations originally arose through an agreement with Polk Power Project, whose contract rights were subsequently assigned to Polk Power Partners and later to Orange Cogeneration Limited Partnership. Orange Cogeneration Limited Partnership consolidated all of these contract rights and developed the Orange Cogeneration facility to fulfill its obligation to provide 97 MW of electricity to FPC and TECO. These power purchase agreements and the assignments of rights to the Orange Cogeneration Limited Partnership are more fully described in paragraphs 4 and 5 below.

4. *Power sales agreements with FPC*--CFR Bio-Gen Corporation entered into a contract with FPC on March 17, 1987 (Exhibit 2), obligating FPC to purchase 50 MW of electricity from what is now known as the Orange Cogeneration facility (see page 2, paragraphs 4.2.1 and 4.2.2). The planned net output based on this contract was 55 MW (see page 2, paragraph 1). CFR Bio-Gen entered into a second contract with FPC on September 20, 1988 (Exhibit 3), obligating FPC to purchase an additional 24 MW of electricity from what is now known as the Orange Cogeneration facility (see page 3, paragraph 4.2.1). The net planned output based on this contract was 24 MW (see page 1, paragraph 1). Therefore, as of September 20, 1988, the combined total amount of electricity that FPC agreed to purchase was 74 MW and the combined total planned net output was 79 MW. CFR Bio-Gen and FPC consolidated these two prior contracts into a single contract on November 19, 1991. A copy of this contract is attached as Exhibit 4. CFR Bio-Gen later assigned its rights under the contract to AP Cogen, Ltd., on June 18, 1992; a copy of this assignment is attached as Exhibit 5. Thereafter, AP Cogen, Ltd., assigned its contract rights to the Orange Cogeneration Limited Partnership on April 30, 1993; a copy of this agreement is attached to Exhibit 6. While the identity of the supplier of electricity and other provisions may have changed due to these transfers and assignments of contract rights, the identity of the electric output purchaser, FPC, did not change. The terms and conditions from the original contracts remained substantially the same and were not changed in any way to allow the costs of compliance with the federal Acid Rain Program to be shifted from Orange Cogeneration Limited Partnership to FPC.

5. *Power sales agreement with TECO*--Arch Ford, doing business as the Polk Power Project, entered into a contract with TECO on April 17, 1989 (Exhibit 7), that obligated TECO to purchase 23 MW of electricity from what is now known as the Orange Cogeneration facility (see page 4, paragraph 4.2.1 and subsequent fulfillment of paragraph 4.2.2, as described in footnote 3 below).[3] The planned net output based on this contract was 23 MW (see page 1, paragraph 1). Arch Ford/Polk Power Project's contract rights were subsequently assigned to Polk Power Partners, L.P., on February 24, 1992; a copy of this agreement is included as Exhibit 9.[4] Orange Cogeneration Limited Partnership was assigned those contract rights by Polk Power Partners, L.P., on July 1, 1995; a copy of this agreement is included as Exhibit 10. While the identity of the supplier of electricity may have changed due to these transfers and assignments of contract rights, the identity of the electric output purchaser, TECO, did not change. The terms and conditions remained substantially the same[5] and were not changed in any way to allow the costs of compliance with the federal Acid Rain Program to be shifted from Orange Cogeneration Limited Partnership to TECO.

6. *Total installed net output capacity*--The Orange Cogeneration facility, as stated above, includes two combustion turbine generators, two unfired heat recovery boilers, and an extraction/condensing steam turbine generator. Based on the power sales agreements, these units had a total *planned* net output capacity of 102 MW (55 MW based on the March 17, 1987, contract with FPC; 24 MW based on the September 20, 1988, contract with FPC; and 23 MW based on the April 17, 1989, contract with TECO). As constructed and operated, the facility has a total *installed* net output capacity of 102.7 MW (at base conditions). The total installed

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[3] The contract initially provided for the sale of 20 MW of electricity. On December 14, 1992, however, the amount of electricity being sold to TECO was increased to 23 MW, consistent with the provisions of Section 4.2.2 of the original contract. See letter from Polk Power Partners, L.P., to TECO, included as Exhibit 8.

[4] The "TECO Power Purchase Agreement" referenced in Exhibit A-1 to this assignment agreement means the April 17, 1989, contract between Arch Ford, doing business as Polk Power Project, and TECO for the purchase and sale of 23 MW of electricity. If a copy of the November 25, 1991, Purchase Agreement (also referenced in this assignment agreement), which clarifies the content and date of the "TECO Power Purchase Agreement" in its definitional section, is needed, please let us know and a copy of the document or pertinent provisions will be sent to you immediately.

[5] Certain contract provisions were clarified or changed on at least three different occasions that were unrelated to the purchaser's identity or the amount of electricity being sold. Copies of those agreements dated September 30, 1993 (Exhibit 11), December 14, 1993 (two letters) (Exhibit 12), and January 20, 1994 (Exhibit 13) are included for informational purposes only and should not affect applicability of the qualifying facility exemption.

net output capacity is therefore approximately 100 percent of the total planned net output capacity.

7. *Summary*--As you can see from the information provided, the Orange Cogeneration facility is a "qualifying facility" with power purchase agreements to sell 95 percent of the total planned net output capacity. These agreements were entered into prior to November 15, 1990. Additionally, the total installed net output capacity does not exceed 130 percent of the total planned net output capacity. The Orange Cogeneration facility is therefore a qualifying facility exempt from the requirements of the federal Acid Rain Program under 40 CFR §72.6(b)(5).

Thank you for your consideration of this request. We look forward to your confirmation that the Orange Cogeneration facility is not subject to the Acid Rain Program. If a formal petition under 40 CFR § 72.6(c) is necessary, please let us know and one will be submitted immediately. If you have any questions or need any additional information to process our request, please call me at (303) 273-9730.[6] Please send any correspondence, including your notice of confirmation, to me at 1901 Clear Springs Road, Bartow, Florida 33830.

Sincerely,

ORANGE COGENERATION
LIMITED PARTNERSHIP

By: Thomas F. Donovan /sam

Thomas F. Donovan, Program Manager
and Authorized Representative

cc: John Paul Jones, Orange Cogeneration Facility Manager (Designated Representative)
CSW Energy, Inc., Operator, Orange Cogeneration Facility
Howard Rhodes, Director,
Division of Air Resources Management
Florida Department of Environmental Protection
Angela Morrison, Hopping Green Sams & Smith

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[6] Orange Cogeneration Limited Partnership has authorized me to execute and submit documents related to permits and government approvals. See Grant of Signature Authority attached as Exhibit 14.

65 FERC ¶ 62,184

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Orange Cogeneration)
Limited Partnership)

Small Power Production and)
Cogeneration Facilities)
-- Qualifying Status)

Docket No. QF93-164-000

ORDER GRANTING APPLICATION FOR CERTIFICATION
AS A QUALIFYING COGENERATION FACILITY
(Issued December 1, 1993)

Summary:

On September 10, 1993, as completed on November 8, 1993, Orange Cogeneration Limited Partnership (Orange Cogeneration) filed an application for certification of a cogeneration facility pursuant to Section 292.207(b) of the Commission's Regulations. The facility will be located near Bartow, Florida, and will consist of two combustion turbine generators, two unfired heat recovery boilers and an extraction/condensing steam turbine generator. The primary energy source will be natural gas. Steam recovered from the facility will be used by Orange-Co. of Florida, Inc. (Orange-Co.) for citrus juice processing. The maximum net electric power production capacity of the facility will be 106.1 MW. Electricity produced by the facility will be sold to Florida Power Corporation and Tampa Electric Company. Construction of the facility is expected to commence in December of 1993.

Based on these facts, the facility is a topping-cycle cogeneration facility within the meaning of Section 292.202(d) of the Commission's Regulations.

Notice of the application was published in the Federal Register with comments, protests or motions to intervene due on or before October 25, 1993. 1/ No responses were received.

Discussion:

A. Ownership:

Orange Cogeneration is comprised of one general partner, Orange Cogeneration G.P., Inc. (Orange) with a 1% interest, and three limited partners, CSW Orange, Inc. (CSW Orange), with a 49.5% interest, and Arnold R. Klann (Klann) and Leslie C. Confair

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1/ 58 Fed. Reg. 49,479 (1993).

EXHIBIT
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(Confair), each with a 24.75% interest. 2/ CSW Orange is a wholly-owned subsidiary of CSW Development-I, Inc. (CSW Development). Through ARK/CSW Development Partnership (Joint Venture), Orange is owned by ARK Energy, Inc. (ARK Energy) and CSW Development, each having a 50% interest. As discussed below, the facility meets the ownership requirements of Section 292.206 of the Commission's Regulations.

1. ARK Energy, Confair, and Klann

ARK Energy is a privately held corporation which is owned by Confair and Klann, each holding a 50% interest. Consequently, Confair and Klann share an indirect 0.5% general partner interest through Ark Energy, Joint Venture and Orange, and a direct 49.5% limited partner interest in Orange Cogeneration. Neither Confair nor Klann is engaged in the generation or sale of electric power, or has any ownership or operating interest in any electric facilities other than qualifying facilities.

2. CSW Development

CSW Development has an indirect 0.5% general partner interest in Orange Cogeneration through Joint Venture and Ora[illegible] and a 49.5% indirect limited partner interest through CSW Ora[illegible]. Through CSW Energy, Inc. (CSW Energy), CSW Development is wholly-owned by Central and Southwest Corporation (CSW), an electric utility holding company. Therefore, pursuant to Section 292.206(b) of the Commission's Regulations, CSW Development's 50% derivative interest in the facility is considered as ownership by an electric utility.

B. Loans and Service Agreements:

Orange Cogeneration states that it has certain obligations to CSW Development in connection with the development of the facility. The obligations will be repaid from the proceeds of the financing at the time of financial closing. Orange Cogeneration also indicates that a letter of credit, to be issued by a third party lender, may be required in connection with the facility's financing. If issued, the letter of credit will be backed by CSW Energy. For accepting the risk of making immediate reimbursement on the letter of credit and the risk of delayed reimbursement by Orange Cogeneration, CSW Development will charge an annual fee, as well as interest on any drawing. This fee and

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2/ Orange Cogeneration requests confidential treatment for portions of its application pursuant to Section 388.112 of the Commission's Regulations.

the amount of any funds advanced by CSW Energy will be repaid by Orange Cogeneration.

Decisions regarding the obligations to CSW Development in connection with the development of the facility, the letter of credit agreement, and other loans and service agreements, rest with Orange, the general partner, which is a wholly-owned subsidiary of the Joint Venture. Decisions of Joint Venture require the majority vote of its management committee, which consists of an equal number of representatives of the electric utility partner (CSW Development) and the non-electric utility partner (ARK Energy). Thus, all loans and service agreements made by Orange, the general partner, require the approval of the non-electric utility partner in Joint Venture, ARK Energy.

In view of the above review process and partnership terms of Orange Cogeneration and Joint Venture, CSW Development may not dictate the terms and conditions of loans or service agreements with any CSW affiliates. Thus, revenues that CSW Development or other CSW affiliates may receive from loans or service agreements are viewed as resulting from arm's-length negotiations. Accordingly, such revenues need not be considered in determining CSW's entitlement to the stream of benefits from the facility.

C. Control and Stream of Benefits:

Under the partnership agreement, CSW, through its interests in Orange and CSW Orange, is limited to 50% of the total stream of benefits (e.g., profits, losses, gains and surplus, and tax benefits) from the facility. Since CSW is entitled to no more than 50% of the stream of benefits from the facility, and will have no more than 50% control of Orange Cogeneration, the facility meets the ownership criteria of Section 292.206 of the Commission's Regulations and the interpreting cases [See Ultrapower 3, 27 FERC ¶ 61,094 (1984), and CMS Midland, Inc., 38 FERC ¶ 61,244 (1987)].

D. Use of Thermal Output:

According to Orange Cogeneration, steam recovered from the facility will be used by Orange-Co. for citrus juice evaporation and pasteurization processes. Orange-Co.'s application of the thermal output for these purposes is common and, thus, is presumptively useful under the criteria set forth in Electrodyne Research Corporation, 32 FERC ¶ 61,102 (1985) and LaJet Energy

Company (LaJet), order denying rehearing, 44 FERC ¶ 61,070 (1988). 1/

E. Operating and Efficiency Standards:

Based on the information provided by Orange Cogeneration, the facility satisfies the operating and efficiency standards established in Section 292.205 of the Commission's Regulations.

Finding:

The topping-cycle cogeneration facility, as described in the application submitted by Orange Cogeneration, meets the requirements established in Section 292.203(b) of the Commission's Regulations regarding certification as a qualifying cogeneration facility.

The Director:

Grants certification of qualifying status to the facility referenced in the submittal filed on September 10, 1993, as completed on November 8, 1993, by Orange Cogeneration pursuant to Section 292.207(b) of the Commission's Regulations and Section 3(18)(B) of the Federal Power Act, as amended by Section 201 the Public Utility Regulatory Policies Act of 1978, provided that the facility is owned and operated in the manner described in the

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1/ If the use of a cogeneration facility's thermal output constitutes a common industrial or commercial application, it is presumptively useful. If, on the other hand, the use involves a technology which has not yet been proven to be economically justified, separate standards apply depending upon whether the user is either an affiliate (or the cogenerator itself), or is an unaffiliated entity. In the case of a user which is not affiliated with the cogenerator, plausible evidence of either an arm's-length market for the thermal output or an end product produced with the aid of that thermal output establishes usefulness. If the thermal output is to be used by an affiliate or by the cogenerator itself, then quantitative economic justification establishes usefulness. See Lajet.

application and this order. 4/ To the extent that facts or representations which form the basis for this order change, this order cannot be relied upon. While the facility might still be a qualifying facility under the changed circumstances, self or Commission recertification at that point will be necessary. 5/

Authorities:

Authority to act on this matter is delegated to the Director, Division of Applications, pursuant to Section 375.308 of the Commission's Regulations.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. Section 385.713.

Donald J. Gelinas

Donald J. Gelinas, Director
Division of Applications

4/ Certification as a qualifying facility serves only to establish eligibility for benefits provided by the Public Utility Regulatory Policies Act of 1978, as implemented by the Commission's Regulations, 18 C.F.R. Part 292. It does not relieve a facility of any other requirements of local, state or federal law, including those regarding siting, construction, operation, licensing and pollution abatement. Certification does not establish any property rights, resolve competing claims for a site, or authorize construction.

5/ See Citizens for Clean Air and Reclaiming our Environment v. Newbay Corporation, 56 FERC ¶ 61,428 (1991), and Midland Cogeneration Venture Limited Partnership and CMS Midland, Inc., 56 FERC ¶ 61,361 (1991).

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM ENERGY AND CAPACITY FROM A QUALIFYING FACILITY

THIS AGREEMENT is made and entered into this 17 day of March, 19 87 by and between CFR BIO-GEN CORPORATION, hereinafter referred to as "QF" and Florida Power Corporation, hereinafter referred to as "The "Company", a private utility corporation organized under the laws of the State of Florida. The QF and Florida Power Corporation shall collectively be referred to herein as the "Parties."

WITNESSETH:

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

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

WHEREAS, the FPSC has approved the following standard contract for the purchase of Firm Energy and Capacity from QFs;

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

1. Facility

QF contemplates installing and operating a 60,000 KVA combined cycle gas, steam turbi Generator located at Drifton, Jefferson County, Florida. The generator is designed to produce a maximum of 55 megawatts (MW), or 55,000 kilowatts (KW) of electric power at an 85% lagging power factor (85% leading for induction generators), such equipment being hereinafter referred to as "Facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution by the parties and shall end at 12:01 a.m., December 31, 19 2007.

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

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: April 30, 1984

3. Sale of Electricity by QF

The Company agrees to purchase all of the electric power generated at the Facility and transmitted to The Company by QF. The purchase and sale of electricity pursuant to this Agreement shall be construed as a (X) Net Billing Arrangement of ( ) Simultaneous Purchase and Sale Arrangement. The billing methodology may be changed at the option of the QF, subject to the following provisions:

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

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

(c) upon at least thirty days advance written notice to The Company;

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

(e) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alterations; and

(f) where the election to change billing methods will not contravene the provisions of the tariff under which the Facility receives electrical service, or any previously agreed upon contractual provision between the QF and the Company.

4. Payment for Electricity Produced by QF

4.1 Energy

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

4.2 Capacity

4.2.1 Anticipated Committed Capacity. QF expects to sell approximately 50 MW or 50,000 kW of capacity, beginning on or about January 1st, 19 90.

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: April 30, 1984

QF may finalize its Committed Capacity after initial Facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a later time. However, QF must complete Paragraph 4.2.2 by April 1, 1990 in order to be entitled to any capacity payments pursuant to this Agreement.

4.2.2 Actual Committed Capacity. The capacity committed by QF for the purposes of this Agreement is 50 MW or 50,000 kW. QF elects to receive, and The Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following Jan. 1, 1990, ~~1984~~.

4.2.3 Capacity Payments. QF chooses to receive capacity payments from The Company monthly under Option B of Rate Schedule COG-2.

At the end of each billing month, beginning with the billing month specified in Paragraph 4.2.2, The Company will calculate the most recent twelve month rolling average capacity factor for such month based on QF's Committee Capacity. If the capacity factor thus calculated is 70% or more, then The Company agrees to pay QF a capacity payment that is the product of QF's Committed Capacity and the applicable rate from QF's chosen capacity payment Option.

The capacity payment for a given month will be added to the energy payment for such month and tendered by The Company to QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

5. Electricity Production Schedule

During the term of this Agreement, QF agrees to:

(a) Provide The Company prior to October 1 of each calendar year an estimate of the amount of electricity generated by the Facility and delivered to The Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages or reductions in capacity;

(b) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;

(c) Coordinate its scheduled Facility outages with The Company; and

(d) Comply with reasonable requirements of The Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement.

(e) Adjust reactive power flow in the interconnection as may be reasonably required by the Company within the range of 85% leading to 85% lagging power factor.

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

The QF's payment option choice pursuant to paragraph 4.2.3 may result in payment by The Company for capacity delivered prior to April 1, 1992. The parties recognize that capacity payments paid through March 31, 1992, are in the nature of "early payment" for a future capacity benefit to The Company. To ensure that The Company will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

The Company shall establish a Capacity Account. Amounts shall be credited to the Capacity Account each month through March, 1992, in the amount of The Company's capacity payments made to the QF pursuant to QF's chosen payment option from Rate Schedule COG-2. The monthly balance in the Capacity Account shall accrue interest at an annual rate of 10.5%. Commencing on April 1, 1992, there shall be debited from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which The Company would have paid for capacity in that month if capacity payment had been calculated pursuant to Option A in Rate Schedule COG-2 and the QF had elected to begin receiving payment on April 1, 1992 minus the monthly capacity payment The Company makes to QF pursuant to the capacity payment option chosen by QF in paragraph 4.2.3.

The QF shall owe The Company and be liable for the credit balance in the Capacity Account. The Company agrees to notify QF monthly as to the current Capacity Account balance. Prior to receipt of advance capacity payments the QF shall execute a promise to repay any credit balance in the Capacity Account in the event the QF defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Rate Schedule COG-2. The specific repayment assurance selected for purposes of this Agreement is: letter of credit or other mutually agreeable security.

The total Capacity Account shall immediately become due and payable in the event of default by the QF. The QF's obligation to pay the credit balance in the Capacity Account shall survive termination of this Agreement.

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: April 30, 1984

7. Non-Performance Provisions

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

In no event shall the QF repay to The Company for non-performance such amounts which exceed the current credit balance in the Capacity Account.

8. Default

8.1 Mandatory Default. The QF shall be in default under this Agreement if: (1) the QF voluntarily declares bankruptcy, or (2) the QF ceases all electric generation for 12 consecutive months.

8.2 Optional Default. The Company may declare the QF to be in default: (1) if at any time prior to April 1, 1992 and after capacity payments have begun The Company has sufficient reason to believe that the QF is unable to deliver its Committee Capacity, or (2) after April 1, 1992 the QF fails to maintain a 70% capacity factor on a twelve month rolling average basis for 24 consecutive months, or (3) because of a QF's refusal, inability or anticipatory breach of obligation to deliver its Committed Capacity after April 1, 1992.

8.3 Default Remedy. Once this contract is declared to be in default, upon written notice to the QF the then current value of the Capacity Account shall be paid to The Company.

9. General Provisions

9.1 Permits. QF hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority QF is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby

agrees, at Q. F.'s expense, to seek to obtain any and all governmental permits, certifications or other authority The Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

9.2 Indemnifaction. QF agrees to indemnify and save harmless The Company, its subsidiaries, and their respective employees, officers, and directors against any and all liability, loss, damage, costs or expense which The Company, its subsidiaries, and their respective employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of QF in performing its obligations pursuant to this Agreement or QF's failure to abide by the provision of this Agreement. The Company agrees to indemnify and save harmless QF against any and all liability, loss, damage, cost or expense which QF may hereafter incur, suffer, or be required to pay by reason of negligence on the part of The Company in performing its obligations pursuant to this Agreement or The Company's failure to abide by the provisions of this Agreement. QF agrees to include The Company as an additional insured in any liability insurance policy or policies QF obtains to protect QF's interests with respect to QF's indemnity and hold harmless assurances to The Company contained in this Section.

9.3 Renegotiations Due to Regulatory Changes. Anything in this Agreement to the contrary notwithstanding, should The Company at any time during the term of this Agreement fail to obtain or be denied the FPSC's authorization, or the authorization of any other regulatory body which now has or in the future may have jurisdiction over The Company's rates and charge, to recover from its customers all of the payments required to be made to QF under the terms of this Agreement or any subsequent amendment to this Agreement, the parties agree that, at The Company's option, they shall renegotiate this Agreement or any applicable amendment. If The Company exercises such option to renegotiate, The Company shall not thereafter be required to make such payments to the extent The Company's authorization to recover them from its customers is not obtained or is denied. The Company's exercise of its option to renegotiate shall not relieve the QF of its obligation to repay the balance in the Capacity Account. It is the intent of the parties that The Company's payment obligations under this Agreement or any amendment hereto are conditioned upon The Company's being fully reimbursed for such payments through the Fuel and Purchased Power Cost Recovery Clause or other authorized rates or charges. Any amounts initially recovered by The Company from its ratepayers but for which

recovery is subsequently disallowed by the FPSC and charged back to The Company may be set off or credited against subsequent payments made by The Company for purchases from the QF, or alternatively, shall be repaid by the QF.

9.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be remedied with all possible dispatch; and the obligations, terms and conditions of this Agreement shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. QF agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with The Company's system if the same are rendered inoperable due to actions of QF, its agents, or force majeure events affecting the Facility or the interconnection with The Company. The Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by The Company or its agents.

9.5 Assignment. The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without The Company's prior written approval.

9.6 Disclaimer. In executing this Agreement, The Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with QF or any assignee of this Agreement.

9.7 Notification. For purposes of making any and all nonemergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions to contact another individual.

For QF: Dr. Richard Glick

P. O. Box 20205

Tallahassee, Florida 32316 Phone: (904) 644-4824

For The Company: W. J. Howell, Vice President
Florida Power Corporation
1021 S. W. Tenth Street
Ocala, Florida 32670

Phone: (904) 732-7521

9.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

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

9.10 Complete Agreement and Amendments. All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement.

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: April 30, 1984

9.11 Incorporation of Rate Schedule. The Parties agree that this Agreement 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.

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

9.13 Agreement to Renegotiate. The Parties hereby agree to commence renegotiation of this Agreement in good faith within 45 days after the date hereof with a view toward achieving agreement upon improved terms and conditions hereof to the mutual benefit of both Parties; provided, however, that in the event the Parties fail to reach agreement, or in the event any amendment hereto does not receive approval by the Florida Public Service Commission, the Parties will comply with the provisions of this Agreement as presently set forth.

9.14 Security of Interconnection Costs. The QF shall owe The Company and be liable for all interconnection costs as specified in Section 2 of Appendix "A", and shall execute a promise to repay any balance in the event that the QF defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Rate Schedule COG-2 relating to early capacity payments. The specific repayment assurance selected for purposes of this Agreement is: letter of credit or other mutually-agreeable security.

The balance of interconnection costs shall immediately become due and payable in the event of default by the QF. The QF's obligation to pay such balance shall survive termination of this Agreement.

IT WITNESS WHEREOF, QF and The Company have executed this Agreement the day and year first above written.

Qualifying Facility
CFR BIO-GEN CORPORATION

Richard Glick

WITNESSES:

WITNESSES:

FLORIDA POWER CORP.
LEGAL DEPT.
APPROVED
DATE 3/23/87

STANDARD OFFER CONTRACT FOR THE PURCHASE OF
FIRM ENERGY AND CAPACITY FROM A QUALIFYING FACILITY

THIS AGREEMENT is made and entered into this 20 day of September, 19 88 by and between CFR BIO GEN CORPORATION, hereinafter referred to as "QF" and Florida Power Corporation, hereinafter referred to as "The Company", a private utility corporation organized under the laws of the State of Florida. The QF and Florida Power Corporation shall collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, QF desires to sell, and The Company desires to purchase, electricity to be generated by the QF consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.091, Florida Administrative Code; and

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

WHEREAS, the FPSC has approved the following standard contract for the purchase of Firm Energy and Capacity from QF's;

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

1. Facility

QF contemplates installing and operating a 28235 KVA combined cycle Generator located at DRIFTON JEFFERSON CTY FLORIDA.

The generator is designed to produce a maximum of 24 megawatts (MW), or 24000 Kilowatts (KW) of electric power at an 0.85 or lower lagging power factor (0.85 or greater leading power factor for induction generators), such equipment being hereinafter referred to as "Facility."

2. Term of the Agreement

This agreement shall begin immediately upon its execution by the parties and shall end at 12:01 a.m., DECEMBER 31, 19 2007.

Notwithstanding the foregoing if construction and commercial operations of the Facility are not accomplished by QF before January 1, 1995, The Company shall be relieved of its obligation to make capacity payments to the QF.

3. Sale of Electricity by QF

3.1 Purchase Options

The Company agrees to purchase all of the electric power generated at the Facility and transmitted to The Company by QF. The purchase and sale of electricity pursuant to this Agreement shall be construed as a (X) Net Billing Arrangement or ( ) Simultaneous Purchase and Sale Arrangement. The billing methodology may be changed at the option of the QF, subject to the following provisions:

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

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

(c) upon at least thirty days advance written notice to The Company;

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

(e) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alterations; and

(f) where the election to change billing methods will not contravene the provisions of the tariff under which the Facility receives electrical service, or any previously agreed upon contractual provision between the QF and the Company.

3.2 Regulatory Changes

The option to change the billing methodology set forth in 3.1 shall automatically be removed from this contract and any heretofore executed upon the appropriate modification of Rule 25-17.082(3) F.A.C. by the Florida Public Service Commission.

4. Payment for Electricity Produced by QF

4.1 Energy

The Company agrees to pay the QF for energy produced by the Facility and delivered to The Company in accordance with the rates and procedures contained in Rate Schedule COG-2 attached hereto as Appendix B, and as may be amended from time to time. Prior to January 1, 1995 QF will receive energy payments based on The Company's actual avoided energy costs. After December 31, 1994 QF's energy payments will be based on the lesser of The Company's actual avoided energy costs or the fuel cost of the Statewide Avoided Unit as defined in COG-2, such comparison to be made hourly.

4.2 Capacity

4.2.1 Anticipated Committed Capacity. QF expects to sell approximately 24 MW or 24,000kW of capacity, beginning on or about APRIL 1st, 19 91, under option B of Rate Schedule COG-2.

4.2.2 Actual Committed Capacity. QF shall have the one-time option of amending Paragraph 4.2.1 above after initial facility testing to specify changes in committed capacity and/or date for commencement of capacity payments by providing notice to The Company of such changes in accordance with Paragraph 9.8. In the event that The Company does not receive notice of such changes before the commercial in-service date of the Facility, or January 1, 1993, whichever occurs first, the committed capacity and beginning date in 4.2.1 shall apply.

4.2.3 Capacity Payments. At the end of each billing month, beginning with the billing month specified in Paragraph 4.2.2, The Company will calculate the most recent twelve month rolling average capacity factor for such month based on QF's Committed Capacity. If the capacity factor thus calculated is 70% or more, then The Company agrees to pay QF a capacity payment that is the product of QF's Committed Capacity and the applicable rate from QF's chosen capacity payment Option.

The capacity payment for a given month will be added to the energy payment for such month and tendered by The Company to QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

5. Electricity Production Schedule

During the term of this Agreement, QF agrees to:

(a) Provide The Company prior to October 1 of each calendar year an estimate of the amount of electricity generated by the Facility and delivered to The Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages or reductions in capacity;

(b) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;

(c) Coordinate its scheduled Facility outages with The Company; and

(d) Comply with reasonable requirements of The Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement.

(e) Adjust reactive power flow in the interconnection so as to remain within the range of 85% leading to 85% lagging power factor.

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

The QF's payment option choice pursuant to paragraph 4.2.3 may result in payment by The Company for capacity delivered prior to January 1, 1995. The parties recognize that capacity payments paid through December 31, 1994, are in the nature of "early payment" for a future capacity benefit to The Company. To ensure that The Company will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

(a) The Company shall establish a Capacity Account. Amounts shall be credited to the Capacity Account each month through December 31, 1994, in the amount of The Company's capacity payments made to the QF pursuant to QF's chosen payment option from Rate Schedule COG-2. The monthly balance in the Capacity Account shall accrue interest at an annual rate of 10.72%. Commencing on January 1, 1995, there shall be debited from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which The Company would have paid for capacity in that month if capacity payment had been calculated pursuant to Option A in Rate Schedule COG-2 and the QF had elected to begin receiving payment on January 1, 1995 minus the monthly capacity payment The Company makes to QF pursuant to the capacity payment option chosen by QF in paragraph 4.2.1.

(b) The QF shall owe The Company and be liable for the credit balance in the Capacity Account. The Company agrees to notify QF monthly as to the current Capacity Account balance. Prior to receipt of advance capacity payments the QF shall execute a promise to repay any credit balance in the Capacity Account in the event the QF defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Rate Schedule COG-2. The specific repayment assurance selected for purposes of this Agreementis: letter of credit or other agreeable security.

The total Capacity Account shall immediately become due and payable in the event of default by the QF. The QF's obligation to pay the credit balance in the Capacity Account shall survive termination of this Agreement.

7. Non-Performance Provisions

QF shall not receive a capacity payment during any month in which the twelve months

rolling average of the QF's capacity factor does not equal or exceed 70% as defined in Rate Schedule COG-2. In addition, if for any month after December 31, 1994, the QF fails to achieve a 70% capacity factor on a 12 month rolling average basis and the QF has received capacity payments prior to January 1, 1995, the QF 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 QF achieved a 70% capacity factor. Any payments thus required of QF shall be separately invoiced by The Company to QF after each month for which such repayment is due and shall be paid by QF within 20 days after receipt of such invoice by QF. Such repayment shall be debited from the Capacity Amount as an Early Payment Offset Amount.

In no event shall the QF repay to The Company for non-performance such amounts which exceed the current credit balance in the Capacity Account.

8. Default

8.1 Mandatory Default. The QF shall be in default under this Agreement if: (1) the QF voluntarily declares bankruptcy, or (2) the QF ceases all electric generation for 12 consecutive months.

8.2 Optional Default. The Company may declare the QF to be in default: (1) if after January 1, 1995, the QF fails to maintain a capacity factor required in Paragraph 4.2.3 on a twelve-month rolling average basis for 24 consecutive months, or (2) because of a QF's refusal or inability to deliver its Committed Capacity after January 1, 1995.

8.3 Default Remedy. Once this contract is declared to be in default, The Company's obligation to make capacity payments in accordance with Paragraph 4.2 is suspended until the default is remedied. Upon written notice to the QF the then current value of the credit balance of the capacity account described in Paragraph 6 (b) shall be paid to The Company unless the default is remedied within thirty days.

8.4 Contract Survival After Default. Default by the QF shall not relieve the QF of its obligations to sell the Company all capacity and energy generated by the QF, its heirs, successors, or assigns should energy production resume in the future. Prices paid by The Company for such future generation after default shall not be greater than required under the terms of this contract.

9. General Provisions

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

to seek to obtain any and all governmental permits, certifications or other authority The Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

9.2 Indemnification. QF agrees to indemnify and save harmless The Company and its employees, officers, and directors against any and all liability, loss, damage, costs or expense which The Company, its employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of QF in performing its obligations pursuant to this Agreement or QF's failure to abide by the provision of this Agreement. The Company agrees to indemnify and save harmless QF and its employees, officers, and directors against any and all liability, loss, damage, cost or expense which QF, its employees, officers, and directors may hereafter incur, suffer, or be required to pay by reason of negligence on the part of The Company in performing its obligations pursuant to this Agreement or The Company's failure to abide by the provisions of this Agreement. QF agrees to include The Company as an additional insured in any liability insurance policy or policies QF obtains to protect QF's interests with respect to QF's indemnity and hold harmless assurances to The Company contained in this Section.

9.3 Exclusion of Incidental and Consequential Damages. Neither party shall be liable to the other for incidental, consequential, or indirect damages including, but not limited to, the cost of replacement power, whether arising in contract, tort, or otherwise.

9.4 Renegotiations Due to Regulatory Changes. Anything in this Agreement to the contrary notwithstanding, should The Company at any time during the term of this Agreement fail to obtain or be denied the FPSC's authorization, or the authorization of any other regulatory body which now has or in the future may have jurisdiction over The Company's rates and charges, to recover from its customers all of the payments required to be made to QF under the terms of this Agreement or any subsequent amendment to this Agreement, the parties agree that, at The Company's option, they shall renegotiate this Agreement or any applicable amendment. If The Company exercises such option to renegotiate, The Company shall not thereafter be required to make such payments to the extent The Company's authorization to recover them from its customers is not obtained or is denied. The Company's exercise of its option to renegotiate shall not relieve the QF of its obligation to repay the balance in the Capacity Account. It is the intent of the parties that the Company's payment obligations under this Agreement or any amendment hereto are conditioned upon the Company's being fully reimbursed for such payments through the Fuel and Purchased Power Cost Recovery Clause or

other authorized rates or charges. Any amounts initially recovered by The Company from its ratepayers but for which recovery is subsequently disallowed by the FPSC and charged back to The Company may be off-set or credited against subsequent payments made by The Company for purchases from the QF, or alternatively, shall be repaid by the QF.

9.5 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be remedied with all possible dispatch; and the obligations, terms and conditions of this Agreement shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. QF agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with The Company's system if the same are rendered inoperable due to actions of QF, its agents, or force majeure events affecting the Facility or the interconnection with The Company. The Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by The Company or its agents.

9.6 Assignment. The QF shall not have the right to assign its obligations, benefits, and duties without The Company's prior written approval.

9.7 Disclaimer. In executing this Agreement, The Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with QF or any assignee of this Agreement, nor does it create any third party benficiary rights.

9.8 Notification. For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as

either party furnishes the other party written instructions to contact another individual.

For QF: Dr. Richard Glick
P.O. Box 20205

TALLAHASSEE, FLORIDA 32316 Phone (904) 644 4824

For The Company: _____

_____

_____ Phone: _____

9.9 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

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

9.11 Complete Agreement and Amendments. All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement.

9.12 Incorporation of Rate Schedule. The parties agree that this Agreement 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.

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

IN WITNESS WHEREOF, QF and The Company have executed this Agreement the day and year first above written.

WITNESSES:

Qualifying Facility

CFR BIO GEN CORPORATION

Richard Glick

WITNESSES:

The Company

Interconnected and
Non-Interconnected

DISPATCHABLE CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

between

CFR/BIOGEN

and

FLORIDA POWER CORPORATION

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DISPATCHABLE CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

This Agreement ("Agreement") is made and entered by and between CFR Biogen, a Florida Corporation, having its principal place of business at Tallahassee, Florida (hereinafter referred to as the "QF"), and Florida Power Corporation, a private utility corporation organized under the laws of the State of Florida, having its principal place of business at St. Petersburg, Florida (hereinafter referred to as the "Company"). The QF and the Company may be hereinafter referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the QF desires to sell, and the Company desires to purchase, electricity to be generated by the Facility and made available for sale to the Company, consistent with FPSC Rules 25-17.080 through 25-17.091 in effect as of the Execution Date;

WHEREAS, the QF will be a qualifying cogenerator as defined by FERC and FPSC regulations using natural gas as its primary fuel source and other hydrocarbon fuels as its secondary or standby fuel source and

WHEREAS, the QF will engage in interconnected operation of the QF's generating facility with the Company or with another utility's system (hereinafter referred as the "Transmission Service Utility") which is directly interconnected at one or more points with the Company.

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

ARTICLE I: DEFINITIONS

As used in this Agreement and in the Appendices hereto, the following capitalized terms shall have the following meanings:

1.1 Appendices means the schedules, exhibits and attachments which are appended hereto and are hereby incorporated by reference and made a part of this Agreement.

1.1.1 Appendix A sets forth the Company's Interconnection Scheduling and Cost Procedures.

1.1.2 Appendix B sets forth the Company's Parallel Operating Procedures.

1.1.3 Appendix C sets forth the Company's Rates for Purchase of Firm Capacity and Energy from a Qualifying Facility.

1.1.4 Appendix D sets forth the Company's Transmission Service Standards.

1.1.5 Appendix E sets forth FPSC Rules 25-17.080 through 25-17.091 in effect as of the Execution Date.

1.2 Accelerated Capacity Payment means payments based upon the accelerated payment rates in Appendix C.

1.3 As-Available Energy Cost means the energy rate calculated in accordance with FPSC Rule 25-17.0825 as such rule may be amended from time to time.

1.4 Automatic Generation Control (AGC) means the remote regulation by the Company of the output of electric generators within a prescribed area in response to change in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the scheduled system frequency or the established interchange with other areas within predetermined limits or both as determined by the North American Electric Reliability Council.

1.5 Avoided Unit Fuel Reference Plant means that Company unit(s) whose delivered price of fuel shall be used as a proxy for the fuel associated with the avoided unit type selected in section 8.2.1 hereof as such unit(s) are defined in Appendix C.

1.6 Avoided Unit Heat Rate means the heat rate associated with the avoided unit type selected in section 8.2.1 hereof as it is defined in Appendix C.

1.7 Avoided Unit Variable O & M means the variable operation and maintenance expense associated with the unit type selected in section 8.2.1 hereof as it is defined in Appendix C.

1.8 BTU means British thermal unit.

1.9 Capacity Account means that account which complies with the procedure in section 8.5 hereof.

1.10 Capacity Discount Factor means the value specified pursuant to section 8.4 hereof.

1.11 Capacity Payment Adjustment means the value calculated pursuant to Appendix C.

1.12 Commercial In-Service Status means (i) that the Facility is in compliance with all applicable Facility permits; (ii) that the Facility has maintained an hourly KW output, as metered at the Point of Delivery, equal to or greater than the Committed Capacity for a consecutive twenty-four (24) hour period or during the On-Peak Hours specified in Appendix C of (2) two consecutive days; and (iii) that such period is reasonably reflective of the Facility's day to day operations.

1.13 Committed Capacity means the KW capacity, as defined in Article VI hereof, which the QF has agreed to make available on a firm basis at the Point of Delivery.

1.14 Company's Interconnection Facilities means all equipment which is constructed, owned, operated and maintained by the Company located on the Company's side of the Point of Delivery, including without limitation, equipment for connection, switching, transmission, distribution, protective relaying and safety provisions which, in the Company's reasonable judgment, is required to be installed for the delivery and measurement of electric energy into the Company's system on behalf of the QF, including all metering and telemetering equipment installed for the measurement of such energy regardless of its location in relation to the Point of Delivery.

1.15 Completion Security Guaranty means the deposits or other assurances as specified in section 13.1 hereof.

1.16 Contract Approval Date means the date of issuance of a final FPSC order approving this Agreement, without change, finding that it is prudent and cost recoverable by the Company through the FPSC's periodic review of fuel and purchased power costs, which order shall be considered final when all opportunities for requesting a hearing, requesting reconsideration, requesting clarification and filing for judicial review have expired or are barred by law.

1.17 Contract In-Service Date means the date, as specified in Article IV hereof, by which the QF has agreed to achieve Commercial In-Service Status.

1.18 Construction Commencement Date means the date on which work on the concrete foundation for the turbine generator begins and construction activity at the Facility site thereafter continues in accordance with a verifiable and satisfactory schedule of construction..

1.19 Control Area means a utility system capable of regulating its generation in order to maintain its interchange schedule with other utility systems and contribute its frequency bias obligation to the interconnection.

1.20 Dispatch means the right of the Company to determine the level of required output in MW and MVAR of the QF by automatic or other means as may be used by the Company's system dispatcher from time to time.

1.21 Dispatch Protocol means the policies and procedures established in this Agreement and by using established industry standards, policies and procedures.

1.22 Equivalent Availability Factor (EAF) means the hourly ability of the unit to produce its Committed Capacity during any hour the reference unit would have run during the On-Peak Hours as shown in Appendix C.

1.23 Execution Date means the latter of the date on which the Company or the QF executes this Agreement.

1.24 Facility means all equipment, as described in this Agreement, used to produce electric energy and, for a cogeneration facility, used to produce useful thermal energy through the sequential use of energy and all equipment that is owned or controlled by the QF required for parallel operation with the interconnected utility.

1.25 FERC means the Federal Energy Regulatory Commission and any successor.

1.26 Firm Energy Cost means the energy rate calculated in accordance with section 9.1.2 hereof.

1.27 Florida-Southern Interface means the points of interconnection between the electric Control Areas of (1) Florida Power & Light Company, Florida Power Corporation, Jacksonville Electric Authority, and the City of Tallahassee and (2) Southern Company.

1.28 Force Majeure Event means an event or occurrence that is not reasonably foreseeable by a Party, is beyond its reasonable control, and is not caused by its negligence or lack of due diligence, including, but not limited to, natural disasters, fire, lightning, wind, perils of the sea, flood, explosions, acts of God or the public enemy, strikes, lockouts, vandalism, blockages, insurrections, riots, war, sabotage, action of a court or public authority, or accidents to or failure of equipment or machinery.

1.29 FPSC means the Florida Public Service Commission and any successor.

1.30 Fuel Multiplier means that value associated with the unit type selected in section 8.2.1 hereof as it is defined in Appendix C.

1.31 Import Capability means the capability to import power at the Florida-Southern Interface, giving consideration to the various limitations imposed upon those facilities by the electric systems to which they are directly or indirectly connected.

1.32 Interconnection Costs means the actual costs incurred by the Company for the Company's Interconnection Facilities, including, without limitation, the cost of equipment, engineering, communication and administrative activities.

1.33 Interconnection Costs Offset means the estimated costs included in the Interconnection Costs that the Company would have incurred if it were not purchasing

Committed Capacity and electric energy but instead itself generated or purchased from other sources an equivalent amount of Committed Capacity and electric energy and provided normal service to the Facility as if it were a non-generating customer.

1.34 KW means one (1) kilowatt of electric capacity.

1.35 KWH means one (1) kilowatthour of electric energy.

1.36 Minimum On-Peak Capacity Factor means that value which is associated with the unit type selected in section 8.2.1 hereof as it is defined in Appendix C.

1.37 MWH means one (1) megawatthour of electric energy.

1.38 MVAR means one megavoltampere of reactive power.

1.39 On-Peak Hours means those daily time periods specified in Appendix C.

1.40 Operational Event of Default means an event or circumstance defined as such in Article XV hereof.

1.41 Operational Security Guaranty means the deposits or other assurances as specified in section 13.3 hereof.

1.42 Performance Adjustment means the value calculated pursuant to Appendix C.

1.43 Point of Delivery means the point(s) where electric energy delivered to the Company pursuant to this Agreement enters the Company's system.

1.44 Point of Metering means the point(s) where electric energy made available for delivery to the Company, subject to adjustment for losses, is measured.

1.45 Point of Ownership means the interconnection point(s) between the Facility and the interconnected utility.

1.46 Pre-Operational Event of Default means an event or circumstance defined as such in Article XV hereof.

1.47 Qualifying Cogeneration Facility means a facility that meets the requirements defined in section 3(18)(B) of the Federal Power Act, as amended by section 201 of the Public Utility Regulatory Policies Act of 1978, and that is certified as such by the FERC pursuant to applicable FERC regulations.

1.48 Term means the duration of this Agreement as specified in Article IV hereof.

1.49 Transmission Service Agreement means that agreement between the QF and the Transmission Service Utility which meets the requirements of Appendix D.

1.50 Transmission Service Utility means the utility interconnected with the QF other then the Company.

ARTICLE II: TRANSMISSION LIMITATIONS

2.1 For a QF with a Facility located north of the latitude of the Company's Central Florida Substation, the Company will use its best efforts to obtain an amount of Import Capability equal to the diminution of Import Capability caused by the Facility during the Term of this Agreement and the QF agrees to reimburse the Company for the costs of such Import Capability.

2.2 The Company will notify the QF in writing of the availability and cost of the required Import Capability (within sixty (60) days after the Execution Date). Such reimbursement shall not be considered as a reduction in the payments made by the Company to the QF for capacity and energy under this Agreement. The QF may terminate this Agreement after receiving such notification without penalty prior to the date that the Completion Security Guaranty is due pursuant to section 13.1 hereof.

ARTICLE III: FACILITY

3.1 The Facility shall be located South of the Company's Central Florida Substation. The Facility shall meet all other specifications identified in the Appendices hereto in all material respects and no change in the designated location of the Facility shall be made by the QF. The Facility shall be designed and constructed by the QF or its agents at the QF's sole expense.

3.2 Throughout the Term of this Agreement, the Facility shall be a Qualifying Cogeneration Facility.

3.3 Except for Force Majeure Events declared by the Facility's fuel supplier(s) or fuel transporter(s) which comply with the definition of Force Majeure Events as specified in this Agreement and occur after the Contract In-Service Date, the Facility's

ability to deliver its Committed Capacity shall not be encumbered by interruptions in its fuel supply.

3.4 The QF shall either (i) arrange for and maintain standby electrical service under a firm tariff; or (ii) maintain the ability to restart and/or continue operations during interruptions of electric service; or (iii) maintain multiple independent sources of generation.

3.5 From the Execution Date through the Contract In-Service Date, the QF shall provide the Company with progress reports on the first day of January, April, July and October of each year which describe the current status of Facility development in such detail as the Company may reasonably require.

ARTICLE IV: TERM AND MILESTONES

4.1 The Term of this Agreement shall begin on the Execution Date and shall expire at 24:00 hours on the last day of December, 2025 unless extended pursuant to section 4.2.4 hereof or terminated in accordance with the provisions of this Agreement. Upon termination or expiration of this Agreement, the Parties shall be relieved of their obligations under this Agreement except for the obligation to pay each other all monies under this Agreement, which obligation shall survive termination or expiration. Each Party shall use its best efforts to enforce the validity of this Agreement and to expedite FPSC action on the Company's request for FPSC approval of this Agreement. The Company shall submit this Agreement and related documentation to the FPSC for approval within ten (10) days of the Execution Date.

4.2 The Parties agree that time is of the essence and that: (i) The QF shall designate the Facility's location Section, Township and Range on or before the last day of December 1992; (ii) the QF shall execute the Transmission Service Agreement. if applicable, which shall be approved or accepted for filing by the FERC on or before the last day of June 1993; (iii) the Construction Commencement Date shall occur on or before the last day

of June 1994; and (iv) the Facility shall achieve Commercial In-Service Status on or before the 16th (sixteenth) day of December 1995 which date shall constitute the Contract In-Service Date. These three dates shall not be modified except as provided in section 4.2.1, 4.2.2, 4.2.3 and 4.2.5 hereof.

4.2.1 Upon written request by the QF, these four dates each may be extended on a day-for-day basis for each day that the Contract Approval Date exceeds one hundred twenty (120) days after the date the Company submits this Agreement and related documentation to the FPSC for approval; provided, however, that the QF's notice shall specifically identify the date and duration for which extension is being requested. Such delay shall not be considered a Force Majeure Event for purposes of this Agreement.

4.2.2 Upon written request by the QF not more than sixty (60) days after the declaration of a Force Majeure Event by the QF, which event contributes proximately and materially to a delay in the QF's schedule, these four dates each may be extended on a day-for-day basis for each day of delay so caused by the Force Majeure Event; provided, however, that the QF shall specifically identify: (i) each date for which extension is being requested; and (ii) the expected duration of the Force Majeure Event; and provided further, that the maximum extension of any of these four dates shall in no event exceed a total of one hundred and eighty (180) days, irrespective of the nature or number of Force Majeure Events declared by the QF.

4.2.3 The Contract In-Service Date shall be extended on a day-for-day basis for any delays directly attributable to the Company's failure to complete its obligations hereunder.

4.2.4 If the Contract In-Service Date is extended pursuant to sections 4.2.1, 4.2.2 or 4.2.3 hereof, then the Term of the Agreement may be extended for the same number of days upon separate written request by the QF not more than thirty (30) days after the Contract In-Service Date.

4.2.5 The QF shall have the one-time option of accelerating the Contract In-Service Date by up to six (6) months upon written notice to the Company not less than thirty (30) days before the accelerated Contract In-Service Date; provided, however, that (i) the QF shall be in compliance with all applicable requirements of this Agreement as of such earlier date; and (ii) the Company's Interconnection Facilities can reasonably be expected to be operational as of such earlier date.

ARTICLE V: DISPATCH & OPERATING RESPONSIBILITIES

5.1 During the Term of this Agreement, the QF shall:

5.1.1 Have the sole responsibility to, and shall at its sole expense, operate and maintain the Facility in accordance with all requirements set forth in this Agreement.

5.1.2 Provide the Company prior to October 1 of each calendar year the estimated amounts of electricity to be generated by the Facility and delivered to the Company for each month of the following calendar year, including the estimated time, duration and magnitude of any planned outages or reductions in capacity.

5.1.3 Promptly notify the Company of any changes to the yearly generation and maintenance schedules.

5.1.4 Provide the Company by telephone or facsimile prior to 9:00 A.M. of each day an estimate of the hourly amounts of electric energy that could be delivered at the Point of Delivery for the next two days.

5.1.5 Coordinate scheduled outages and maintenance of the Facility with the Company. The QF shall recognize and accommodate the Company's system demands and obligations and shall make all reasonable efforts to schedule outages and maintenance during such times as are designated by the Company.

5.1.6 Comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications with the Company or with the Transmission Service Utility relative to the performance of this Agreement.

5.2 The estimates and schedules provided by the QF under this Article V shall be prepared in good faith, based on conditions known or anticipated at the time such estimates and schedules are made, and shall not be binding upon either Party; provided, however, that the QF shall in no event be relieved of its obligation to deliver Committed Capacity under the terms and conditions of this Agreement.

5.3 Dispatch Rights. The QF agrees that the Company shall have the rights to Dispatch the Facility, commencing on the Commercial Operation Date, provided that the Company Dispatches the Facility in accordance with the protocols set forth in Section 5.4 and complies with the notice obligations set forth in Section 5.5. As long as the Company has the right to Dispatch the Facility, the QF agrees to control the Facility in a manner consistent with the Company's Dispatch of the Facility; provided, however, that in the event of an emergency affecting the Facility, the Interconnection Facilities or the Company's electrical system, the QF shall have the right to control the Facility (and may take back

direct control if the Facility is on automatic generation control) to protect either or both the Facility and the Interconnection Facilities, subject, however, to the Company's rights and the QF obligations.

5.4 Dispatch Protocols.

5.4.1 The Company shall Dispatch the Facility as a baseload unit considering both the heat rate curves and start-up and shut-down costs of the equivalent unit. The QF Facility will operate at a minimum dispatch level of at least 50% annual capacity factor each year during the term of this Agreement after the Contract In-Service Date. This minimum annual capacity factor will be reduced by the number of hours the Facility is (1) on a scheduled partial, (2) full outage, (3) forced partial, (4) full outage or (5) has been disconnected pursuant to Section 15.3 or 21.1 or Appendix B-3. The Facility shall be subject to automatic generation and voltage control whenever the Facility is being operated above its minimum load and below its committed capacity. The Facility operator shall regulate the Facility output to the Company's desired level whenever it is being operated, at the Company's request, at or below its minimum load or above its Committed Capacity, or whenever automatic control is discontinued at the Company's request.

5.4.2 The minimum loading of the Facility during the months of May through October will be fifty percent (50%) of the Committed Capacity. Below fifty percent (50%) required loading, the Facility will be scheduled off. During the months of November through April (fruit processing season), the Facility may be dispatched to a minimum of twenty percent (20%) loading. Below this level, the unit will be scheduled off. The Facility will be capable of a dispatch ramp rate of at least 5,000 KW per minute for a sustained five minute period. For

all hourly periods the Facility is unable to operate on AGC, or that the operator, at his request, has the unit off of AGC for 15 minutes or more of the hourly period, the energy payment for the hourly period will be discounted by the non-AGC penalty which is five percent (5%). If AGC operation is discontinued at the Company's request, no penalty will be applied.

5.4.3 The QF's Facility will operate at any MVAR output level automatically or by other means at the request of the dispatcher within the limits of the generator capability curve, both leading and lagging. The QF will provide the generator capability curve to the Company 60 days prior to the Contract In-Service Date.

5.5 Notice Obligations. In order to maintain its right to dispatch the Facility, the Company shall provide the following notices to the QF:

5.5.1 Each day during the term of this Agreement, the Company shall provide the QF with a projected schedule for the operation of the Facility for at least the next two days; provided, however, that the QF acknowledges that the actual operation levels of the Facility will be determined by the requirements of the Company's dispatch;

5.5.2. At all times during the term of this Agreement, the Company shall document and make available to the QF's Facility operator the actual operation levels (in MWH's) of the Facility during the previous hour; and

5.5.3. At all times during the term of this Agreement, the Company shall provide the QF with five (5) minutes notice of any change in operating levels to be achieved by the Facility; provided, however, that such notice shall not be required if the Facility is being controlled by

its automatic generation control equipment, or in the event of a system emergency requiring an immediate change in operating level.

ARTICLE VI: PURCHASE AND SALE OF CAPACITY AND ENERGY

6.1 Commencing on the Contract In-Service Date, the QF shall commit, sell and arrange for delivery of the Committed Capacity to the Company and the Company agrees to purchase, accept and pay for the Committed Capacity made available to the Company at the Point of Delivery in accordance with the terms and conditions of this Agreement. The QF also shall sell and deliver or arrange for the delivery of the electric energy to the Company and the Company agrees to purchase, accept, and pay for such electric energy as is made available for sale to and received by the Company at the Point of Delivery.

6.2 The Committed Capacity and electric energy made available at the Point of Delivery to the Company shall be (X) net of any electric energy used on the QF's side of the Point of Ownership ~~(or ( ) simultaneous with any purchases from the interconnected utility). This selection in billing methodology shall not be changed.~~

6.3 If the Company is unable to receive part or all of the Committed Capacity which the QF has made available for sale to the Company at the Point of Delivery by reason of (i) a Force Majeure Event; or (ii) pursuant to FPSC Rule 25-17.086, notice and procedural requirements of Article XXI shall apply and the Company will nevertheless be obligated to make capacity payments which the QF would be otherwise qualified to receive, and to pay for energy actually received, if any. The Company shall not be obligated to pay for energy which the QF would have delivered but for such occurrences and the QF shall be entitled to sell or otherwise dispose of such energy in any lawful manner; provided, however, such entitlement to sell shall not be construed to require the Company to transmit such energy to another entity.

6.4 The QF shall not commence initial deliveries of energy to the Point of Delivery without the prior written consent of the Company, which consent shall not be unreasonably withheld. The QF shall provide the Company not less than thirty (30) days written notice before any testing to establish the Facility's Commercial In-Service Status. Representatives of the Company shall have the right to be present during any such testing.

ARTICLE VII: CAPACITY COMMITMENT

7.1 The Committed Capacity shall be 74,000 KW, unless modified in accordance with this Article VII. The Committed Capacity shall be made available at the Point of Delivery from the Contract In-Service Date through the remaining Term of this Agreement at a Committed Equivalent Availability Factor of 90%.

7.2 For the period ending one (1) year immediately after the Contract In-Service Date, the QF may, on one occasion only, decrease the initial Committed Capacity by no more than ten percent (10%) of the Committed Capacity specified in section 7.1 hereof as of the Execution Date upon written notice to the Company before such change is to be effective.

7.3 After the one (1) year period specified in section 7.2, and except as provided in section 7.4, the QF may decrease its Committed Capacity over the Term of this Agreement by amounts not to exceed in the aggregate more than twenty percent (20%) of the initial Committed Capacity specified in section 7.1 hereof as of the Execution Date. Notwithstanding any other provision of this Agreement, if less than three (3) years prior written notice is provided for any such decrease, the QF shall be subject to an adjustment to the otherwise applicable payments (except as provided in section 7.4) which shall begin when the Committed Capacity is decreased and which shall end three (3) years after notice of such decrease is provided. For each month, this adjustment shall be equal to the lesser of (i) the estimated increased costs incurred by the Company to generate or purchase an equivalent amount of replacement capacity and energy and (ii) the reduction in Committed Capacity times the applicable Normal Capacity Payment rate from Appendix C. Such

adjustment shall assume that the difference between the original Committed Capacity and the redesignated Committed Capacity, during all hours of the replacement period, would operate at the On-Peak Capacity Factor at the time notice is provided.

7.4 During a Force Majeure Event declared by the QF, the QF may temporarily redesignate the Committed Capacity for up to twenty-four (24) consecutive months; provided, however, that no more than one such temporary redesignation may be made within any twenty-four (24) month period unless otherwise agreed by the Company in writing. Within three (3) months after such Force Majeure Event is cured, the QF may, on one occasion, without penalty, designate a new Committed Capacity to apply for the remaining Term; provided, however, that such new Committed Capacity shall be subject to the aggregate capacity reduction limit specified in section 7.3. Any temporary or final redesignation of the Committed Capacity pursuant to this section 7.4 must, in the Company's judgment, be directly attributable to the Force Majeure Event and of a magnitude commensurate with the scope of the Force Majeure Event. Redesignation of Committed Capacity pursuant to this section 7.4 shall not be subject to the payment adjustment provisions of section 7.3.

7.5 A redesignated Committed Capacity pursuant to this Article VII shall be stated to the nearest whole KW and shall be effective only on the commencement of a full billing period.

7.6 The Company shall have the right to require that the QF, not more than once in any twelve (12) month period, re-demonstrate the Commercial In-Service Status of the Facility within sixty (60) days of the demand; provided, however, that such demand shall be coordinated with the QF so that the sixty (60) day period for re-demonstration avoids, if practical, previously notified periods of planned outages and reduction in capacity pursuant to Article V.

ARTICLE VIII: CAPACITY PAYMENTS

8.1 Capacity payments shall not commence before the Contract Approval Date and before the Contract In-Service Date and (i) until the QF has achieved Commercial In-Service Status and (ii) until the QF has posted the Operational Security Guaranty pursuant to section 13.2 hereof.

8.2 Capacity payments shall be based upon the following selections as described in Appendix C.

8.2.1 Unit type:

~~( ) Combustion turbine, Schedule 3~~

(X) Pulverized coal, Schedule 4, Option B

8.2.2 Payment options:

(X) Normal Capacity Payments

~~( ) Payments~~

8.3 At the end of each billing month, beginning with the first full month following the Contract In-Service Date, the Company will calculate the EAF on a rolling average basis for the most recent twelve (12) month period, including such month, or for the actual number of full months since the Contract In-Service Date if less than twelve (12) months. The EAF in percent for the period shall be calculated by summing the capacity in megawatts, up to and including the Committed Capacity, or the dispatch level that the QF is ready to deliver, hour-by-hour during the period divided by the total hours times the Committed Capacity in the period, said quotient multiplied by 100 to get percent EAF. If the QF fails to respond to Dispatch for additional capacity after being Dispatched off or to a lower output, the QF shall be deemed to be wholly or partially unavailable all hours of the time since the previous Dispatch for EAF calculation purposes. If the QF can demonstrate that the full or partial unavailability occurred between the call for additional capacity and

the time that the QF was previously Dispatched to less than full load, that time will be used to start the period of unavailability.

8.4 The monthly capacity payment shall equal the product of (i) the applicable capacity payment rate; (ii) the Committed Capacity; (iii) the ratio of the Committed EAF to the Minimum EAF (except as modified when Schedule 5, Appendix C applies); (iv) the Capacity Payment Adjustment; (v) the Capacity Discount Factor of 0.98.

8.5 The Parties recognize that Accelerated Capacity Payments are in the nature of "early payment" for a future capacity benefit to the Company when such payments exceed Normal Capacity Payments without consideration of the Capacity Discount Factor. To ensure that the Company will receive a capacity benefit for such difference in capacity payments which have been made, or alternatively, that the QF will repay the amount of such difference in payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

8.5.1 When the QF is first entitled to a capacity payment, the Company shall establish a Capacity Account. Each month the Capacity Account shall be credited in the amount of the Company's Accelerated Capacity Payments and shall be debited in the amount which the Company would have paid for capacity in the month pursuant to the Normal Capacity Payment without consideration of the Capacity Discount Factor.

8.5.2 In addition to the amounts pursuant to section 8.5.1 hereof, each month the Capacity Account shall be credited in the amount of any increased income taxes owed by the Company resulting from Accelerated Capacity Payments and shall be debited in the amount of any decreased income taxes owned by the Company resulting from Accelerated Capacity Payments. If such tax impacts are recovered by

the Company, the Company will adjust the Capacity Accou accordingly.

8.5.3 The monthly balance in the Capacity Account shall accr interest at the annual rate of 9.96%, or 0.79436% per month.

8.5.4 The QF shall owe the Company and be liable for the cred balance in the Capacity Account. The Company agrees to notify th QF monthly as to the current Capacity Account balance. Prior t receipt of Accelerated Capacity Payments, the QF shall execute promise to repay any credit balance in the Capacity Account; provide that the entity issuing such promise, the form of the promise, and th means of securing payment all shall be acceptable to the Company i its sole discretion.

8.5.5 The QF's obligation to pay the credit balance in the Capacit Account shall survive termination or expiration of this Agreemer

ARTICLE IX: ENERGY PAYMENTS

9.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount computed as follows:

9.1.1 Prior to the Contract In-Service Date, and for the duration of an Event of Default or a Force Majeure Event declared by the QF prior to a permitted redesignation of the Committed Capacity by the QF, the QF will receive electric energy payments based on the Company's As-Available Energy Cost as calculated hourly in accordance with FPSC Rule 25-17.0825; provided, however, that the calculation shall be based on such rule as it may be amended from time to time.

9.1.2 Except as otherwise provided in section 9.1.1 and the non-AGC penalty of 5.4.2 hereof, for each billing month beginning with the Contract In-Service Date, the QF will receive electric energy payments based upon the Firm Energy Cost calculated on an hour-by-hour basis as follows: (i) the product of the average monthly inventory chargeout price of fuel burned at the Avoided Unit Fuel Reference Plant, the Fuel Multiplier, and the Avoided Unit Heat Rate from Appendix C, Attachment 2 and 2a, at the appropriate level, for each hour that the Company would have had a unit with these characteristics operating; and (ii) during all other hours, and for all energy delivered in excess of the requested dispatch percentage of the Committed Capacity, the energy cost shall be equal to the As-Available Energy Cost as calculated in 5.4.2 and 9.1.1 above.

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9.1.2.1 For the purpose of administering 9.1.2, the Facility will be dispatched using AGC in the same percentage as the committed capacity of the Facility is to the full capacity of the reference avoided unit as shown on Appendix C, Attachments 2 and 2a. The avoided unit heat rate is determined at the point on the heat rate curve where the percentage dispatch of the Facility committed capacity equals the same percentage of the avoided unit. The generator heat rate curve will be represented by an algebraic formula for use in the AGC and to determine avoided fuel cost.

9.1.3 Energy payments shall be equal to the sum, over all hours of the month, of the product of each hour's energy cost as determined pursuant to section 9.1.1 hereof or section 9.1.2 hereof, whichever is applicable, and the energy received by the Company at the Point of Delivery, plus the Performance Adjustment.

9.2 Energy payments pursuant to section 9.1.3 hereof shall be subject to Delivery Voltage Adjustment pursuant to Appendix C.

ARTICLE X: CHARGES TO THE QF

10.1 The Company shall bill and the QF shall pay all charges applicable under this Agreement.

10.2 To the extent not otherwise included in the charges under section 10.1 hereof, the Company shall bill and the QF shall pay a monthly charge equal to any taxes assessments or other impositions for which the Company may be liable as a result of its installation of facilities in connection with this Agreement, its purchases of Committed Capacity and electric energy from the QF or any other activity undertaken pursuant to this Agreement. Such amounts billed shall not include any amounts (i) for which the Company would have been liable had it generated or purchased from other sources an equivalent amount of Committed Capacity and electric energy; or (ii) which are recovered by the Company; or (iii) which are accrued in the Capacity Account pursuant to section 8.5.2 hereof.

ARTICLE XI: METERING

11.1 All electric energy delivered to the Company shall be capable of being measured hourly at the Point of Metering. All electric energy delivered to the Company shall be adjusted for losses from the Point of Metering to the Point of Delivery. Metering equipment required to measure electric energy delivered to the Company and the telemetering equipment required to transmit such measurements to a location specified by the Company shall be installed, calibrated and maintained by the Company and all related

applicable costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.

11.2 All meter testing and related billing corrections, for electricity sold and purchased by the Company, shall conform to the metering and billing guidelines contained in FPSC Rules 25-6.052 through 25-6.060 and FPSC Rule 25-6.103, as they may be amended from time to time, notwithstanding that such guidelines apply to the utility as the seller of electricity.

11.3 The QF shall have the right to install, at its own expense, metering equipment capable of measuring energy on an hourly basis at the Point of Metering. At the request of the QF, the Company shall provide the QF hourly energy cost data from the Company's system; provided that the QF agrees to reimburse the Company for its cost to provide such data.

ARTICLE XII: PAYMENT PROCEDURE

12.1 Bills shall be issued and payments shall be made monthly to the QF and by the QF in accordance with the following procedures:

12.1.1 The capacity payment, if any, calculated for a given month pursuant to Article VIII hereof shall be added to the electric energy payment, if any, calculated for such month pursuant to Article IX hereof, and the total shall be reduced by the amount of any payment adjustments pursuant to section 7.3 hereof. The resulting amount, if any, shall be tendered, with cost tabulations showing the basis for payment, by the Company to the QF as a single payment. Such payments to the QF shall be due and payable twenty (20) business days following the date the meters are read.

12.1.2 When any amount is owing from the QF, the Company sha issue a monthly bill to the QF with cost tabulations showing the basi for the charges. All amounts owing to the Company from the Q[redacted]a be due and payable twenty (20) business days after the date of th Company's billing statement. Amounts owing to the Company fc retail electric service shall be payable in accordance with the provision of the applicable rate schedule.

12.1.3 At the option of the QF, the Company will provide a ne payment or net bill, whichever is applicable, that consolidates amount owing to the QF with amounts owing to the Company.

12.1.4 Except for charges for retail electric service, any amount du and payable from either Party to the other pursuant to this Agreemen that is not received by the due date shall accrue interest from the du date at the rate specified in section 13.3 hereof.

ARTICLE XIII: SECURITY GUARANTIES

13.1 Within thirty (30) days after the Contract Approval Date, the QF shall post a Completion Security Guaranty with the Company equal to $5.00 per KW of Committed Capacity and an additional $5.00 per KW two and one-half (2.5) years before the Contract In-Service Date, to ensure completion of the Facility in a timely fashion as contemplated by this Agreement. This Agreement shall terminate if the Completion Security Guaranty is not tendered by the QF on or before the applicable due date(s) specified herein. The QF shall either: (i) pay the Company cash in the form of a certified check in an amount equal to the Completion Security Guaranty; or (ii) provide the Company an unconditional and irrevocable direct pay letter of credit or other promise to pay such amount upon failure of the QF to perform its obligations under this Agreement; provided that the entity issuing such promise, the form of the promise, and the means of securing payment all shall be acceptable to the Company in its sole discretion.

13.2 From the date on which the QF first becomes entitled to capacity payments under this Agreement through the remaining Term, the QF shall post an Operational Security Guaranty with the Company equal to $20.00 per KW of Committed Capacity to ensure timely performance by the QF of its obligations under this Agreement. The QF shall either: (i) pay the Company cash in the form of a certified check in an amount equal to the Operational Security Guaranty; or (ii) provide the Company an unconditional and irrevocable direct pay letter of credit or other promise to pay such amount upon failure of the QF to perform its obligations under this Agreement; provided that the entity issuing such promise, the form of the promise, and the means of securing payment all shall be acceptable to the Company in its sole discretion. Furthermore, if option (ii) is selected, the Operational Security Guaranty shall be increased monthly as if it had accrued interest pursuant to section 13.3 hereof.

13.3 All Completion and Operational Security Guaranties paid in cash to the Company shall accrue interest at a rate equal to the thirty (30) day highest grade commercial paper rate as published in the Wall Street Journal on the first business day of each month. Such interest shall be compounded monthly.

13.4 If the Facility achieves Commercial In-Service Status on or before the Contract In-Service Date, the Company shall refund to the QF any cash Completion Security Guaranty and accrued interest within thirty (30) days thereafter and shall cancel any other form of Completion Security Guaranty which the Company has accepted in lieu of a cash deposit. If the Facility fails to achieve Commercial In-Service Status on or before the Contract In-Service Date for any reason, including Force Majeure Events, except as provided in section 4.2.2 hereof, then in addition to any other rights or obligations of the Parties, the QF shall immediately forfeit and the Company, in lieu of any other remedies except as provided in Section 15.1.6 hereof, shall retain any cash Completion Security Guaranty and accrued interest, and any other form of Completion Security Guaranty which the Company has accepted in lieu of a cash deposit shall become immediately due and payable to the Company.

13.5 Upon conclusion of the Term of this Agreement, without early termination by either Party, the Company shall refund to the QF any cash Operational Security Guaranty and accrued interest within thirty (30) days thereafter and shall cancel any other form of Operational Security Guaranty which the Company has accepted in lieu of a cash deposit. Upon any earlier termination of this Agreement for any reason, including Force Majeure Events, but excluding an early termination by the QF permitted pursuant to this Agreement, then in addition to any other rights or obligation of the Parties, the QF shall immediately forfeit and the Company shall retain the Operational Security Guaranty and accrued interest, and any other form of Operational Security Guaranty which the Company has accepted in lieu of a cash deposit shall become immediately due and payable to the Company.

ARTICLE XIV: REPRESENTATIONS, WARRANTIES AND COVENANTS

14.1 The QF makes the following additional representations, warranties and covenants as the basis for the benefits and obligations contained in this Agreement:

14.1.1 The QF represents and warrants that it is a corporation, partnership or other business entity duly organized, validly existing and in good standing under the laws of the State/Commonwealth of Florida and is qualified to do business under the laws of the State of Florida.

14.1.2 The QF represents, covenants and warrants that, to the best of the QF's knowledge, throughout the Term of this Agreement the QF will be in compliance with, or will have acted in good faith and used its best efforts to be in compliance with, all laws, judicial and administrative orders, rules and regulations, with respect to the ownership and operation of the Facility, including but not limited to applicable certificates, licenses, permits and governmental approvals; environmental impact analyses, and, if applicable, the mitigation of environmental impacts.

14.1.3 The QF represents and warrants that it is not prohibited by any law or contract from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed pursuant to this Agreement.

14.1.4 The QF represents and warrants that there is no pending or threatened action or proceeding affecting the QF before any court, governmental agency or arbitrator that could reasonably be expected to affect materially and adversely the ability of the QF to perform its obligations hereunder, or which purports to affect the legality, validity or enforceability of this Agreement.

14.2 All representations and warranties made by the QF in or under this : shall survive the execution and delivery of this Agreement and any action taken ereto.

XV: EVENTS OF DEFAULT; REMEDIES

15.1 PRE-OPERATIONAL EVENTS OF DEFAULT

Any one or more of the following events occurring before the Contract In- ıte, except events caused by the Company, shall constitute a Pre-Operational)efault and shall give the Company the right to exercise, without limitation, the pecified under section 15.2 hereof:

15.1.1 The QF, without a prior assignment permitted pursuant to Article XXIII hereof, becomes insolvent, becomes subject to

bankruptcy or receivership proceedings, or dissolves as a legal busines entity.

15.1.2 Any representation or warranty furnished by the QF to the Company is false or misleading in any material respect when made and the QF fails to conform to said representation or warranty within sixty (60) days after a demand by the Company to do so.

15.1.3 The QF has not entered into the Transmission Service Agreement, if applicable, which as been approved or accepted for filing by the FERC on or before the date specified in Article IV hereof, as extended only pursuant to said Article IV.

15.1.4 The Construction Commencement Date has not occurred on or before the date specified in Article IV hereof, as extended only pursuant to said Article IV.

15.1.5 The QF fails to diligently pursue construction of the Facility after the Construction Commencement Date.

15.1.6 The Facility fails to achieve Commercial In-Service Status on or before the Contract In-Service Date unless the QF notifies the Company on or before the Contract In-Service Date that it agrees to pay the Company in weekly installments in cash or certified check an amount equal to $0.15 per KW times the Committed Capacity specified in section 7.1 hereof for every day between the date that the Facility achieves Commercial In-Service Status and the Contract In-Service Date and the Facility subsequently achieves Commercial In-Service Status no later than ninety (90) days after the Contract In-Service Date.

15.1.7 The QF fails to comply with any other material terms and conditions of this Agreement and fails to conform to said term and condition within sixty (60) days after a demand by the Company to do so.

15.2 REMEDIES FOR PRE-OPERATIONAL EVENTS OF DEFAULT

For any Pre-Operational Event of Default specified under section 15.1 hereof, the Company may, in its sole discretion and without an election of one remedy to the exclusion of the other remedy, take any of the actions pursuant to sections 15.2.1 and 15.2.2 hereof; provided, however, that the Company shall first exercise the remedy pursuant to section 15.2.1 hereof if (i) the Construction Commencement Date has occurred on or before the date specified in Article IV hereof, as extended only pursuant to said Article IV; and (ii) the QF is not in arrears for any monies owed to the Company pursuant to this Agreement.

15.2.1 Renegotiate any applicable provisions of this Agreement with the QF when necessary to preserve its validity. If the Parties cannot agree within thirty (30) days from the date of the Pre-Operational Event of Default, the Company shall have the right to exercise the remedy pursuant to section 15.2.2 hereof.

15.2.2 Terminate this Agreement.

15.3 OPERATIONAL EVENTS OF DEFAULT

Any one or more of the following events except events caused by Force Majeure Events unless otherwise stated, occurring on or after the Contract In-Service Date shall constitute an Operational Event of Default by the QF and shall give the Company the right, without limitation, to exercise the remedies under section 15.4 hereof:

15.3.1 The Operational Security Guaranty required under Arti[redacted]XI is not tendered on or before the applicable due date specified in tl Article.

15.3.2 The QF fails upon request by the Company pursuant to sectic 7.6 hereof to re-demonstrate the Facility's Commercial In-Servic Status to the satisfaction of the Company.

15.3.3 The QF fails for any reason, including Force Majeure Event to qualify for capacity payments under Article VIII hereof for an consecutive twenty-four (24) month period.

15.3.4 The QF, without a prior assignment permitted pursuant tc Article XXIII hereof, becomes insolvent, becomes subject tc bankruptcy or receivership proceedings, or dissolves as a legal bus[redacted]s entity.

15.3.5 The QF fails to perform or comply with any other materia terms and conditions of this Agreement and fails to conform to said term and conditions within sixty (60) days after a demand by the Company to do so.

15.4 REMEDIES FOR OPERATIONAL EVENTS OF DEFAULT

For any Operational Event of Default specified under section 15.3 hereof, the Company may, without an election of one remedy to the exclusion of the other remedies, take any of the actions pursuant to sections 15.4.1, 15.4.2, and 15.4.3 hereof; provided,

however, that the Company shall first exercise the remedy pursuant to section 15.4.1 hereo except for an Operational Event of Default pursuant to section 15.3.3 hereof.

15.4.1 Allow the QF a reasonable opportunity to cure the Operationa Event of Default and suspend its capacity payment obligations upor written notice whereupon the QF shall be entitled only to energ payments calculated pursuant to section 9.1.1 hereof. Thereafter, if the Operational Event of Default is cured: (i) capacity payments shal resume and subsequent energy payments shall be paid pursuant tc section 9.1.2 hereof; and (ii) the On-Peak Capacity Factor shall be calculated on the assumption that the first full month after the Operational Event of Default is cured is the first month that the On-Peak Capacity factor is calculated.

15.4.2 Terminate this Agreement.

15.4.3 Exercise all remedies available at law or in equity.

ARTICLE XVI: PERMITS

The QF hereby agrees to seek to obtain, at its sole expense, any and all governmental permits, certificates, or other authorization the QF is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees, at the QF's expense, to seek to obtain any and all governmental permits, certificates, or other authorization the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

ARTICLE XVII: INDEMNIFICATION

The QF agrees to indemnify and save harmless the Company and employees, officers, and directors against any and all liability, loss, damage, costs or expense which the Company, its employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the QF in performing its obligations pursuant to this Agreement or the QF's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the QF and its employees, officers, and directors against any and all liability, loss, damage, cost or expense which the QF, its employees, officers, and directors may hereafter incur, suffer, or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provisions of this Agreement. The QF agrees to include the Company as an additional insured in any liability insurance policy or policies the QF obtains to protect the QF's interests with respect to the QF's indemnity and hold harmless assurance to the Company contained in Article XVII.

ARTICLE XVIII: EXCLUSION OF INCIDENTAL CONSEQUENTIAL, AND INDIRECT DAMAGES

Neither Party shall be liable to the other for incidental, consequential or indirect damages, including, but not limited to, the cost of replacement capacity and energy (except as provided for in section 7.3 hereof), whether arising in contract, tort, or otherwise.

ARTICLE XIX: INSURANCE

The provisions of this Article do not apply to a QF whose facility is not directly interconnect to the Company's system.

19.1 In addition to other insurance carried by the QF in accordance with the Agreement, the QF shall deliver to the Company, at least fifteen (15) days prior to the

commencement of any work on the Company's Interconnection Facilities, 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 a named insured and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering liabilities arising out of the interconnection with the Facility, or caused by the operation of the Facility or by the QF's failure to maintain the Facility in satisfactory and safe operating condition.

19.2 The insurance policy providing such coverage shall provide public liability insurance, including property damage, in an amount not less than $1,000,000 for each occurrence. The required insurance policy shall be endorsed with a provision requiring the insurance company to notify the Company at least thirty (30) days prior the effective date of any cancellation or material change in the policy.

19.3 The QF shall pay all premiums and other charges due on said insurance policy and shall keep said policy in force during the entire period of interconnection with the Company.

ARTICLE XX: REGULATORY CHANGES

20.1 The Parties agree that the Company's payment obligations under this Agreement are expressly conditioned upon the mutual commitments set forth in this Agreement and upon the Company's being fully reimbursed for all payments to the QF through the Fuel and Purchased Power Costs Recovery Clause or other authorized rates or charges. Notwithstanding any other provision of this Agreement, should the Company at any time during the Term of this Agreement be denied the FPSC's or the FERC's authorization, or the authorization of any other regulatory bodies which in the future may have jurisdiction over the Company's rates and charges, to recover from its customers all payments required to be made to the QF under the terms of this Agreement, payments to the QF from the Company shall be reduced accordingly. Neither Party shall initiate any action to deny recovery of payments under this Agreement and each Party shall participate in defending

all terms and conditions of this Agreement, including, without limitation, the payment leve specified in this Agreement. Any amounts initially recovered by the Company from : ratepayers but for which recovery is subsequently disallowed by the FPSC or the FE[redacted]r charged back to the Company may be off-set or credited against subsequent payments mac by the Company for purchases from the QF, or alternatively, shall be repaid by the QF. any disallowance is subsequently reversed, the Company shall repay the QF such disallowe payments with interest at the rate specified in section 13.3 hereof to the extent suc payments and interest are recovered by the Company.

20.2 If the QF's payments are reduced pursuant to section 20.1 hereof, th QF may terminate this Agreement upon thirty (30) days notice; provided that the QF give the Company written notice of said termination within eighteen (18) months after th effective date of such reduction in the QF's payments.

ARTICLE XXI: FORCE MAJEURE

21.1 If either Party because of Force Majeure Event is rendered wh[redacted]o partly unable to perform its obligations under this Agreement, other than the obligation o that Party to make payments of money, that Party shall, except as otherwise provided in thi Agreement, be excused from whatever performance is affected by the Force Majeure Even to the extent so affected, provided that:

21.1.1 The non-performing Party, as soon as possible after it become: aware of its inability to perform, shall declare a Force Majeure Even: and give the other Party written notice of the particulars of the occurrence(s), including without limitation, the nature, cause, and date and time of commencement of the occurrence(s), the anticipated scope and duration of any delay, and any date(s) that may be affected thereby.

21.1.2 The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure Event.

21.1.3 Obligations of either Party which arose before the occurrence causing the suspension of performance are not excused as a result of the occurrence.

21.1.4 The non-performing Party uses its best efforts to remedy its inability to perform with all reasonable dispatch; provided, however, that nothing contained herein shall require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the affected Party, are contrary to its interests. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the affected Party.

21.1.5 When the non-performing Party is able to resume performance of its obligations under this Agreement, that Party shall so notify the other Party in writing.

21.2 Unless and until the QF temporarily redesignates the Committed Capacity pursuant to section 7.4 hereof, no capacity payment obligation pursuant to Article VII hereof shall accrue during any period of a declared Force Majeure Event pursuant to section 21.1.1 through 21.1.5. During any such period, the Company will pay for such energy as may be received and accepted pursuant to section 9.1.1 hereof.

21.3 If the QF temporarily or permanently redesignates the Committed Capacity pursuant to section 7.4 hereof, then capacity payment obligations shall thereafter resume at the applicable redesignated level and the Company will resume energy payments pursuant to section 9.1.2 hereof.

ARTICLE XXII: FACILITY RESPONSIBILITY AND ACCESS

22.1 Representatives of the Company shall at all reasonable times have access to the Facility and to property owned or controlled by the QF for the purpose of inspecting, testing, and obtaining other technical information deemed necessary by the Company in connection with this Agreement. Any inspections or testing by the Company shall not relieve the QF of its obligation to maintain the Facility.

22.2 In no event shall any Company statement, representation, or lack thereof, either express or implied, relieve the QF of its exclusive responsibility for the Facility. Any Company inspection of property or equipment owned or controlled by the QF or any Company review of or consent to the QF's plans, shall not be construed as endorsing the design, fitness or operation of the Facility equipment nor as a warranty or guarantee.

22.3 The QF shall reactivate the Facility at its own expense if the Facility is rendered inoperable due to actions of the QF or its agents, or a Force Majeure Event. The Company shall reactivate the Company's Interconnection Facilities at its own expense if the same are rendered inoperable due to actions of the Company or its agents, or a Force Majeure Event.

ARTICLE XXIII: SUCCESSORS AND ASSIGNS

Neither Party shall have the right to assign its obligations, benefits, and duties without the written consent of the other Party, which shall not be unreasonably withheld or delayed.

ARTICLE XXIV: DISCLAIMER

In executing this Agreement, the Company does not, nor should it construed to, extend its credit or financial support for the benefit of any third parties lend money to or having other transactions with the QF or any assignee of this Agreement, r does it create any third party beneficiary rights. Nothing contained in this Agreement sh be construed to create an association, trust, partnership, or joint venture between t Parties. No payment by the Company to the QF for energy or capacity shall be constru as payment by the Company for the acquisition of any ownership or property interest in t Facility.

ARTICLE XXV: WAIVERS

The failure of either Party to insist in any one or more instances upon stri performance of any of the provisions of this Agreement or to take advantage of any of i rights under this Agreement shall not be construed as a general waiver of any such provisio or the relinquishment of any such right, but the same shall continue and remain in full forc and effect, except with respect to the particular instance or instances.

ARTICLE XXVI: COMPLETE AGREEMENT

The terms and provisions contained in this Agreement constitute the entir agreement between the Parties and shall supersede all previous communication representations, or agreements, either verbal or written, between the Parties with respect t the Facility and this Agreement. In addition, the execution of this Agreement by bot Parties specifically supercedes and terminates all prior Agreements and Contracts betwee the Parties, including specifically, the Standard Offer Contracts For The Purchase Of Firm Energy And Capacity From A Qualifying Facility dated March 17, 1987 (50 MW) an dated September 20, 1988 (24 MW).

ARTICLE XXVII: COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE XXVIII: COMMUNICATIONS

28.1 Any non-emergency or operational notice, request, consent, payment or other communication made pursuant to this Agreement to be given by one Party to the other Party shall be in writing, either personally delivered or mailed to the representative of said other Party designated in this section, and shall be deemed to be given when received. Notices and other communications by the Company to the QF shall be addressed to:

Dr. Richard Glick
CFR Bio-Gen
PO Box 20205
Tallahassee, Fla. 32316-0205

Notices to the Company shall be addressed to:

Manager, Cogeneration Contracts & Administration
Florida Power Corporation
P. O. Box 14042
St. Petersburg, FL 33733

28.2 Communications made for emergency or operational reasons may be made to the following persons and shall thereafter be confirmed promptly in writing.

To The Company: System Dispatcher on Duty
Title: System Dispatcher
Telephone: (813)866-5888
Telecopier: (813)384-7865

To The QF:	Dr. Richard Glick
Title:	President
Telephone:	(904) 385-9054
Telecopier:	(904) 561-6834

28.3 Either Party may change its representatives in sections 28.1 or 28.2 by prior written notice to the other Party.

28.4 The Parties' representatives designated above shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. However, they shall not have the authority to amend, modify, or waive any provision of this Agreement.

ARTICLE XXIX: SECTION HEADINGS FOR CONVENIENCE

Article or section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

ARTICLE XXX: GOVERNING LAW

The interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the QF and the Company have caused this Agreement to be executed by their duly authorized representatives on the day and year first above written.

The Qualifying Facility:

By: _____
Dr. Richard Glick
President

Date: 11/19/91

WITNESS: _____

The Company:

By: _____
R. W. Neiser
Senior Vice President

Date: 11/18/1991

WITNESS: _____

FLORIDA POWER & LIGHT COMPANY
LEGAL DEPT.
APPROVED
Date 11/18/91
By CPN

APPENDIX A

INTERCONNECTION SCHEDULING AND COST RESPONSIBILITY

1.0 Purpose.

This appendix provides the procedures for the scheduling of construction f the Company's Interconnection Facilities as well as the cost responsibility of the QF for tl payment of Interconnection Costs. This appendix applies to all QF's, whether or not the Facility will be directly interconnected with the Company's system. All requiremer contained herein shall apply in addition to and not in lieu of the provisions of tl Agreement.

2.0 Submission of Plans and Development of Interconnection Schedules and Cost Estimates.

2.1 No later than sixty (60) days after the Contract Approval Date, the Q shall specify the date it desires the Company's Interconnection Facilities to be available fc receipt of the electric energy and shall provide a preliminary written description of th Facility and, if applicable, the QF's anticipated arrangements with the Transmission Servic Utility, including, without limitation, a one-line diagram, anticipated Facility site data and an additional facilities anticipated to be needed by the Transmission Service Utility. Base upon the information provided, the Company shall develop preliminary writte Interconnection Costs and scheduling estimates for the Company's Interconnection Facilitie within sixty (60) days after the information is provided. The schedule developed hereunde will indicate when the QF's final electrical plans must be submitted to the Company pursuant to section 2.2 hereof.

2.2 The QF shall submit the Facility's final electrical plans and all revisic to the information previously submitted under section 2.1 hereof to the Company no lat than the date specified under section 2.1 hereof, unless such date is modified in t Company's reasonable discretion. Based upon the information provided and within sixty (6 days after the information is provided, the Company shall update its written Interconnectic Costs and schedule estimates, provide the estimated time period required for constructic of the Company's Interconnection Facilities, and specify the date by which the Compar must receive notice from the QF to initiate construction, which date shall, to the exte practical, be consistent with the QF's schedule for delivery of energy into the Company system. The final electrical plans shall include the following information, unless all or portion of such information is waived by the Company in its discretion:

a. Physical layout drawings, including dimensions;

b. All associated equipment specifications and characteristics includin technical parameters, ratings, basic impulse levels, electrical main one line diagrams, schematic diagrams, system protections, freq y voltage, current and interconnection distance;

c. Functional and logic diagrams, control and meter diagrams, conducto sizes and length, and any other relevant data which might be necessar to understand the Facility's proposed system and to be able to mak a coordinated system;

d. Power requirements in watts and vars;

e. Expected radio-noise, harmonic generation and telephone interferenc factor;

f. Synchronizing methods; and

g. Facility operating/instruction manuals.

h. If applicable, a detailed description of the facilities to be utilized by the Transmission Service Utility to deliver energy to the Point of Delivery

2.3 Any subsequent change in the final electrical plans shall be submitted to the Company and it is understood and agreed that any such changes may affect the Company's schedules and Interconnection Costs as previously estimated.

2.4 The QF shall pay the actual costs incurred by the Company to develop all estimates pursuant to section 2.1 and 2.2 hereof and to evaluate any changes proposed by the QF under section 2.3 hereof, as such costs are billed pursuant to Article XII of the Agreement. At the Company's option, advance payment for these cost estimates may be required, in which event the Company will issue an adjusted bill reflecting actual costs following completion of the cost estimates.

2.5 The Parties agree that any cost or scheduling estimates provided by the Company hereunder shall be prepared in good faith but shall not be binding. The Company may modify such schedules as necessary to accommodate contingencies that affect the Company's ability to initiate or complete the Company's Interconnection Facilities and actual costs will be used as the basis for all final charges hereunder.

3.0 Payment Obligations for Interconnection Costs.

3.1 The Company shall have no obligation to initiate construction of the Company's Interconnection Facilities prior to a written notice from the QF agreeing to the Company's interconnection design requirements and notifying the Company to initiate its activities to construct the Company's Interconnection Facilities; provided, however, that such notice shall be received not later than the date specified by the Company under section 2.2 hereof. The QF shall be liable for and agrees to pay all Interconnection Costs incurred by the Company on or after the specified date for initiation of construction.

3.2 The QF agrees to pay all of the Company's actual Interconnection C as such costs are incurred and billed in accordance with Article XII of the Agreement. S amounts shall be billed pursuant to section 3.2.1 if the QF elects the payme p permitted by FPSC Rule 25-17.087(4). Otherwise the QF shall be billed pursuant to sec 3.2.2.

3.2.1 Upon a showing of credit worthiness, the QF shall h the option of making monthly installment payments Interconnection Costs over a period no longer than th six (36) months. The period selected is thirty-six (months. Principal payments will be based on estimated Interconnection Costs less the Interconnect Costs Offset, divided by the repayment period in mon to determine the monthly principal payment. Payme will be invoiced in the first month following fi incurrence of Interconnection Costs by the Compa Invoices to the QF will include principal payme pl interest on the unpaid balance, if any, calculated a rate equal to the thirty (30) day highest gra commercial paper rate as published in the Wall Stre Journal on the first business day of each month. T final payment or payments will be adjusted to cause t sum of principal payments to equal the act Interconnection Costs.

3.2.2 When Interconnection Costs are incurred by t Company, such costs will be billed to the QF to t extent that they exceed the Interconnection Costs Offs

3.3 If the QF notifies the Company in writing to interrupt or c interconnection work at any time and for any reason, the QF shall nonetheless be oblig to pay the Company for all costs incurred in connection with the Company's Interconnec Facilities through the date of such notification and for all additional costs for which Company is responsible pursuant to binding contracts with third parties.

4.0 Payment Obligations for Operation, Maintenance and Repair of the Company's Interconnection Facilities

The QF also agrees to pay monthly through the Term of the Agreement all costs associated with the operation, maintenance and repair of the Compan Interconnection Facilities, based on a percentage of the total Interconnection Costs net the Interconnection Costs Offset, as set forth in Appendix C.

APPENDIX B

PARALLEL OPERATING PROCEDURES

1.0 Purpose

This appendix provides general operating, testing, and inspection procedure intended to promote the safe parallel operation of the Facility with the Company's system. All requirements contained herein shall apply in addition to and not in lieu of the provision of the Agreement.

2.0 Schematic Diagram

Exhibit B-1, attached hereto and made a part hereof, is a schematic diagram showing the major circuit components connecting the Facility and the Company's [substation], and showing the Point of Delivery and the Point of Metering and/or Point of Ownership, if different. All switch number designations initially left blank on Exhibit B-1 will be inserted by the Company on or before the date on which the Facility first operates in parallel with the Company's system.

3.0 Operating Standards

3.1 The QF and the Company will independently provide for the safe operation of their respective facilities, including periods during which the other Party's facilities are unexpectedly energized or de-energized.

3.2 The QF shall reduce, curtail, or interrupt electrical generation or take other appropriate action for so long as it is reasonably necessary, which in the judgment of the QF or the Company may be necessary to operate and maintain a part of either Party's system, to address, if applicable, an emergency on either Party's system.

3.3 As provided in the Agreement, the QF shall not operate the Facility's electric generation equipment in parallel with the Company's system without prior written consent of the Company. Such consent shall not be given until the QF has satisfied all criteria under the Agreement and has:

(i) submitted to and received consent from the Company of its as-built electrical specifications;

(ii) demonstrated to the Company's satisfaction that the Facility is in compliance with the insurance requirements of the Agreement; and

(iii) demonstrated to the Company's satisfaction that the Facility is in compliance with all regulations, rules, orders, or decisions of any governmental or regulatory authority having jurisdiction over the Facility's generating equipment or the operation of such equipment.

3.4 After any approved Facility modifications are completed, the QF shall not resume parallel operation with the Company's system until the QF has demonstrated that it is in compliance with all the requirements of section 4.2 hereof.

3.5 The QF shall be responsible for coordination and synchronization of the Facility'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 utility's system.

(i) The Party requesting the switching change shall orally agree with a authorized representative of the other Party regarding which switch c switches are to be operated, the requested position of each switching device and when each switch is to be operated.

(ii) The Party performing the requested switching shall notify the requesting Part when the requested switching change has been completed.

(iii) Neither Party shall rely solely on the other party's switching device to provide electrical isolation necessary for personnel safety. Each Party will perform work on its side of the Point of Ownership as if its facilities are energized or test for voltage and install grounds prior to beginning work.

(iv) Each Party shall be responsible for returning its facilities to approved operating conditions, including removal of grounds, prior to the Company authorizing the restoration of parallel operation.

(v) The Company shall install one or more red tags similar to the red tag sh n in Exhibit B-2 attached hereto and made a part hereof, on all open switches. Only Company personnel on the Company's switching and tagging list shall remove and/or close any switch bearing a Company red tag under any circumstances.

3.10 Should any essential protective equipment fail or be removed from service for maintenance or construction requirements, the Facility's electric generation equipment shall be disconnected from the Company's system. To accomplish this disconnection, the QF shall either (i) open the generator breaker number(s) _____; or (ii) open the manual disconnect switch number(s) _____.

3.6 The Company shall have the right to open and lock with a Company padlock manual disconnect switch numbers(s)_____ and isolate the Facility's generation system without prior notice to the QF. To the extent practicable, however, prior notice shall be given. Any of the following conditions shall be cause for disconnection:

1. Company system emergencies and/or maintenance repair and construction requirements;
2. hazardous conditions existing on the Facility's generating or protective equipment as determined by the Company;
3. adverse effects of the Facility's generation to the Company's other electric consumers and/or system as determined by the Company;
4. failure of the QF to maintain any required insurance; or
5. 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 Facility's electric generating equipment or the operation of such equipment.

3.7 The Facility's electric generation equipment shall not be operated in parallel with the Company's system when auxiliary power is being provided from a source other than the Facility's electric generation equipment.

3.8 Neither Party shall operate switching devices owned by the other Party, except that the Company may operate the manual disconnect switch number(s)_____ owned by the QF pursuant to section 3.6 hereof.

3.9 Should one Party desire to change the operating position of a switching device owned by the other Party, the following procedures shall be followed:

3.10.1 If the QF elects option (i), the breaker assembly shall be opened and drawn out by QF personnel. As promptly as practicable, Company personnel shall install a Company padlock and a red tag on the breaker enclosure door.

3.10.2 If the QF elects option (ii), the switch shall be opened by QF personnel or by Company personnel and, as promptly as practicable, Company personnel will install a Company padlock and a red tag.

4.0 Inspection and Testing

4.1 The inspection and testing of all electrical relays governing the operation of the generator's circuit breaker shall be performed in accordance with manufacturer's recommendations, but in no case less than once every 12 months. This inspection and testing shall include, but not be limited to, the following:

(i) electrical checks on all relays and verification of settings electrically;

(ii) cleaning of all contacts;

(iii) complete testing of tripping mechanisms for correct operating sequence and proper time intervals; and

(iv) visual inspection of the general condition of the relays.

4.2 In the event that any essential relay or protective equipment is found to be inoperative or in need of repair, the QF shall notify the Company of the problem and cease parallel operation of the generator until repairs or replacements have been made. The QF shall be responsible for maintaining records of all inspections and repairs and shall make said records available to the Company upon request.

4.3 The Company shall have the right to operate and test any of the Facility's protective equipment to assure accuracy and proper operation. This testing shall not relieve the QF of the responsibility to assure proper operation of its equipment and to perform routine maintenance and testing.

5.0 Notification

5.1 Communications made for emergency or operational reasons may be made to the following persons and shall thereafter be confirmed promptly in writing:

To The Company: System Dispatcher on Duty
Title: System Dispatcher
Telephone: (813)866-5888
Telecopier: (813)384-7865

To The QF: Name _____
Title: _____
Telephone: _____
Telecopier: _____

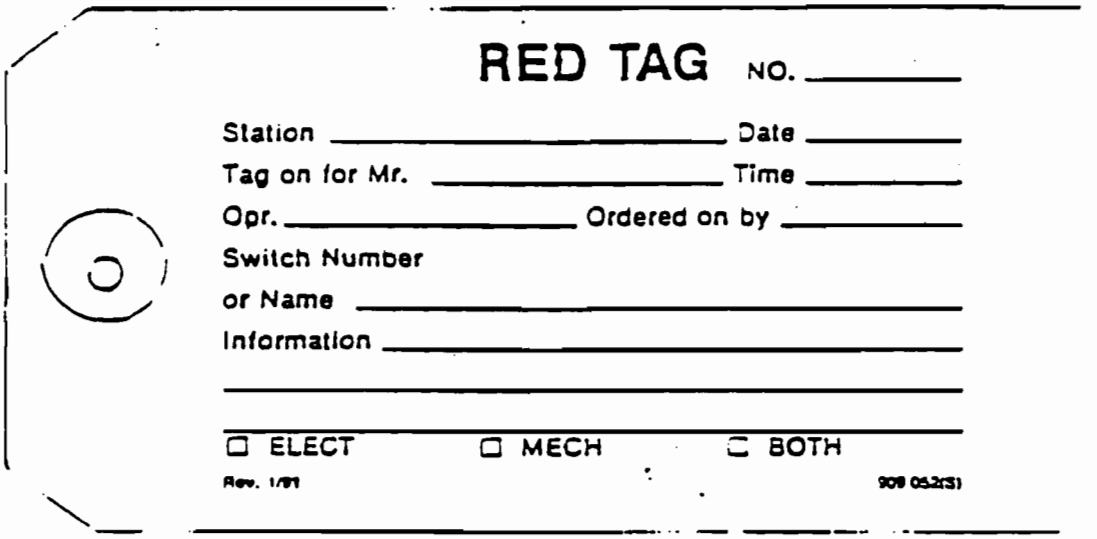
5.2 Each Party shall provide as much notification as practicable to the other Party regarding planned outages of equipment that may affect the other Party's operation.

EXHIBIT B-1

Exhibit B-1 will be unique for each Facility and must be completed prior to parallel operation of the Facility with the Company.

EXHIBIT B-2

A switch or switch point (i.e., elbow, open jumpers, etc.) with a red tag attached is open and shall not be closed under any circumstances. After a switch has been red tagged, that switch cannot be closed until the red tag is removed. Red tags can only be removed when authorized by a specific written order.



RED TAG NO. _____

Station _____ Date _____

Tag on for Mr. _____ Time _____

Opr. _____ Ordered on by _____

Switch Number

or Name _____

Information _____

☐ ELECT ☐ MECH ☐ BOTH

Rev. 1/91 909 05253

WORK IN PROGRESS

SAFETY FIRST

"Do not remove this tag or close switches or operate equipment until person having same attached has cleared with system load dispatcher/distribution dispatcher or plant shift supervisor/chief operator who has ordered its removal."

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

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APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

SCHEDULE 1

GENERAL INFORMATION FOR 1991 COMBUSTION TURBINE UNIT

GENERAL

YEAR OF AVOIDED UNIT = 1991
AVOIDED UNIT FUEL REFERENCE PLANT = BARTOW CT UNITS

OPERATING DATA

AVOIDED UNIT VARIABLE O&M COSTS IN 1/90 $'s = $1.74/MWH
SYSTEM VARIABLE O&M COSTS IN 1/90 $'s = $0.592/MWH
ANNUAL ESCALATION RATE OF O&M COSTS = 5.10%
MINIMUM ON-PEAK CAPACITY FACTOR = 90.0%
AVOIDED UNIT HEAT RATE = 12,480 BTU/KWH
TYPE OF FUEL = DISTILLATE

ON-PEAK HOURS

(1) FOR THE CALENDAR MONTHS OF NOVEMBER THROUGH MARCH,
ALL DAYS: 6:00 A.M. TO 12:00 NOON, AND
5:00 P.M. TO 10:00 P.M.
(2) FOR THE CALENDAR MONTHS OF APRIL THROUGH OCTOBER,
ALL DAYS: 11:00 A.M. TO 10:00 P.M.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

SCHEDULE 2

Payments for Avoided 1991 Combustion Turbine Unit

Fuel Multiplier = 1.0

(1)	(2)	(3)	(4)	(5)	(6)
	CAPACITY PAYMENT - $/KW/MONTH		ENERGY PAYMENT - $/MWH (c)		
			(ESTIMATED)		
CALENDAR YEAR	NORMAL PAYMENT RATE	ACCELERATED PAYMENT RATE (b)	FUEL	O&M	TOTAL
1991	3.96		29.78	0.76	30.54
1992	4.17		31.62	0.80	32.42
1993	4.37		34.28	0.84	35.12
1994	4.59		39.75	0.88	40.63
1995	4.84		44.64	0.93	45.57
1996	5.08		47.98	0.98	48.96
1997	5.33		52.63	1.03	53.66
1998	5.61		55.82	1.08	56.90
1999	5.90		53.70	1.13	54.83
2000	6.20		58.78	1.19	59.97
2001	6.51		56.42	1.25	57.67
2002	6.84		62.36	1.32	63.68
2003	7.19		66.46	1.38	67.84
2004	7.56		72.25	1.45	73.70
2005	7.94		79.70	1.53	81.23
2006	8.36		83.76	1.61	85.37
2007	8.77		88.04	1.69	89.73
2008	9.22		92.53	1.77	94.30
2009	9.70		97.25	1.86	99.11
2010	10.19		102.20	1.96	104.16
2011	10.71		107.42	2.06	109.48
2012	11.25		112.90	2.16	115.06
2013	11.83		118.65	2.27	120.92
2014	12.43		124.70	2.39	127.09
2015	13.07		131.06	2.51	133.57
2016	13.73		137.75	2.64	140.39
2017	14.43		144.77	2.78	147.55
2018	15.17		152.16	2.92	155.08
2019	15.94		159.92	3.07	162.99
2020	16.76		168.07	3.22	171.29
2021	17.61		176.64	3.38	180.02
2022	18.51		185.65	3.56	189.21
2023	19.46(a)		195.12	3.74	198.86

NOTES:

(a) If the Term of the Agreement is extended beyond 2023 pursuant to Article IV hereof, the normal payment rate schedule shall be escalated at 5.1% per year.

(b) The QF may structure an accelerated payment rate schedule that has the same or lower net present value over the Term as the normal payment rate schedule using the discount rate specified in section 8.5.3 hereof and which assumes the Contract In-Service Date specified as of the Execution Date. At the request of the QF prior to the commencement of capacity payments of if the Contract In-Service Date differs from the date specified as of the Execution Date, the accelerated payment rate schedule in this schedule will be recalculated so that the ratio of the net present value as of January 1, 1991, of the recalculated schedule to the normal payment schedule over the Term is not increased.

(c) Information provided is estimated and excludes the Delivery Voltage Adjustment.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
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SCHEDULE 3
GENERAL INFORMATION FOR 1991 PULVERIZED COAL UNIT

GENERAL

YEAR OF AVOIDED UNIT = 1991
AVOIDED UNIT FUEL REFERENCE PLANT = CRYSTAL RIVER UNITS 1&2

OPERATING DATA

AVOIDED UNIT VARIABLE O&M COSTS IN 1/90 $'s = $4.36/MWH (Option A only)
ANNUAL ESCALATION RATE OF O&M COSTS = 5.10%
MINIMUM EAF 83.0%
TYPE OF FUEL = COAL WITH 1.15% SULFUR BY WEIGHT MAXIMUM AT 11,000 BTU/LB., ADJUSTABLE IN DIRECT PROPORTION TO THE BTU/LB. OF COAL

ON-PEAK HOURS

(1) FOR THE CALENDAR MONTHS OF NOVEMBER THROUGH MARCH,
ALL DAYS: 6:00 A.M. TO 12:00 NOON, AND
5:00 P.M. TO 10:00 P.M.
(2) FOR THE CALENDAR MONTHS OF APRIL THROUGH OCTOBER,
ALL DAYS: 11:00 A.M. TO 10:00 P.M.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

SCHEDULE 4

Payments for Avoided 1991 Pulverized Coal Unit

Option A

Fuel Multiplier = 1.0

(1)	(2)	(3)	(4)	(5)	(6)
	CAPACITY PAYMENT - $/KW/MONTH		ENERGY PAYMENT - $/MWH (c)		
			(ESTIMATED)		
CALENDAR YEAR	NORMAL PAYMENT RATE	ACCELERATED PAYMENT RATE (b)	FUEL	O&M	TOTAL
1995	13.34		21.08	5.73	26.81
1996	14.02		22.15	6.02	28.17
1997	14.76		23.28	6.33	29.61
1998	15.50		24.47	6.65	31.12
1999	16.29		25.72	6.99	32.71
2000	17.12		27.03	7.35	34.38
2001	17.99		28.40	7.73	36.13
2002	18.91		29.85	8.12	37.97
2003	19.87		31.38	8.53	39.91
2004	20.88		32.98	8.97	41.95
2005	21.95		34.66	9.43	44.09
2006	23.07		36.43	9.91	46.34
2007	24.24		38.28	10.41	48.69
2008	25.48		40.24	10.94	51.18
2009	26.78		42.29	11.50	53.79
2010	28.15		44.44	12.09	56.53
2011	29.58		46.71	12.70	59.41
2012	31.09		49.09	13.35	62.44
2013	32.68		51.60	14.03	65.63
2014	34.34		54.23	14.75	68.98
2015	36.09		56.99	15.50	72.49
2016	37.94		59.90	16.29	76.19
2017	39.87		62.96	17.12	80.08
2018	41.90		66.17	18.00	84.17
2019	44.04		69.54	18.91	88.45
2020	46.29		73.09	19.88	92.97
2021	48.65		76.82	20.89	97.71
2022	51.13		80.73	21.96	102.69
2023	53.74		84.85	23.08	107.93
2024	56.48(a)		89.18	24.26	113.43

NOTES:

(a) If the Term of the Agreement is extended beyond 2024 pursuant to Article IV hereof, the normal payment rate schedule shall be escalated at 5.1% per year.

(b) The QF may structure an accelerated payment rate schedule that has the same or lower net present value over the Term as the normal payment rate schedule using the discount rate specified in section 8.5.3 hereof and which assumes the Contract In-Service Date specified as of the Execution Date. At the request of the QF prior to the commencement of capacity payments or if the Contract In-Service Date differs from the date specified as of the Execution Date, the accelerated payment rate schedule in this schedule will be recalculated so that the ratio of the net present value as of January 1, 1991, of the recalculated schedule to the normal payment schedule over the Term is not increased.

(c) Information provided is estimated and excludes the Delivery Voltage Adjustment.

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

SCHEDULE 4

Payments for Avoided 1991 Pulverized Coal Unit

Option B

Fuel Multiplier = 1.0

(1)	(2)	(3)	(4)
	CAPACITY PAYMENT - $/KW/MONTH		ENERGY PAYMENT - $/MWH (c)
CALENDAR YEAR	NORMAL PAYMENT RATE	ACCELERATED PAYMENT RATE (b)	(ESTIMATED) FUEL
1995	16.48		21.08
1996	17.32		22.15
1997	18.21		23.28
1998	19.14		24.47
1999	20.12		25.72
2000	21.14		27.03
2001	22.22		28.40
2002	23.36		29.85
2003	24.54		31.38
2004	25.79		32.98
2005	27.11		34.66
2006	28.50		36.43
2007	29.94		38.28
2008	31.47		40.24
2009	33.08		42.29
2010	34.77		44.44
2011	36.53		46.71
2012	38.40		49.09
2013	40.36		51.60
2014	42.42		54.23
2015	44.58		56.99
2016	46.86		59.90
2017	49.24		62.96
2018	51.76		66.17
2019	54.39		69.54
2020	57.17		73.09
2021	60.09		76.82
2022	63.15		80.73
2023	66.38		84.85
2024	69.76		89.18

NOTES:

(a) If the Term of the Agreement is extended beyond 2023 pursuant to Article IV hereof, the normal payment rate schedule shall be escalated at 5.1% per year.

(b) The QF may structure an accelerated payment rate schedule that has the same or lower net present value over the Term as the normal payment rate schedule using the discount rate specified in section 8.5.3 hereof and which assumes the Contract In-Service Date specified as of the Execution Date. At the request of the QF prior to the commencement of capacity payments or if the Contract In-Service Date differs from the date specified as of the Execution Date, the accelerated payment rate schedule in this schedule will be recalculated so that the ratio of the net present value as of January 1, 1991, of the recalculated schedule to the normal payment schedule over the Term is not increased.

(c) Information provided is estimated and excludes the Delivery Voltage Adjustment.

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RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
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SCHEDULE 5
Capacity Payment Adjustment for On-Peak Equivalent Availability Factor

O.P.E.A.F.	CAPACITY PAYMENT ADJUSTMENT MULTIPLYING FACTOR
Greater than or Equal to the Committed O.P.E.A.F.	1.0
From 50.0% to the Committed O.P.E.A.F.	$\left[\frac{\text{O.P.E.A.F.}}{\text{Committed O.P.E.A.F.}}\right]$ 1.5
Below 50.0%	0

NOTE: O.P.E.A.F. = On-Peak Equivalent Availability Factor

APPENDIX C
RATES FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A QUALIFYING FACILITY

SCHEDULE 6
Performance Adjustment

The Performance Adjustment provision of Article IX in this Agreement shall be calculated as follo each month after the Contract In-Service Date for all hours in the month except those hours in whic the QF is being dispatched at output levels of less than its committed capacity:

$$\sum_{\text{for } i = \text{first hour}}^{\text{last hour}} PERADJ_i = [KWH_i - (CC \times 1.0 \text{ hr.} \times OPEAF/100)] \times (EP1_i - EP2_i)$$

Where:

$PERADJ_i$ = the Performance Adjustment for hour i.

KWH_i = the hourly energy delivered to the Company by the QF during hour i.

CC = the Committed Capacity in KW.

OPEAF = if the On-Peak Equivalent Availability Factor (%) is 50.0% or greater, then OPEAF equal the lesser of (a) the Committed OPEAF (%) or (b) the OPEAF (%); if the OPEAF is les than 50.0%, then OPEAF equals zero.

$EP1_i$ = the As-Available Energy Cost in $/KWH for hour i.

$EP2_i$ = the Firm Energy Cost in $/KWH for hour i.

Note:

The Performance Adjustment shall not apply to any hour in which the following condition occurs:

(a) the energy payment is determined on the basis of the of As-Available Energy Cost;

(b) the Company cannot perform its obligation to receive all energy which the QF has made available for sale at the Point of Delivery;

(c) the Firm Energy Cost exceeds the As-Available Energy Cost.

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SCHEDULE 7
Charges to Qualifying Facility

Customer Charges:

The Qualifying Facility shall be billed monthly for the costs of meter reading, billing, and other appropriate administrative costs. The charge shall be set equal to the stated Customer Charge of the Company's applicable rate schedule for service to the Qualifying Facility load as a non-generating customer of the Company.

Operation, Maintenance, and Repair Charges:

The Qualifying Facility shall be billed monthly for the costs associated with the operation, maintenance, and repair 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 were involved.

In lieu of payments for actual charges, the Qualifying Facility shall pay a monthly charge equal to 0.50% of the Interconnection Costs less the Interconnection Costs Offset. This monthly rate shall be adjusted periodically to the same rate applicable to standard offer contacts pursuant to the rules in Appendix E.

APPENDIX C
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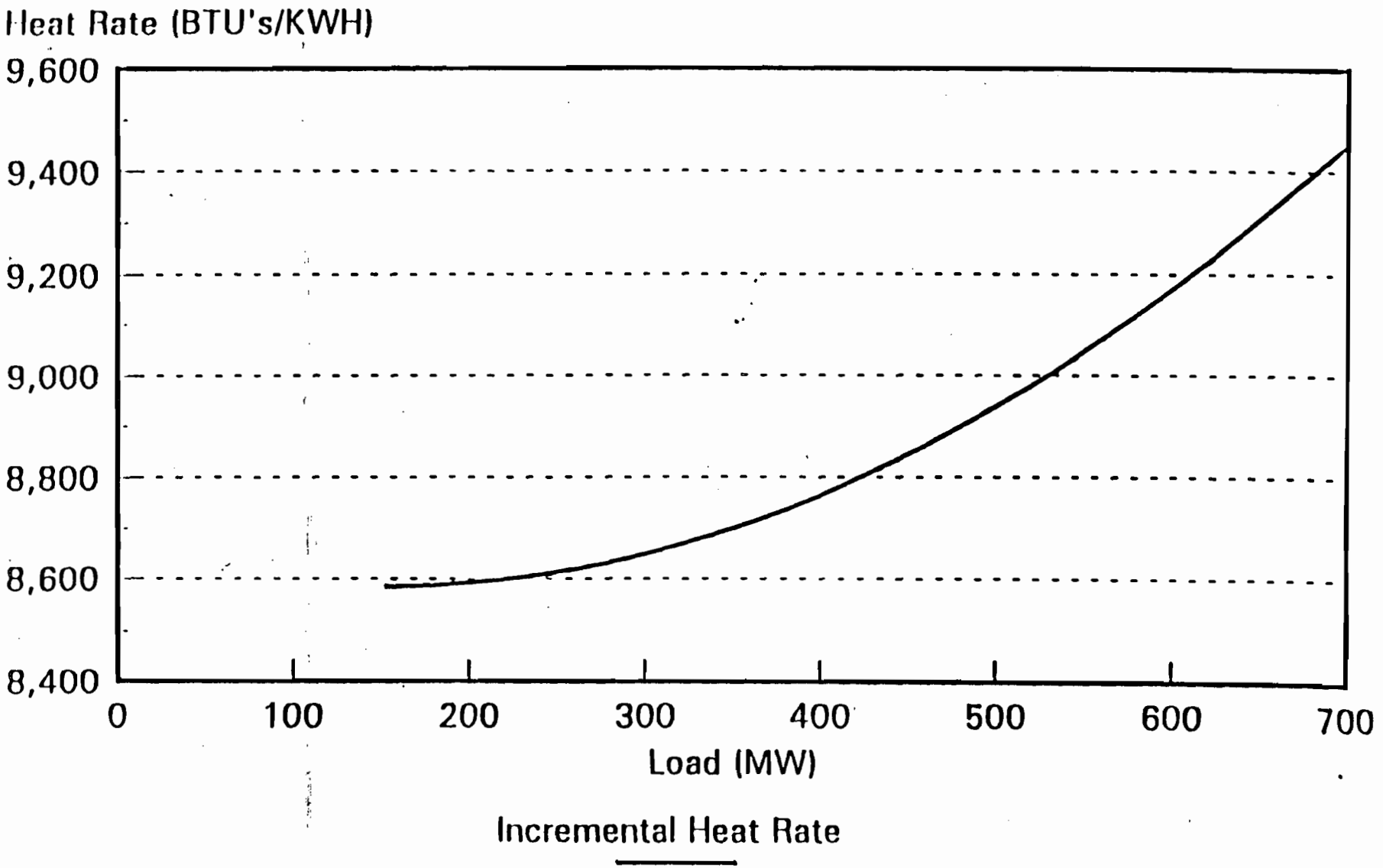
SCHEDULE 8
Delivery Voltage Adjustment

The QF's energy payment will be multiplied by a Delivery Voltage Adjustment whose value will depend upon (i) the delivery voltage at the Point of Delivery and (ii) the methodology approved by the FPSC to determine the adjustment for standard offer contracts pursuant to the rules in Appendix E.

Attachment 1

Incremental Heat Rate Curve

Proposed 700 MW Coal Plant



Attachment 1A

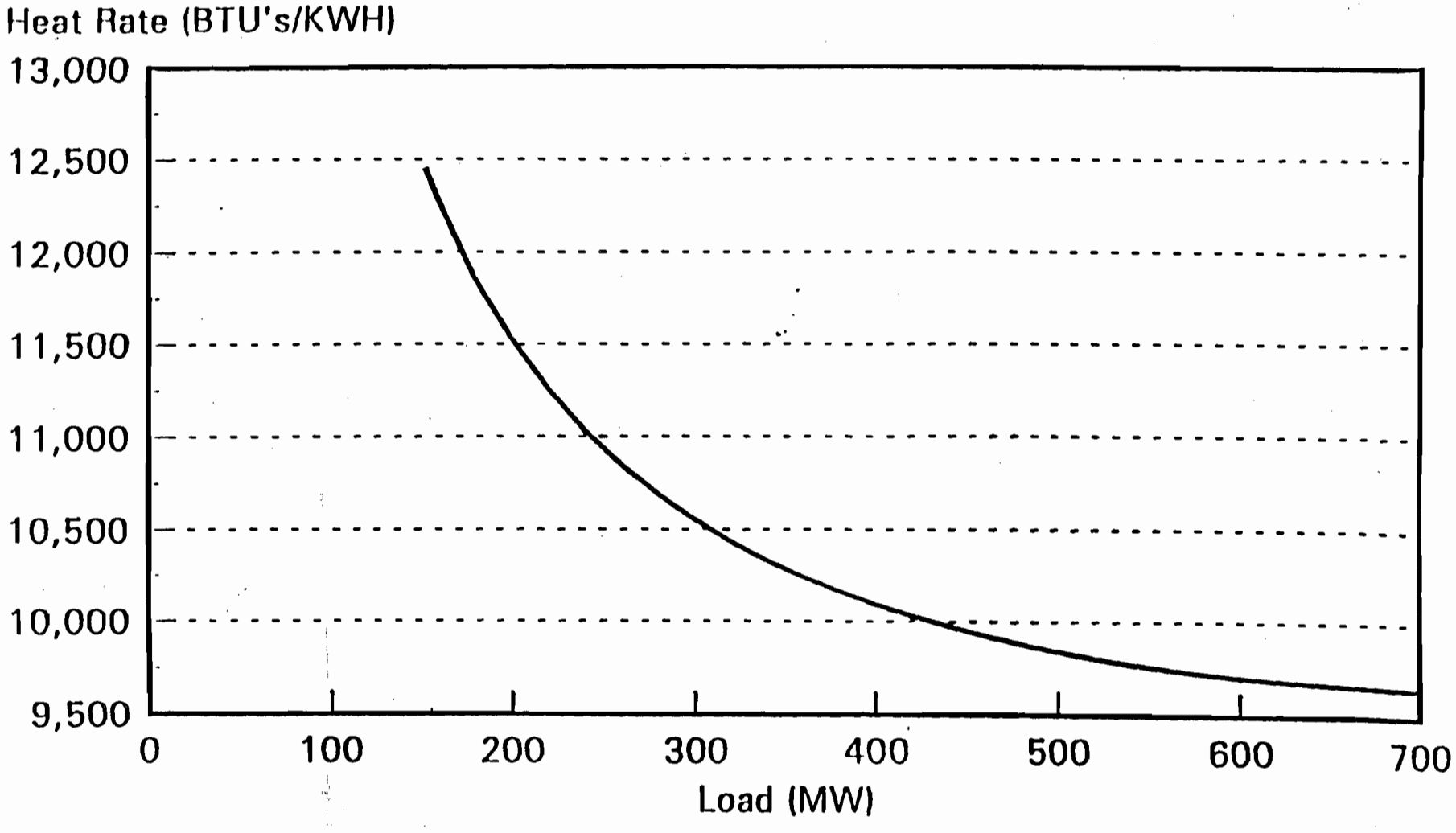
Table of Incremental Heat Rate Curve
(Proposed 700 MW Coal Plant)

Load (MW)	Heat Rate (BTU's/KWH)
152	8584
160	8584
180	8586
200	8591
220	8598
240	8607
260	8618
280	8632
300	8648
320	8667
340	8688
360	8711
380	8736
400	8764
420	8794
440	8826
460	8861
480	8898
500	8937
520	8978
540	9022
560	9068
580	9117
600	9168
620	9221
640	9276
660	9334
680	9394
700	9456

Attachment 2

Average Heat Rate Curve

Proposed 700 MW Coal Plant



Average Heat Rate

ARTICLE I - DEFINITIONS

The following terms, when used herein, shall have the meanings set forth below unless a different meaning shall be expressly stated or shall be apparent from the context. The meanings specified are applicable both to the singular and the plural and to the masculine and the feminine forms.

1.1 "Affiliate" shall mean, with respect to any party, any entity which is a direct or indirect parent or subsidiary of such party or which directly or indirectly (i) owns or controls such party, (ii) is owned or controlled by such party, or (iii) is under common ownership or control with such party; for purposes of this definition, "control" shall mean the power to direct the management or policies of such entity, whether through the ownership of voting securities, by contract or otherwise.

1.2 "Agreement" shall mean this Project Development Agreement.

1.3 "Due Diligence Review" shall mean EDC's due diligence investigation with respect to the development of the Project, including technical, legal and economic considerations related to the Power Purchase Contracts, Permits, steam host viability, siting and land, environmental issues, fuel supply and delivery, and the Project's schedule. The Due Diligence Review shall commence upon the date hereof and terminate upon the date which is 30 days thereafter.

1.4 "Easements" shall mean those easements necessary for the design, engineering, construction and continued operation of the Facility.

1.5 "Engineering and Construction Contract" shall mean the contract to be entered into by the Owner which shall provide for the design, engineering, construction and start up of the Facility.

1.6 "Facility" shall mean the approximately 74MW congeneration facility to be developed by EDC.

1.7 "Facility Site" shall mean the parcel of land to be leased or purchased by the Owner of the Facility and upon which the Facility will be located.

1.8 "FERC" means the Federal Energy Regulatory Commission.

1.9 "Financial Closing" shall mean the execution and delivery of third-party financing agreements, on terms satisfactory to EDC, and the funding of loans thereunder, covering the estimated cost of the development, construction and testing of the Facility through the in-service date.

1.10 "FPC" shall mean Florida Power Corporation.

1.11 "Fuel Supply Agreements" shall mean the agreements for the supply of, and transportation to the Facility of, natural gas and/or fuel oil in the quantities and at the times required for the testing and operation of the Facility.

1.12 "Internal Costs" shall mean all expenses directly relating to the development of the Project, including all legal fees, which are incurred by EDC, or, to the extent not paid by EDC, its Affiliates.

1.13 "IRR" shall mean the cumulative, after-tax internal rate of return on the capital contributions made by EDC and/or Affiliates to the Owner calculated in accordance with the terms set forth in Attachment A hereto.

1.14 "Operating Contract" shall mean the agreement to be entered into by the Owner which shall provide for the maintenance, operation, and repair of the Facility.

1.15 "Owner" shall mean the limited partnership which, upon or before Financial Closing, will become the owner of the Facility. It is contemplated that EDC will be the general partner and BIO-GEN will be a limited partner of such partnership.

1.16 "Partnership Income Percentages" shall have the meaning ascribed in Section 6.1 hereof.

1.17 "Permits" shall mean all Federal, State, County, local, and other governmental permits, licenses, approvals or other actions required for the construction, start-up and operation of the Facility as currently anticipated and at the proposed levels of operation.

1.18 "Power Purchase Agreements" shall mean the Standard Offer COntracts entered into by and between BIO-GEN and FPC on March 17, 1987 and on September 20, 1988, for the sale and purchase of approximately 74MW of electric capacity and energy which are being assigned to EDC pursuant to Article VIII hereof.

1.19 "Project" shall man (i) the Facility and all accessories thereto, (ii) the Facility Site, (iii) the Easements, (iv) materials, supplies and equipment relating to any of the foregoing, and (v) the Fuel Supply Agreements, the Power Purchase Agreements, Steam Services Agreement, Site Lease, Permits, and any other agreements required at or prior to Financial Closing.

1.20 "Site Lease" shall mean the agreement for the long-term lease of the Facility Site to the Owner, the common use, services and charges with respect thereto, and the Easements as may be required for the construction and continued operation of the Facility.

1.21 "Steam Services Agreement" shall mean the agreement to be entered into by and between the Owner and the steam host for the sale and purchase of thermal energy generated by the Facility.

ARTICLE II - PURPOSE

This Agreement sets forth the terms and conditions under which EDC agrees to develop the Project and the respective interests of BIO-GEN and EDC in the Project.

ARTICLE III - CONFIDENTIALITY

3.1 Any and all data, plans, proposals, or other material related to technical input in the design, construction, configuration or operation of the Project or the financing thereof tendered by or on behalf of one party to another in writing and identified as being confidential shall be held in confidence and shall not be disclosed to any third party, except as may be reasonably required in the fulfillment of this Agreement. In the event this Agreement terminates without a Financial Closing occurring, then, except as provided in Section 10.3 hereof, all such data, plans, proposals, and other materials furnished hereunder shall be returned to the party from whom received, with an appropriate assurance that all copies thereof have been destroyed.

3.2 Further, any data, plans, proposals or other material provided hereunder shall be used by the recipient only with regard to the Project and shall not be used by the recipient for any purpose other than the Project. Notwithstanding the foregoing, the obligation of confidentiality shall not apply to any data, plans, proposals or other material that:

3.2.1 is in or enters the public domain through no fault of the receiving party;

3.2.2 was in the possession of the receiving party prior to receipt under this Agreement; or

3.2.3 is required by law or order of any court or governmental body to be disclosed.

ARTICLE IV - EXCLUSIVE RIGHT OF DEVELOPMENT

During the term of this Agreement, EDC shall have the exclusive right to develop, construct, and operate the Project. In furtherance of the foregoing, during the term of this Agreement, neither BIO-GEN nor EDC shall execute any agreement with any other person or entity relating to the development, construction, or operation of the Facility that conflicts with the scope of this Agreement. Each party shall cooperate fully with the other party and supply any information and support required to fulfill its development obligations provided herein, including, without limitation, the performance by EDC of the Due Diligence Review.

ARTICLE V - DEVELOPMENT OF THE PROJECT

Prior to Financial Closing, EDC shall pay all costs incurred in developing the Project, provided that if a Financial Closing occurs, all such costs shall be reimbursed to EDC at the Financial Closing. EDC will attempt to utilize services suggested by BIO-GEN during development, on a subcontract basis in the areas of local matters such as permitting, when EDC determines such to be in the best interests of the Project. In developing the Project, EDC will use its reasonable efforts to:

5.1 Obtain a Site Lease for a term ending not earlier than December 31, 2007, or as to coincide with the latest electric power supply contract completion date, with options to extend the lease, or terms acceptable to EDC.

5.2 Obtain a Steam Services Agreement for a term ending not earlier than December 31, 2007, or as to coincide with the latest electric power supply contract completion date, and in sufficient quantities which satisfy the thermal use requirements of the FERC and any other federal, state, and local public, governmental or administrative bodies, or terms acceptable to EDC.

5.3 Obtain an agreement with, or a binding commitment from, the local water authority for the supply of water for the operation of the Facility, on terms acceptable to EDC.

5.4 Obtain the Permits, on terms acceptable to EDC, and evidence of FERC qualifying facility status.

5.5 Determine to the satisfaction of EDC whether the proposed Facility Site is adequate for the construction and operation of the Facility.

5.6 Estimate the total development cost of the Project through the in-service date and projected operation and maintenance costs.

5.7 Obtain Fuel Supply Agreements adequate to meet the requirements necessary to obtain project financing, on terms acceptable to EDC.

5.8 Obtain an Engineering and Construction Contract on terms acceptable to EDC.

5.9 Obtain an Operating Contract on terms acceptable to EDC.

5.10 Obtain third-party financing agreements for (i) construction financing and (ii) long-term financing (debt and equity), under terms acceptable to EDC, of the estimated cost through the in-service date of the Project to enable a Financial Closing to occur.

ARTICLE VI - OWNERSHIP, CONSTRUCTION, AND OPERATION OF THE FACILITY

6.1 Ownership - Subject to the approval of their respective Boards of Directors, BIO-GEN and EDC will form a limited partnership that will be the Owner of the Project and be responsible for all aspects of the development, construction, operation, and financing of the Facility. Upon formation of the Owner, BIO-GEN and EDC shall assign all their respective rights in respect to the Project to the Owner. Such limited partnership will be formed prior to or simultaneously with the Financial Closing. EDC or an Affiliate of EDC will be the general partner of such limited partnership, and BIO-GEN and EDC, and/or their respective Affiliates, will be its limited partners. The initial ownership interests of the partners in the limited partnership will be as follows:

General Partner
EDC and/or its Affiliates %

Limited Partners
EDC and/or its Affiliates %
BIO-GEN and/or its Affiliates %

The limited partnership's income and loss for both federal income tax and book purposes shall be allocated % to BIO-GEN and/or its Affiliates, % to EDC and/or its Affiliates (in their capacity as limited partners), and % to the general partner (such percentages, the "Partnership Income Percentages"), and the limited partnership's distributable net cash flow shall be distributed to the partners in accordance with the same Partnership Income Percentages; provided, however, commencing with the first day on which EDC and/or its Affiliates have received aggregate cash distributions from the limited partnership necessary to provide EDC and/or its Affiliates with a cumulative after-tax IRR of 17% on the capital contributions made by them to the limited partnership, the Partnership Income Percentages shall change as follows: % to BIO-GEN and/or its Affiliates, % to EDC and/or its Affiliates (in their capacity as limited partners), and % to the general partner. The parties further agree to (i) increase the IRR for purposes of the foregoing provisions to 18% if fee levels set forth in Section 7.4 are lower as a result of the financing arrangements; and (ii) renegotiate the foregoing provisions in the event that EDC determines that such provisions would result in adverse tax implications to EDC, either currently or in subsequent years.

The general partners shall have sole authority and responsibility for the development and management of the Project.

6.2 Construction - EDC will cause the Owner to enter into the Engineering and Construction Agreement with a qualified, national recognized engineering and construction firm.

6.3 Permitting and Licensing - EDC shall enter into an agreement with a qualified, recognized permitting and licensing firm or firms, which will provide for the necessary permitting and licensing services to the Project during the development phase.

6.4 Operation - EDC will cause the Owner to enter into th Operating Contract with a qualified recognized operating firm.

6.5 Competitiveness of Contracts - Each contract proposed to b entered into by the Owner, and in particular, any contract between the Owne (or EDC) and any Affiliate of EDC, must be negotiated in good faith and hav terms competitive with those available in the market from third parties, tha are sufficient to satisfy the requirements of construction, operation anc permanent debt financing.

6.6 System Configuration - The system configuration of the Project will include the incorporation of components which permit the burning of 20% biogas, provided that EDC shall determine in its sole discretion that such operation will result in an absence of negative operating or economic impact on the Project. BIO-GEN shall receive payment for biogas equal to 90% of the equivalent cost of natural gas to the Project including transportation. BIO-GEN will have available sufficient contiguous property, at no cost to the Project, to allow for the development, interconnection and fuel storage of the BIO-GEN developed equipment. BIO-GEN shall have the right to review the system design of the Facility, especially as it relates to matters concerning fuel supply, but shall have no approval rights with respect to such system design. Upon request of BIO-GEN, EDC agrees to provide BIO-GEN fuel operating data to aid BIO-GEN in the development of biogas technology.

6.7 Tax Partnership - BIO-GEN and EDC agree that for federal and state income tax purposes only, the execution of this Agreement shall constitute the formation of a partnership (the "Tax Partnership"), such that (i) BIO-GEN shall be viewed as contributing its beneficial interest in the Power Purchase Agreements to the Tax Partnership; (ii) EDC shall be viewed as contributing to the Tax Partnership its beneficial interest in certain assets created as a result of its current development efforts and its commitment to contribute equity pursuant to Section 7.5; and (iii) capital accounts shall be established and maintained for BIO-GEN and EDC in accordance with federal income tax accounting principles and Treasury Regulations Section

1.704-(1)(b). Amounts paid by EDC prior to the actual formation of the limited partnership shall, to the extent such amounts are incurred in connection with the development of the Facility and are reimbursable upon Financial Closing pursuant to Article V, be considered as incurred by EDC on behalf of the Tax Partnership. BIO-GEN and EDC agree to file income tax returns and take such other actions for federal and state income purposes in a manner that is consistent with the deemed existence of the Tax Partnership. THis Agreement is not intended to create, and shall not be construed to create, a partnership between BIO-GEN and EDC for any purpose other than federal and state income tax purposes.

6.8 Option on Biogas Technology - BIO-GEN hereby grants EDC a right of first refusal with respect to the sale of any interest in BIO-GEN to a third party or with respect to the sale of an interest in any Affiliate of BIO-GEN which business is related to biogas technology.

ARTICLE VII - PAYMENTS

7.1 Loans to BIO-GEN

7.1.1 Within days upon the signing of this Agreement unless otherwise extended by mutual written agreement, EDC will loan BIO-GEN the sum of $80,000, provided, however, that if EDC, in its sole discretion, determines as a result of the Due Diligence Review that the development of the Project is not viable for any reason, such payment shall not be due. During this 45 day period EDC agrees to issue a weekly report in writing with reference as to status of the project. If EDC determines not to go forward with development pursuant to its Due Diligence Review, it shall reassign the Power Purchase Agreements back to BIO-GEN free and clear of all leins and encumbrances, except that BIO-GEN shall provide EDC with a security interest in the Power Purchase Agreements relating to any unpaid loans. The reassignment contemplated by the prior sentence shall be conditional upon the assumption by BIO-GEN of all obligations and liabilities under the Power Purchase Agreements.

7.1.2 If after performing its Due Diligence Review, and subject to Section 10.3.1 hereof, EDC determines to go forward with the development of the Project, EDC shall loan to BIO-GEN $80,000 upon the date it has completed its Due Diligence Review, and $30,000 upon each of the dates ending 30, 60, 90 and 120 days thereafter (for a total of $200,000, including the loan under Section 7.1.1)."

7.2 Development Fee - If the Financial Closing occurs, EDC shall be entitled to a development fee as provided by the financing arrangements with an understood maximum $ BIO-GEN shall also receive a development fee at Financial Closing in an amount equal to $ In addition, BIO-GEN shall be entitled to an additional $ fee, to be paid in equal quarterly increments, during the construction period. To the extent that BIO-GEN secures funding for the Project pursuant to governmental, scientific or other grants (but not including any funding related to the Financial Closing), additional development fees shall be distributed on an equal basis to BIO-GEN and EDC to the extent any such grants provide excess monies which are not restricted for such use and which are not required by the Project.

7.3 Allocation of Net Cash Flow - The limited partnership agreement executed upon formation of the Owner will provide that the Owner will distribute the net cash flow (after all financing/lease payments, operation and maintenance costs, fuel costs, utility costs, etc.) to BIO-GEN (and/or its Affiliates) and EDC (and/or its Affiliates) in proportion to their relative Partnership Income Percentages in effect at the time of distribution.

7.4 Monthly Expense Fees - The limited partnership agreement executed upon formation of the Owner shall provide that to the extent the Project has sufficient funds available, BIO-GEN and EDC shall receive local assistance, general and fuel management monthly expense fees of $ and $ respectively, and if sufficient funds are available, such fees shall escalate annually as agreed upon by EDC and BIO-GEN.

7.5 Equity Commitment Fee - At Financial Closing EDC shall make an equity commitment to the Owner and shall receive an equity commitment fee of % per year calculated from the date of the Financial Closing through the date the equity is contributed. Such Equity Commitment Fee shall not exceed $ without mutual written agreement.

ARTICLE VIII - ASSIGNMENT OF POWER PURCHASE AGREEMENT

Upon the execution of this Agreement and after receiving approval from FPC, BIO-GEN shall assign all its rights, title and benefits in the Power Purchase Agreements to EDC. BIO-GEN convenants that it will use its best efforts to obtain the consent of FPC in the form attached as Exhibit B within 30 days of the date hereof. If EDC elects not to go forward with the development of the project as contemplated by Section 7.1 and 10.3, EDC shall reassign such Power Purchase Agreements to BIO-GEN as provided in such sections.

ARTICLE IX - LIMITATION OF LIABILITY

Notwithstanding any other provision of this Agreement, in no event shall BIO-GEN or EDC or any of their Affiliates, subcontractors or vendors, by reason of any of their respective acts or omissions relating to the design, financing, ownership, construction, operation or maintenance of the Facility or the Project or relating to any of their obligations under this Agreement, be liable whether in contract, tort, warranty, negligence, strict liability or otherwise for any special, indirect, incidental or consequential damages arising out of or in connection with this Agreement, or the performance, non-performance or breach thereof.

ARTICLE X - MISCELLANEOUS

10.1 Governing Law - This Agreement shall be interpreted in accordance with and governed by the laws of the State of Florida, and the parties hereby consent and submit to the service of process and personal jurisdiction of any Federal or state court within said State having jurisdiction over the subject matter of disputes arising hereunder.

10.2 Indemnification

10.2.1 BIO-GEN shall hold EDC and EDC's Affiliates harmless from and defend and indemnify it against any loss, cost, liability, claim, damage, expense (including reasonable attorneys' fees and disbursements), penalty or fine incurred in connection with any claim or cause of action arising from any claim or breach in connection with or arising room the Project or any agreement entered into in respect of the Project or any Permit, license or approval obtained by BIO-GEN in connection therewith to the extent caused by the negligence, fault or misconduct of BIO-GEN.

10.2.2

EDC shall hold BIO-GEN and BIO-GEN's Affiliates harmless from and defend and indemnify them against any lost, cost, liability, claim, damage, expense (including reasonable attorneys' fees and disbursements), penalty or fine incurred in connection with any claim or cause of action arising from any claim or breach in connection with or arising from the Project or any agreement entered into or any Permit, license or approval obtained by EDC in connection therewith to the extent caused by the negligence, fault or misconduct of EDC.

10.3 Right to Withdraw

10.3.1 Notwithstanding any other provision contained in the Agreement, EDC, in its sole discretion upon notice to BIO-GEN, shall have the absolute right to withdraw from this Agreement at any time up to the date of Financial Closing, and in the event of a withdrawal from this Agreement, this Agreement shall terminate and neither party shall have any liability to the other, except to the extent otherwise provided in this Section 10.3 and in Section 10.10 hereof. Each party recognizes that the development of the Project is a high-risk activity in the terms of likelihood of success and that EDC, by its agreement to develop the Project, or by any other activity, does not in any way warrant or even predict that the Project will reach fruition. If EDC elects to withdraw after making the initial $80,000 loan after this agreement is signed, EDC will loan BIO-GEN 1/2 of whatever remains of the $200,000 indicated in Section 7.1.2. Upon withdrawal by EDC, BIO-GEN shall be entitled to complete the development of the Project exclusive of EDC, and, subject to Section 10.3.2 hereof, EDC shall assign to BIO-GEN all right, title, and interest of EDC and its Affiliates in and to the Project (provided that BIO-GEN shall assume any related obligations or liabilities), including

without limitation, the Power Purchase Agreements, which shall be fr ar clear of all leins and encumbrances except as provided in Section 10.3.2, an any contracts with third parties, permits, or the like, except EDC shall hav the right not to assign to BIO-GEN any contract or other rights related t fuel source arrangements.

10.3.2 BIO-GEN agrees that if, subsequent to EDC' withdrawal, the Project is brought to Financial Closing by BIO-GEN, any of it Affiliates or any other person, BIO-GEN will reimburse EDC for any loan advanced pursuant to Section 7.1 hereof and for any Internal Costs incurred b EDC and/or any of its Affiliates, and that any assignment to BIO-GEN by EDC o contracts with third parties, including, without limitation, the Powe Purchase Agreements, shall be made subject to a lien and security interest i favor of EDC to secure such reimbursements and BIO-GEN shall, as a conditio of the assignment to it of any such contracts, execute any securit agreements, financing statements or other instruments which EDC deem necessary to evidence and perfect such leins and security interests.

10.4 Representations of BIO-GEN. BIO-GEN hereby represents warrants that (i) the Power Purchase Agreements are valid and bindi agreements, enforceable in accordance with their terms and are in full forc and effect, (ii) neither the execution or delivery of this Agreement nor th consummation of the transactions contemplated hereby will violate th organizational documents of BIO-GEN or any agreement to which BIO-GEN is party, (iii) other than BIO-GEN and FPC, no other person has any rights under or interests in, the Power Purchase Agreements, and there are no leins security interests, or encumbrances of any nature whatsoever on the Powe Purchase Agreements and (iv) BIO-GEN is not in default under the Powe Purchase Agreements.

10.5 Assignment - Any assignment by either party hereto shall onl be made upon the prior written approval of the other party hereto, whic approval will not be unreasonably withheld. No assignment shall relieve release or discharge the assigning party of its obligations hereunder, excep as expressly provided therein.

10.6 Relationship of Parties - The parties understand and agree that neither party is an agent, employee, contractor, vendor, representative or partner (except for the purposes in Section 6.7 hereof) of the other and that they shall not hold themselves out as such to third parties.

10.7 Integration - The terms and provisions contained in this Agreement constitute the entire agreement between BIO-GEN and EDC with respect to the subject matter hereof. This Agreement supersedes and terminates all previous undertakings, representations and agreements, both oral and written, between EDC and BIO-GEN with respect to the Project.

10.8 Non-Recourse - The obligations of the parties under this Agreement are obligations of the parties only, and no recourse shall be available against any officer, director, stockholder or, except as permitted under applicable law, partner of either party.

10.9 No Oral Modifications - This Agreement may not be amended or modified except by written agreement.

10.10 Term; Survival - This Agreement shall terminate on the earliest of EDC's withdrawal pursuant to Section 10.3 above or the formation of the Owner; provided, however, that, in the former case, any obligation by either BIO-GEN or EDC pursuant to Section 3.1, 10.2 or 10.3 which is outstanding as of the date on which this Agreement terminates shall survive such termination and, in the latter case, the obligations of the parties under the second sentence of Section 6.1 shall survive such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

CFR BIO-GEN CORPORATION

By: _____

ENERGY DEVELOPMENT CORPORATION

By: _____

ATTACHMENT A

The % Internal Rate of Return (IRR) shall be calculated to include the following:

1. The Actual corporate tax rate in effect for Corporations doing business in Florida, in each year of Project operation, as established from time to time by the Internal Revenue Service, and the Florida State Revenue Service.
2. The IRR is calculated from the date of the equity infusion, anticipated to be at commercial operation.
3. An equity commitment fee of % calculated from the date of equity commitment to the date of equity infusion.
4. The impact to Limited Partner interests of Project tax losses, referred to as "After tax loss impact".
5. The IRR shall be calculated using the @IRR function contained in the Lotus 123 version 2.01 software program.

Exhibit 9

CONSENT

Florida Power Corporation ("FPC") acknowledges that it entered into Standard Offer Contracts with CRF BIO-GEN Corporation ("Assignor") dated March 17, 1987 and September 20, 1988 (the "Power Purchase Agreements"), which provide for the purchase by FPC of approximately 74MW of electric capacity and energy. FPC hereby consents to the assignment by Assignor of all of its rights, title and interests in the Power Purchase Agreements to ENERGY Development Corporation, a Georgia corporation ("Assignee"), and agrees that Assignee, rather than Assignor, will be responsible for all obligations, and will be entitled to all rights, thereunder. FPC further agrees as follows:

1. FPC shall (i) make all payments and provide all notices due under the Power Purchase Agreements to the Assignee at such location as the Assignee may designate in writing to FPC; and (ii) perform all obligations imposed on FPC under the Power Purchase Agreements to the benefit of the Assignee.

2. Assignee in the future may assign all of its rights, title and interest in the Power Purchase Agreements, and the duties and obligations thereunder, to any affiliated entity or an entity to aid in financing, without further consent of FPC and notwithstanding Section 9.5 of the Power Purchase Agreements. FPC hereby represents and warrants to the Assignee that (i) the Power Purchase Agreements are valid and enforceable agreements, (ii) neither FPC nor, to FPC's best knowledge without investigation, Assignor, is in default under the Power Purchase Agreements, and (iii) to FPC's best knowledge without investigation, all convenants, conditions and agreements have been performed as required in the Power PUrchase Agreements except those not due to be performed until after the date hereof. FPC and the Assignee acknowledge and agree that this Consent shall be governed by the construed in accordance with the laws of the State of Florida.

Date _____, 1990

FLORIDA POWER CORPORATION

By _____

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is made and entered into as o the _____ by and between ENERGY Development Corporation ("EDC"), Georgia Corporation with offices located at 9355 Prestwick CLub Drive, Duluth Georgia 30136 (the "Assignee"), and CFR BIO-GEN Corporation ("BIO-GEN"), corporation of P.O. Box 20205, Tallahassee, Florida (the "Assignor").

W I T N E S S E T H :

WHEREAS, Assignor has entered into Standard Offer Contracts with Florida Power Corporation dated March 17, 1987 and September 20, 1988, which provide for the purchase by Florida Power Corporation ("FPC)) of approximately 74MW of electric capacity and energy; and

WHEREAS, Assignee and Assignor entered into a Project Development Agreement dated _____ (the "Development Agreement"); and

WHEREAS, this Agreement is delivered pursuant to Article VIII of the Development Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Assignor and Assignee hereby agree as follows:

1. Assignment. The Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's rights, title and benefits in and to the Power Purchase Agreements. Subject to the conditions imposed and consent of FPC, Assignee agrees to assume all the obligations under the Power Purchase Agreements.

2. Further Assurances. BIO-GEN hereby agrees to take or cause to be taken all action, and to do or cause to be done all things necessary proper or advisable to consummate and make effective the assignment contemplated by this Agreement.

3. Successors and Assigns. The terms and provisions of this Agreement and the respective rights and obligations of the parties hereunder shall be binding upon, and inure to the benefit of, there respective successors and assigns.

4. Governing Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, Assignor and Assignee have executed thi Agreement as of the date first above written.

CFR BIO-GEN CORPORATION

By:_____
Name:_____
Title:_____

ENERGY DEVELOPMENT CORPORATION

By:_____
Name:_____
Title:_____

Attachment 2A

Table of Average Heat Rate Curve
(Proposed 700 MW Coal Plant)

Load (MW)	Heat Rate (BTU's/KWH)
152	12451
160	12258
180	11850
200	11524
220	11257
240	11036
260	10850
280	10691
300	10554
320	10435
340	10332
360	10241
380	10161
400	10091
420	10028
440	9973
460	9924
480	9880
500	9842
520	9808
540	9778
560	9752
580	9729
600	9709
620	9693
640	9679
660	9667
680	9659
700	9652

APPENDIX D

TRANSMISSION SERVICE STANDARDS

1.0 Purpose.

This appendix provides minimum standards required by the Company in the Transmission Service Agreement and applies to QF's whose Facility is not directly interconnected with the Company and who are selling firm capacity and energy to the Company.

2.0 Standards for QF's Selling Firm Capacity and Energy.

2.1 The QF shall ensure that, throughout the Term of the Agreement, the Transmission Service Utility or its lawful successors but no other party shall deliver the Committed Capacity and electric energy to the Company on behalf of the QF.

2.2 A proposed Transmission Service Agreement and any amendments thereto shall be submitted to the Company for its review and consent no less than sixty (60) days before said Transmission Service Agreement or amendment is proposed to be tendered for filing with the FERC. Such consent shall not be unreasonably withheld. No review, recommendations or consent by the Company shall be deemed an approval of any safety or other arrangements between the QF and the Transmission Service Utility nor shall it relieve the QF and the Transmission Service Utility of their responsibility with respect to the adequate engineering, design, construction and operation of any facilities other than the Company's Interconnection Facilities and for any injury to property or persons associated with any failure to perform in a proper and safe manner for any reason. Nothing contained herein shall prevent the Company from exercising any rights that it otherwise would have

to participate as a full party before the FERC when the Transmission Service Agreement or amendments thereto is tendered for filing.

2.3 To ensure the continuous availability to the Company of the Committed Capacity during the Term of the Agreement, the Transmission Service Agreement shall contain provisions satisfying the following minimum criteria:

(i) the Transmission Service Utility's transmission commitment shall be for the full amount of the Committed Capacity plus any losses assessed by the Transmission Service Utility from the Point of Metering to the Point of Delivery;

(ii) the duration of the Transmission Service Utility's transmission commitment shall be for a term at least as long as the Term of the Agreement with termination provisions that are acceptable to the Company;

(iii) the Transmission Service Utility's transmission commitment shall not be interruptible or curtailable to a greater extent than the Transmission Service Utility's transmission service to its own firm requirements customers;

(iv) The QF and the Transmission Service Utility shall not be permitted to amend the Transmission Service Agreement in a manner that adversely affects the Company's rights without the Company's prior written consent;

(v) the Company shall be provided with prompt notification of any default under the Transmission Service Agreement;

(vi) the QF and/or the Transmission Service Utility shall expressly indemnify and hold the Company harmless for any and all liability or cost responsibility in connection with the Transmission Service Agreement and the activities undertaken thereunder, including, without limitation, any facility costs, service charges, or third party impact claims;

(vii) the Company shall be entitled to reasonable access at all times to property and equipment owned or controlled by either the QF or the Transmission Service Utility and at reasonable times to records and schedules maintained by either the QF or the Transmission Service Utility, in order to carry out the purposes of the Agreement in a safe, reliable and economical manner;

(viii) unless otherwise agreed by the Company, the Point of Delivery into the Company's system shall be defined as all points of interconnection at transmission voltages between the Company and the Transmission Service Utility pursuant to any tariffs or interchange agreements on file with the FERC and in effect from time to time;

(ix) the electric energy made available from the Facility for transmission to the Company shall be telemetered to the Company and shall be reduced for all losses assessed by the Transmission Service Agreement from the Point of Metering to the Point of Delivery; the electric energy as so adjusted shall be considered the electric energy delivered to the Company for billing purposes and shall be considered as if within the Company's Control Area, provided that the Transmission Service Utility can deliver and the Company accept the electric energy as so adjusted;

(x) As an alternative to section 2.3(ix) hereof, electric energy from the Facility shall be scheduled for delivery to the Point of Delivery by the

Transmission Service Utility and such electric energy as is scheduled shall be considered as electric energy delivered to the Company for billing purposes.

(xi) The Transmission Service Utility and the Company shall coordinate with one another concerning any inability to deliver or receive the electric energy as adjusted pursuant to section 8.3 (ix) hereof. Whenever the Transmission Service Utility is unable to deliver or the Company does not accept such energy, such energy shall no longer be considered within the Company's Control Area if energy is delivered pursuant to section 2.3(ix) hereof; and

(xii) a contact person for the Transmission Service Utility shall be designated for day-to-day communications between the Transmission Service Utility and the Parties.

APPENDIX E
FPSC RULES 25-17.080 THROUGH 25-17.091

As-Available Energy Forecast

Based on System Marginal Costs (PM910771- 8/16/91)

Florida Power Corporation

On Peak ($/MWH)													
Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
1991								35.69	33.25	45.05	32.73	24.44	29.69
1992	26.31	24.13	26.26	28.36	38.93	46.61	39.22	43.26	45.45	41.57	29.86	25.14	34.59
1993	27.83	27.51	28.64	47.77	31.52	40.25	44.74	46.31	45.81	43.54	28.87	25.01	36.48
1994	28.95	28.87	27.96	40.26	34.99	39.65	44.45	49.40	45.18	39.96	28.39	27.13	36.27
1995	32.61	33.43	33.12	39.58	50.51	50.61	54.15	59.60	55.43	48.10	32.97	28.47	43.22
1996	35.38	34.00	41.94	54.13	54.20	53.06	60.71	65.77	60.71	52.00	39.18	32.12	48.60
1997	39.69	40.19	37.03	66.12	43.22	62.57	73.62	76.89	71.43	46.00	44.40	32.20	52.78
1998	42.68	43.97	42.54	73.54	47.82	68.50	80.94	82.47	77.76	47.90	46.81	33.95	57.41
1999	44.66	44.15	44.94	75.25	48.92	69.80	85.95	87.76	83.07	60.61	48.54	35.99	60.80
2000	45.48	41.73	44.82	81.30	49.37	70.47	86.02	90.38	82.17	49.20	47.51	37.11	60.46
2001	47.02	47.23	50.69	83.67	52.78	72.98	89.96	94.87	86.26	52.16	50.49	39.38	63.96

Off Peak ($/MWH)													
Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
1991								21.96	21.27	23.87	26.31	19.87	22.66
1992	22.19	20.30	22.57	21.88	24.33	26.92	23.76	24.95	26.14	24.73	24.72	20.61	23.59
1993	23.12	21.84	23.73	31.56	21.05	23.92	25.43	25.79	25.77	24.24	24.28	20.55	24.27
1994	23.72	21.87	23.16	30.13	22.77	24.55	26.32	27.91	26.29	23.78	24.22	21.43	24.68
1995	26.27	24.09	25.97	29.20	30.15	29.03	30.22	32.36	30.94	26.79	26.70	22.24	27.83
1996	28.80	24.98	31.33	37.89	32.88	30.89	33.85	35.68	33.74	27.05	30.48	24.25	30.99
1997	31.45	29.05	29.04	44.05	26.91	34.26	37.14	40.60	37.54	27.80	34.40	24.91	33.10
1998	33.88	31.34	32.36	47.14	29.91	37.66	40.95	44.27	40.93	29.00	37.42	26.07	35.91
1999	36.02	32.15	34.01	49.13	30.50	40.63	44.03	47.12	44.23	37.09	40.47	27.93	38.61
2000	36.59	31.53	34.18	52.40	32.33	40.70	43.73	48.56	43.90	32.00	40.73	28.91	38.80
2001	37.37	35.25	38.55	55.23	33.57	42.60	46.12	50.92	46.14	34.07	43.46	30.82	41.18

The above forecast does not include variable O&M, avoided start-up or delivery voltage adjustment.

The On-Peak hours for all days are as follows:

November through March — 6:00 AM to 12:00 Noon & 5:00 PM to 10:00 PM

April through October — 11:00 AM to 10:00 PM

The Off-Peak Hours are all hours other than On-Peak.

ENSERCH DEVELOPMENT CORPORATION

325 Columbia Turnpike
Florham Park, NJ 07932
Telephone 201-593-0030

William R Kelly
Senior Vice President

October 3, 1990

Dr Richard E Glick
CFR BIO-GEN Corporation
P O Box 20205
Tallahassee, FL 32316

Dear Dr Glick:

Pursuant to Sections 7.1 and 10.3 of the Project Development Agreement between Enserch Development Corporation ("EDC") and CFR BIO-GEN Corporation ("CFR") dated as of March 9, 1990, as amended, (the "Agreement", terms used therein are used herein as therein defined) EDC hereby notifies CFR that EDC has determined as a result of the Due Diligence Review that the development of the Project is not viable and hereby withdraws from the Project.

In connection with its withdrawl, EDC requests that, pursuant to section 7.1 of the Agreement, CFR make repayment to EDC, within sixty (60) days of CFR's receipt of this letter, of the $30,000 loan made by EDC to CFR upon the signing of the Agreement. Further, as provided in Section 10.3.2 of the Agreement, EDC will retain a continuing security interest in the Power Purchase Agreements between CFR and Florida Power Corporation, and a right to be reimbursed by CFR in the event the Project is brought to Financial Closing, for Internal Costs incurred by EDC relating to the development of the Project.

Very truly yours,

WRK:DL
cc: E Heaton ✓

DIAMOND ENERGY, II
A Subsidiary of Mitsubishi Corporati
400 South Hope Street, Suite 2400
Los Angeles, CA 90071
Tel: (213) 892-1300
Fax: (213) 892-1332
(213) 485-1831

November 5, 1991

Mr. Eldon Heaton
Energy Development Corporation
9355 Prestwick Club Drive
Duluth, Georgia 30136

Dr. Richard Glick
Corporation for Future Resources
c/o Chemistry Department
Florida State University
Tallahassee, Florida

Re: Letter Agreement dated December 12, 1990 (as amended, the "Letter Agreement") between Diamond Energy, Inc. ("DEI") and Energy Development Corporation ("EDC")

Gentlemen:

Reference is hereby made to the Letter Agreement (capitalized terms used herein, unless otherwise defined herein, having their respective meanings as set forth in the Letter Agreement). We have reviewed the draft Dispatchable Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility dated October 31, 1991 (the "PPA") prepared by Florida Power Corporation ("FPC"). Upon consideration of the terms and conditions of the PPA, and based upon representations of EDC and CFR that the PPA represents FPC's best and final offer, we have determined, pursuant to Section B(1)(a)(iii) and Section E of the Letter Agreement, to not exercise the Second Stage or otherwise pursue any further development with respect to the PPA or the Project, effective December 16, 1991. In connection with such determination, we wish to call to your attention the following:

(1) Effective the date of this letter, Diamond Energy, Inc. ("DEI") shall have no obligation or liability to any party under the Letter Agreement, the PPA or any other agreement relating to the Project (and the same shall have been communicated in writing to FPC and any other third party with whom EDC or CFR has been negotiating in connection with the development of the Project), except for payment of the final

installment of the consulting fee payable to EDC referred to in Section B(1)(a)(ii)(A) of the Letter Agreement.

(2) DEI does not object to CFR's execution of the PPA; provided, however, that DEI's decision to not exercise the Second Stage or pursue any further development with respect to the PPA or the Project is based upon representations of EDC and CFR that the PPA represents FPC's best and final offer, and in the event that the PPA is materially modified in any respect subsequent to the date of this letter, DEI reserves the right to pursue any legal remedy available to DEI.

(3) DEI retains all rights pursuant to Section B(1)(a)(iii)(B) of the Letter Agreement to assign and transfer the Assets to EDC or to another third party and to receive payment of the Project Investment from (i) the proceeds of any construction financing of the Project on the date of closing of such construction financing or (ii) the proceeds any such assignment and transfer, all as more particularly set forth in Section B(1)(a)(iii)(B) of the Letter Agreement.

Please do not hesitate to contact me if you have any questions regarding the foregoing.

Very truly yours,

Tom Kajita
Vice President

cc: Mr. Bo Buchynsky
Ed Feo, Esq.

ENSERCH DEVELOPMENT CORPORATION

325 Columbia Turnpike
Florham Park, NJ 07932
Telephone 201-593-0030

William R Kelly
Senior Vice President

December 12, 1990

Mr. Eldon Heaton
Energy Development Company
9355 Prestwick Club Drive
Duluth, GA 30136

RE: Reassignment of Contracts and Security Agreement

Dear Eldon:

Pursuant to your request, I am writing this letter in order to explain the purposes of the Reassignment of Contracts and Security Agreement (the "Security Agreement") which our attorneys forwarded to Richard Benton on November 26, 1990. This letter is provided for informational purposes only and shall not be construed to waive or prejudice the rights of Enserch Development Corporation ("EDC") pursuant to the Security Agreement. Terms defined in the Security Agreement are used herein as therein defined.

By way of background, EDC made a loan in the amount of $30,000 to CFR, pursuant to the Project Development Agreement, dated as of March 9, 1990, as amended, between EDC and CFR BIO-GEN Corporation ("CFR"). EDC also incurred certain Internal Costs in the amount of $33,139 pursuant to the Project Development Agreement. The Project Development Agreement provided that, upon a withdrawal by EDC from the Project Development Agreement, CFR would be required to grant EDC a security interest in the Power Purchase Agreement as a condition precedent to EDC's reassignment of the Power Purchase Agreements to CFR. The Security Agreement is intended to provide EDC with such a security interest in the Power Purchase Agreements to the extent necessary to secure (i) the repayment by CFR to EDC of the $30,000 loan by January 26, 1991, and (ii) the reimbursement, upon the Financial Closing of the Project, by CFR of EDC's Internal Costs in the amount of $33,139.

Please do not hesitate to call if you have any additional questions in this regard.

WRK:lm

Very truly yours,

William R. Kelly/lm

#1

PROJECT DEVELOPMENT AGREEMENT

This Project Development Agreement ("Agreement") is entered into as of this 2nd day of November, 1990 by CFR BIO-GEN Corporation ("BIO-GEN"), a Florida corporation of P.O. Box 20205 Tallahassee, Florida, and ENERGY Development Corporation ("EDC"), a Georgia Corporation with offices located at 9355 Prestwick Club Drive, Duluth, Georgia 30136.

RECITALS

WHEREAS, BIO-GEN entered into Standard Offer Contracts with Florida Power Corporation dated March 17, 1987, and September 20, 1988, which provided for the purchase by Florida Power Corporation of approximately 74MW of electric capacity and energy;

WHEREAS, EDC has experience in developing and operating electric power supply facilities;

NOW, THEREFORE, in consideration of the promises and mutual agreements of the parties herein expressed, the parties agree as follows:

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement is entered into this 18th day of June, 1992, by and between CFR BIO-GEN CORPORATION ("CFR"), a Florida corporation, and AP COGEN, L.P. ("AP"), a Florida limited partnership.

RECITALS

A. CFR is a party to that certain Dispatchable Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility ("Power Contract"), entered into by and between CFR and Florida Power Corporation ("FPC") on November 18 and 19, 1991, respectively, for the sale and purchase of approximately 74 MW of electric capacity energy.

B. CFR and Energy Development Corporation ("EDC"), a Georgia corporation, have entered into an Agreement of Limited Partnership for the formation of AP Cogen, L.P. ("AP"), a Florida limited partnership, pursuant to which Agreement of Limited Partnership CFR is to make a capital contribution to AP consisting of its right, title and interest in the Power Contract.

C. AP desires to accept the assignment of the Power Contract by CFR and further agrees to assume all of CFR's obligations under the power contract.

NOW THEREFORE in consideration of the mutual covenants named herein for the good and valuable considerations received, CFR and AP hereby agree as follows:

1. CFR hereby assigns, conveys and releases unto AP all of its right, title and interest in and to the Power Contract.

2. AP hereby agrees to assume each and all of CFR's

obligations and liabilities under the power contract and AP further agrees to indemnify and hold harmless CFR with respect to such obligations and liabilities of CFR under the Power Contract.

3. The assignment of rights hereby is made subject to the rights of Enserch Development Corporation pursuant to the terms of that certain Reassignment of Contracts and Security Agreement, dated April 17, 1992, by and between CFR Bio-Gen Corporation and Enserch Development Corporation; and that certain Security Agreement, dated May 4, 1992, by and between CFR Bio-Gen Corporation and Stewart & Stevenson Services, Inc. The respective interests of Enserch and S&S as described above are documented by the filing of two UCC-1s in the records of the Florida Department of State. AP hereby agrees to assume and pay all of the obligations of CFR arising out of the two security agreements mentioned above and the UCC-1 financing statements described above.

4. This Assignment of rights hereby is further made subject to the rights of FPC to approve same pursuant to Paragraph XXIII of the Power Contract.

IN WITNESS WHEREOF the parties have caused their duly authorized officers to affix their signatures hereto on behalf of the corporation on the dates indicated below each signature.

Witnesses:

CFR BIO-GEN CORPORATION

By: _____

Its President

Date: 4/18/92

Witnesses:

AP COGEN, L.P., a Florida
Limited Partnership

By: ENERGY DEVELOPMENT CORPORATION,
a Florida corporation

By: _____
Eldon E. Heaton

Its President

ITS GENERAL PARTNER

Date: June 18, 1992

swp\assignme.reb

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is dated as of April 30, 1993, by and between AP COGEN, LTD., a Florida limited partnership (the "Assignor"), and ORANGE COGENERATION LIMITED PARTNERSHIP, a Delaware limited partnership (the "Assignee").

RECITALS

A. Assignor, Assignee (as assignee of ARK/CSW Development Partnership, a Delaware limited partnership), Energy Development Corporation, a Georgia corporation and CFR Bio-Gen Corporation, a Florida corporation ("CFR"), are parties to that certain Purchase Agreement dated as of December 31, 1992, (the "Purchase Agreement") pursuant to which and subject to the terms whereof Assignor has agreed to sell and Assignee has agreed to buy the Sale Assets described on Exhibit A-1 attached hereto in connection with a natural gas fired combined cycle gas turbine cogeneration facility which is anticipated to be designed to produce and sell a net electrical capacity of approximately 74 megawatts formerly known as the CFR Bio-Gen Project and now referred to by the parties as the Orange Cogeneration Project contemplated to be located in Bartow, Florida, adjacent to or nearby a juicing plant owned by Orange-Co., Inc. and pursuant to which Assignee has agreed to assume the Liabilities set forth in Section 3 of the Purchase Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

B. Assignor desires to convey all of its right, title and interest in and to the Sale Assets (including, without limitation, the Power Purchase Agreement) to Assignee and Assignee desires to assume the Liabilities.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Assignment. Subject to the terms of the Purchase Agreement, Assignor does hereby unconditionally, absolutely and irrevocably grant, bargain, sell, transfer, assign, convey, set over, and deliver unto Assignee all of its right, title and interest in and to the Sale Assets (including, without limitation,

the Project Contracts and Governmental Approvals existing as of the date hereof) and delegates to Assignee all of Assignor's obligations to pay, perform and discharge when due the obligations of Assignor arising in connection with the Liabilities (including, without limitation, the obligations arising under the Power Purchase Agreement and the other Project Contracts) existing as of the date hereof, subject to the Permitted Liens which shall remain in full force and effect.

2. Assumption. Subject to the terms of the Purchase Agreement, Assignee does hereby (i) assume and agree to pay, perform and discharge when due all of the Liabilities and (ii) accept the assignment of all right, title and interest of Assignor in the Sale Assets contained in Section 1 hereof.

3. Governing Law. **This Assignment shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of New York applicable to agreements made and to be performed wholly within the State of New York.**

4. Effective Date. The assignment and assumption made pursuant to this Assignment shall be effective as of the date hereof.

5. Counterparts. This Assignment may be executed in counterparts, all of which taken together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNEE: ORANGE COGENERATION LIMITED PARTNERSHIP, a Delaware limited partnership

By: ORANGE COGENERATION G.P., INC., a Delaware corporation, Its General Partner

By: _____
Name: Arnold R. Klann
Title: President

ASSIGNOR: AP COGEN, LTD. a Florida limited partnership

By: ENERGY DEVELOPMENT CORPORATION, a Georgia corporation, Its General Partner

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNEE: ORANGE COGENERATION LIMITED PARTNERSHIP,
a Delaware limited partnership

By: ORANGE COGENERATION G.P., INC.,
a Delaware corporation,
Its General Partner

By: _____
Name:
Title:

ASSIGNOR: AP COGEN, LTD.
a Florida limited partnership

By: ENERGY DEVELOPMENT CORPORATION,
a Georgia corporation,
Its General Partner

By: _____
Name: E. E. Eaton
Title: PRESIDENT

Exhibit A-1

DESCRIPTION OF SALE ASSETS

I. Project Contracts

(a) Power Purchase Agreement
(b) Purchase Order Contract dated as of April 12, 1993 between Stewart & Stevenson Services, Inc. and AP Cogen, Ltd.
(c) Thermal Energy Sales Agreement dated as of May 27, 1993 by and between Orange-Co of Florida, Inc. and AP Cogen, Ltd. (*)

II. Governmental Approvals

None as of the Purchase Closing Date

III. Other Sale Assets

The Facility, applications for Governmental Approvals, assets (whether real, personal, tangible or intangible), drawings, files, copies of books and records, correspondence, purchase orders, bills of order, engineering, permitting or environmental studies, maps, surveys and other written data and information owned, used or prepared by Seller or any of its Affiliates (as defined in the Purchase Agreement) or are related to, connected with or comprising the Orange Cogeneration Project.

(*) Although this Assignment and Assumption Agreement is dated as of April 30, 1993, the Thermal Energy Sales Agreement is included in this revised Exhibit A-1 since this Assignment and Assumption Agreement is being executed after May 27, 1993 and for efficiency of documentation, it being the intention of all parties that the Thermal Energy Sales Agreement be included in the Sale Assets.

Ausley, McMullen, McGehee, Carothers & Proctor
Attorneys at Law
Washington Square Building
227 S. Calhoun Street
P. O. Box 391
Tallahassee, Florida 32302

Telephone 904 224-9115
Telecopier 904 222-7560

July 31, 1989

HAND DELIVERED

Mr. Steve C. Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: Standard Offer Contract for the Purchase of Firm Energy and Capacity from a Qualifying Facility

Dear Mr. Tribble:

Enclosed for filing pursuant to Fla. Admin. Code Rule 25-17.0831 is a copy of a Standard Offer Contract based on the 1995 statewide avoided unit, for the Purchase of Firm Energy and Capacity from a Qualifying Facility. Pursuant to this Agreement Tampa Electric will purchase firm energy and capacity (20,000 KW at a minimum of 70% capacity factor) from the Polk Power Project in Polk City, Florida.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley

JDB/pp
enc.

cc: Mr. James Dean (w/enc.)
Mr. D. M. Mestas (w/o enc.)
Mr. R. D. Chapman (w/enc.)

TAMPA ELECTRIC COMPANY'S
STANDARD OFFER CONTRACT FOR THE PURCHASE OF
FIRM ENERGY AND CAPACITY FROM A QUALIFYING FACILITY

THIS AGREEMENT is made and entered into this 17th day o April, 19 89 by and between Polk Power Project hereinafte referred to as "QF" and Tampa Electric Company, a private utility corporatio organized under the laws of the State of Florida. The QF and Tampa Electri shall collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, QF desires to sell, and Tampa Electric desires to purchase, electricity to be generated by the QF consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.089 of Order No. 12443, Do t No. 820406-EU; and

WHEREAS, QF ~~xxxxxxxxx~~ agrees to sign an Interconnection Agreement with the utility in whose service territory the QF's generating facility is located, ~~xxxxxxx~~ at least 24 months prior to the date on which the generating facility shall be completed; and ~~herexxxxxxxxxxxxxxxx~~

WHEREAS, the FPSC has approved the following standard contract for the purchase of Firm Energy and Capacity from QFs;

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

1. Facility.

QF contemplates installing and operating a ~~13,230~~ 27,060 KVA generator located at 21228 Highway 33 North, Polk City, Fl. The generator is designed to produce a maximum of _____ megawatts (MW), or ~~1,500~~ 23,000

kilowatts (KW) of electric power at an 85% power factor, such equipment bein hereinafter referred to as the "Facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution by the parties and shall end at 12:01 a.m., December 31, 2015.

Notwithstanding the foregoing if construction and commercial operation of the Facility are not accomplished by QF before January 1, 1995, this Agreement shall be rendered of no force and effect.

3. Sale of Electricity by QF.

Tampa Electric agrees to purchase all of the electric power generated at the Facility and transmitted to Tampa Electric by QF, less the amount of electric power consumed by the QF's generator auxiliaries. The purchase and sale of electricity pursuant to this Agreement shall be construed as a (xx) Net Billing Arrangement or ( ) Simultaneous Purchase and Sale Arrangement. The billing methodology may be changed at the option of the QF, subject to the following provisions:

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

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

(c) upon at least thirty days advance written notice to Tampa Electric;

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

(e) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alternations; and

(f) where the election to change billing methods will not contravene the provisions of the tariff under which the Facility receives electrical service, or any previously agreed upon contractual provision between the QF and Tampa Electric Company.

The parties agree that Q.F.'s obligation to generate and sell electricity from the Facility is subject to both scheduled and unscheduled outages of the Facility and the equipment and facilities described in this Agreement. Except for any repayment of early capacity credits which may be required under Section 7 of this Agreement, neither party shall be required to compensate the other party for electrical energy which from time to time may not be generated and sold by Q.F. or received and purchased by Tampa Electric 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 electricity under this Agreement.

4. Payment for Electricity Produced by QF:

4.1 Energy

Tampa Electric agrees to pay the QF for energy produced by the Facility and delivered to Tampa Electric in accordance with the rates and procedures contained in Rate Schedule COG-2 attached hereto as Appendix A and

as may be amended from time to time. Prior to January 1, 1995 QF will receiv energy payments based on Tampa Electric's actual avoided energy costs. Afte January 1, 1995 QF's energy payments will be based on the lesser of Tamp Electric's actual avoided energy costs or the fuel cost of the Statewid Avoided Unit as defined in COG-2, such comparison to be made hourly.

4.2 Capacity

4.2.1 Anticipated Committed Capacity. QF expects to sel approximately _____ MW or ~~10,000~~ 20,000 KW of capacity, beginning on or abou October 31, 1994.

QF may finalize its Committed Capacity after initial Facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a later time. However, QF must complete Paragraph 4.2.2 by January 1, 1993 in order to be entitled to any capacity payments pursuant to this Agreement.

4.2.2 Actual Committed Capacity. The capacity committed by QF for purposes of this Agreement is _____ MW or _____ KW. QF elects to receive, and Tampa Electric agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following _____, 19____.

4.2.3 Capacity Payments. QF chooses to receive capacity payments from Tampa Electric under Option "A" of Rate Schedule COG-2.

At the end of each billing month, beginning with the billing month specified in Paragraph 4.2.2, Tampa Electric will calculate the most recent twelve month rolling average capacity factor for such month based on QF's Committed Capacity. If the capacity factor thus calculated is 70% or more, then Tampa Electric agrees to pay QF a capacity payment that is the product of QF's Committed Capacity and the applicable rate from QF's chosen capacity payment option.

The capacity payment for a given month will be added to the ene payment for such month and tendered by Tampa Electric to QF as a single paym as promptly as possible, normally by the twentieth business day following day the meter is read.

5. Electricity Production Schedule

During the term of this Agreement, QF agrees to:

(a) Provide Tampa Electric prior to October 1 of each calendar year estimate of the amount of electricity generated by the Facility and deliver to Tampa Electric for each month of the following calendar year, including t time, duration and magnitude of any planned outages or reductions in capacity;

(b) Promptly update the yearly generation schedule and maint schedule as and when any changes may be determined necessary;

(c) Comply with reasonable requirements of Tampa Electric regardi day-to-day or hour-by-hour communications between the parties relative to th performance of this Agreement.

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

The QF's payment option choice pursuant to paragraph 4.2.3 may result i payment by Tampa Electric for capacity delivered prior to January 1, 1995. Th parties recognize that capacity payments paid through December 31, 1994, are i the nature of "early payment" for a future capacity benefit to Tampa Electric To ensure that Tampa Electric will receive a capacity benefit for which earl capacity payments have been made, or alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

Tampa Electric shall establish a Capacity Account. Amounts shall b credited to the Capacity Account each month through December 1994, in th amount of Tampa Electric's capacity payments made to the QF pursuant to QF' chosen payment option from Rate Schedule COG-2. The monthly balance in the Capacity Account shall accrue interest at an annual rate of 10.5%. Commencing on January 1, 1995, there shall be debited from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which Tampa Electric would have paid for capacity in that month if capacity payment had been calculated pursuant to Option A in Rate Schedule COG-2 and the QF had elected to begin receiving payment on January 1, 1995 minus the monthly capacity payment Tampa Electric makes to QF pursuant to the capacity option chosen by QF in paragraph 4.2.3.

The QF shall owe Tampa Electric and be liable for the credit balance in the Capacity Account. Tampa Electric agrees to notify QF monthly as to the current Capacity Account balance. Prior to receipt of advance capacity payments the QF shall execute a promise to repay any credit balance in the Capacity Account in the event the QF defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Rate Schedule COG-2. The specific repayment assurance selected for purposes of this Agreement is: No repayment assurance is required as the QF has elected the normal payment option.

The total Capacity Account shall immediately become due and payable in the event of default by the QF. The QF's obligation to pay the credit balance in the Capacity Account shall survive termination of this Agreement.

7. Nonperformance Provisions

QF shall not receive a capacity payment during any month in which the twelve months rolling average of the QF's capacity factor does not equal or exceed 70% as defined in Rate Schedule COG-2. In addition, if for any month after January 1, 1995, the QF fails to achieve a 70% capacity factor on a 12-month rolling average basis and the QF has received capacity payments prior to January 1, 1995, the QF shall be liable for and shall pay Tampa Electric an amount equal to the Early Payment Offset Amount for the month; provided, however, that such calculation shall assume that the QF achieved a 70% capacity factor. Any payments thus required of QF shall be separately invoiced by Tampa Electric to QF after each month for which such repayment is due and shall be paid by QF within 20 business days after receipt of such invoice by QF. Such repayment shall be debited from the Capacity Amount as an Early Payment Offset Amount.

In no event shall the QF repay to Tampa Electric for nonperformance such amounts which exceed the current credit balance in the Capacity Account.

8. Default

8.1 Mandatory Default. The QF shall be in default under this Agreement if: (1) the QF voluntarily declares bankruptcy, or (2) the QF ceases all electric generation for 12 consecutive months.

8.2 Optional Default. Tampa Electric may declare the QF to be in default: (1) if at any time prior to January 1, 1995, and after capacity payments have begun, Tampa Electric has sufficient reason to believe that the QF is unable to deliver its Committed Capacity, or (2) after January 1, 1995, the QF fails to maintain a 70% capacity factor on a 12-month rolling average basis for 24 consecutive months,

or (3) because of a QF's refusal, inability or anticipatory breach o obligation to deliver its Committed Capacity after January 1, 1995.

8.3 Default Remedy. Once this contract is declared to be default, upon written notice to the QF, the then current value of the Capacit Account shall be paid to Tampa Electric.

9. General Provisions

9.1 Permits. QF hereby agrees to seek to obtain any and al governmental permits, certifications, or other authority QF is required t obtain as a prerequisite to engaging in the activities provided for in thi Agreement. Tampa Electric hereby agrees to seek to obtain any and al governmental permits, certifications or other authority Tampa Electric i required to obtain as a prerequisite to engaging in the activities provided fo in this Agreement.

9.2 Indemnification. QF agrees to indemnify and save harmles Tampa Electric, its subsidiaries, and their respective employees, officers, an directors against any and all liability, loss, damage, costs or expense whic Tampa Electric, its subsidiaries, and their respective employees, officers an directors may hereafter incur, suffer or be required to pay by reason o negligence on the part of QF in performing its obligations pursuant to thi Agreement or QF's failure to abide by the provisions of this Agreement. Tampa Electric agrees to indemnify and save harmless QF against any and al liability, loss, damage, costs or expenses which QF may hereafter incur, suffer or be required to pay by reason of negligence on the part of Tampa Electric in performing its obligations pursuant to this Agreement or Tampa Electric's failure to abide by the provisions of this Agreement. QF agrees to include Tampa Electric as an additional insured in any

liability insurance policy or policies QF obtains to protect QF's interests with respect to QF's indemnity and hold harmless assurances to Tampa Electric contained in this Section.

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

9.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be remedied with all possible dispatch; and the obligations, terms and conditions of this Agreement shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean all acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies; explosions, fires, floods, lightning, wind, perils of the sea, 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. QF agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with Tampa Electric's system if the same are rendered inoperable due to actions of QF, its agents, or force majeure events affecting the Facility or the interconnection with Tampa Electric. Tampa Electric agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by Tampa Electric or its agents.

9.5 Assignment. The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without Tampa Electric's prior written consent.

9.6 Disclaimer. In executing this Agreement, Tampa Electric does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with QF or any assignee of this Agreement.

9.7 Notification. For purposes of making any and all nonemergency oral and written notices, payment or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions to contact another individual.

For QF
Arch Ford
Principal/Polk Power Project
Polk Power Project
242 Middlefield Road
Bellingham, Wa. 98225

For: Tampa Electric
Director, Cogeneration
Tampa Electric Company
P.O. Box 111
Tampa, Florida 33601

9.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

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

DATE EFFECTIVE: April 30, 1984

9.10 Complete Agreement and Amendments. All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement.

9.11 Incorporation of Rate Schedule. The parties agree that this Agreement shall be subject to all of the provisions contained in Tampa Electric's published Rate Schedule COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

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

IN WITNESS WHEREOF, QF and Tampa Electric have executed this Agreement the day and year first above written.

WITNESSES: Qualifying Facility

WITNESSES: Tampa Electric Company

DATE EFFECTIVE: April 30, 1984

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

SCHEDULE

COG-2, Firm Capacity and Energy

AVAILABLE

Tampa Electric Company will purchase Firm Capacity and Energy offered by any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. Order No. 17480 of the Florida Public Service Commission has set the statewide subscription limits associated with the March 27, 1987 Standard Offer Contract at 500 MW. Each year by January 1, the Company will complete the assessment of need for additional Firm Capacity and Energy Purchases for the next calendar year. Until such time as the statewide subscription limits have been exceeded, the Company will subscribe Firm Capacity and Energy offered by any Qualifying Facility under the provisions of this schedule.

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

APPLICABLE

To any cogeneration or small power production Qualifying Facility, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract" or a separately negotiated contract. Firm Capacity and Energy are described by the Florida Public Service Commission (FPSC) Rule 25-17.083, F.A.C., and are capacity and energy produced and sold by

a Qualifying Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to quantity, time and reliability of delivery. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.080, F.A.C.

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 Firm Capacity and Energy from the Qualifying Facility.

LIMITATIONS

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.087, F.A.C. and are limited to those Qualifying Facilities which:

A) Execute a Company "Standard Offer Contract" prior to January 1, 1993 for the Company's purchase of Firm Capacity and Energy; and

B) Commit to commence deliveries of Firm Capacity and Energy no later than January 1, 1995 and to continue such deliveries through at least December 31, 2004.

C) Provide capacity which would not result in the subscription limit on capacity deficit (500 MW) as identified in the FPSC Order No. 17380 to be exceeded.

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at unit costs, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of deferring additional generating capacity in Florida. For the purpose of this schedule, a Statewide Avoided Unit has been designated by the FPSC and is considered to be a jointly owned, peninsular Florida base load generating plant consisting of one (1), 500 MW coal fired generating unit with an in-service

date of January 1, 1995. Appendix A of this schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's "Standard Offer Contract" pursuant to FPSC Rules 25-17.080 through 25-17.087, F.A.C.

A. Firm Capacity Rates

Three options, A, B, and C, as set forth below, are available for payment of Firm Capacity which is produced by the Qualifying Facility and delivered to the Company. Once selected, an option shall remain in effect for the term of the contract with the Company. Exemplary payment schedules, shown on sheets following this section, contain the monthly rate per kilowatt of Firm Capacity the Qualifying Facility has contractually committed to deliver to the Company and are based on a minimum contract term which extends ten (10) years beyond the anticipated in-service date of the Statewide Avoided Unit (i.e., through December 31, 2004). Payment schedules for longer contract terms will be made available to a Qualifying Facility upon request and may be calculated based on the methodologies described in Appendix A.

Option A - Fixed Value of Deferral - Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1995; calculated in accordance with FPSC Rule 25-17.083, F.A.C., as described in Appendix A. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the "Standard Offer Contract".

The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start. The Company will provide the Qualifying Facility with a schedule of capacity payment rates based on the month and year in which

the delivery of Firm Capacity and Energy are to commence and the term of the contract. The following exemplary payment schedule is based on the minimum required contract term which must extend at least ten (10) years beyond the anticipated in-service date of the Statewide Avoided Unit. The currently approved parameters used to calculate the following schedule of payments are found in Appendix B of this schedule.

MONTHLY CAPACITY PAYMENT RATE $/KW/MONTH

Contract Year		Normal Payment Option	Early Payment Options Starting						
From	To	Starting 1/1/95	1/1/94	1/1/93	1/1/92	1/1/91	1/1/90	1/1/89	1/1/88
1/1/87	12/31/87	-	-	-	-	-	-	-	-
1/1/88	12/31/88	-	-	-	-	-	-	-	3.78
1/1/89	12/31/89	-	-	-	-	-	-	4.37	4.03
1/1/90	12/31/90	-	-	-	-	-	5.08	4.66	4.30
1/1/91	12/31/91	-	-	-	-	5.92	5.41	4.97	4.58
1/1/92	12/31/92	-	-	-	6.94	6.31	5.77	5.30	4.88
1/1/93	12/31/93	-	-	8.18	7.39	6.73	6.15	5.65	5.20
1/1/94	12/31/94	-	9.70	8.72	7.88	7.17	6.55	6.02	5.55
1/1/95	12/31/95	16.04	14.77	13.72	12.83	12.07	11.42	10.85	10.34
1/1/96	12/31/96	17.05	15.70	14.58	13.63	12.83	12.13	11.52	10.98
1/1/97	12/31/97	18.13	16.69	15.50	14.49	13.63	12.88	12.23	11.66
1/1/98	12/31/98	19.28	17.75	16.47	15.39	14.48	13.68	12.99	12.38
1/1/99	12/31/99	20.50	18.87	17.51	16.34	15.38	14.53	13.79	13.15
1/1/00	12/31/00	21.80	20.06	18.61	17.38	16.34	15.44	14.65	13.96
1/1/01	12/31/01	23.18	21.32	19.78	18.47	17.36	16.40	15.56	14.82
1/1/02	12/31/02	24.65	22.67	21.02	19.63	18.44	17.42	16.52	15.74
1/1/03	12/31/03	26.21	24.10	22.34	20.86	19.60	18.50	17.55	16.71
1/1/04	12/31/04	27.87	25.62	23.75	22.17	20.82	19.65	18.64	17.75

Option B - Variable Value of Deferral - Payment schedules under this option are also based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1995. Once this option is selected, the Statewide Avoided Unit designation and its in-service date shall remain fixed for the term of the "Standard Offer Contract". The value of deferral, however, shall be recalculated annually and the payment schedule shall be adjusted, upon approval by the FPSC, to reflect the most recent factors affecting the cost of constructing the Statewide Avoided Unit. The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start pursuant to this option.

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

Option C - Average Embedded Book Cost of Fossil Steam Production Plant- Monthly capacity payments made under this option shall be based on the Company's current average embedded book cost of fossil steam production plant approved by the FPSC and in effect in the year in which payment is made.

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

Projected Monthly Capacity Payment Rate $/KW/Month

1989	1990	1991	1992	1993	1994	1995	1996	1997
6.41	6.46	6.58	6.72	6.85	7.11	7.29	7.44	7.73

1998	1999	2000	2001	2002	2003	2004
7.83	8.31	8.48	9.25	9.44	13.48	13.75

B. Energy Rates

1) Payments Prior to January 1, 1995: The energy rate in cents per kilowatt-hour (¢/KWH) shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable variable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. When economy transactions take place, the incremental costs are calculated after the purchase or before the sale of the economy energy.

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

2) Payments Starting on January 1, 1995: The energy rate in cents per kilowatt-hour (¢/KWH), shall be the lesser of an hour-by-hour comparison of: a) the fuel component of the Company's avoided energy costs calculated in accordance with Rule 25-17.0825 F.A.C.; and b) the Statewide Avoided Unit fuel cost. The Statewide Avoided Unit Fuel Cost, in cents per kilowatt hour (¢/KWH) shall be defined as the product of: a) the average monthly inventory charge out price of coal burned at Tampa Electric Company's Big Bend Unit No. 4, in cents per million Btu; and b) an average annual heat rate of .00979 million Btu per kilowatt hour.

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

ESTIMATED FIRM ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. These estimates include a credit for variable operating and maintenance expenses. For the current six month period, April 1, 1989 - September 30, 1989, this credit is estimated to be 0.118¢/KWH. A 50 MW block will be used to calculate the actual hourly avoided energy cost.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April 1, 1989 - September 30, 1989	1.641	1.429	1.486
October 1, 1989 - March 31, 1990	1.736	1.512	1.567
April 1, 1990 - September 30, 1990	1.943	1.724	1.782
October 1, 1990 - March 31, 1991	2.034	1.739	1.811

For information purposes the Company's 10 year projected annual generation mix and fuel prices are as follows:

	Percent Generation by Fuel Type			Supplemental Price of Fuel Delivered		
Year	#2 Oil	#6 Oil	Coal	#2 Oil (¢/MBTU)	#6 Oil (¢/MBTU)	Coal (¢/MBTU)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1989	0.1	0.0	99.9	359	237	159
1990	0.2	0.0	99.8	482	348	177
1991	0.3	0.9	98.8	608	431	194
1992	0.3	1.6	98.1	676	473	202
1993	0.5	1.7	97.8	734	520	222
1994	0.7	1.9	97.4	802	569	224
1995	0.9	2.1	97.0	865	622	241
1996	1.2	2.2	96.7	948	655	261
1997	1.7	2.5	95.8	1037	710	285
1998	2.4	2.6	95.0	1122	796	301

"Supplemental" refers to fuel purchases in excess of long-term contract minimum requirements.

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

¢/KWH

1995	1996	1997	1998	1999	2000	2001	2002	2003
2.48	2.60	2.74	2.88	3.06	3.26	3.47	3.69	3.92

2004
4.17

PERFORMANCE CRITERIA

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

A) Commercial In-Service Date

Capacity payments shall not commence until the Qualifying Facility has attained and demonstrated commercial in-service status. The commercial in-service date of a Qualifying Facility shall be defined as the first day of the month following the successful completion of the Qualifying Facility maintaining an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Qualifying Facility's "Standard Offer Contract" committed capacity for a 24 hour period. A Qualifying Facility 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 Qualifying Facility.

B) 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 Qualifying Facility and subject to the provision that the Qualifying Facility maintains a 70% capacity factor on a 12 month rolling average basis as defined in Appendix A. Failure to achieve this capacity factor shall result in the Qualifying Facility's forfeiture of payments for Firm Capacity during the month in which such failure occurs. Where early capacity payments have been elected and starting with the month of January 1995, failure of a Qualifying Facility to maintain a 70% capacity factor on a 12 month rolling average basis shall also result in payments by the Qualifying Facility to the Company. The amount of such payments shall be equal of the difference between: 1) what the Qualifying Facility would have been paid had it elected the normal payment option starting January 1, 1995; and 2) what it would have been paid pursuant to the early payment option had it maintained the capacity factor performance criteria.

All capacity payments made by the Company prior to January 1, 1995 are considered "early payments". The owner or operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with interest, the cumulative amount of early capacity payments in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is discussed in Appendix A.

C. Additional Criteria

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

DELIVERY VOLTAGE ADJUSTMENT

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

Rate Schedule	Adjustment Factor
RS, GS	1.0737
GSD, GSLD, SBF	1.0555
IS-1, IS-3, SBI-1, SBI-3	1.0250

METERING REQUIREMENTS

Qualifying Facilities within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy production. Energy purchases 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 firm capacity and energy to the Company.

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

BILLING OPTIONS

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The billing option elected may be changed once every twelve (12) months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period providing the Company is notified in writing at least thirty (30) days prior to the effective date of the upcoming Fuel and Purchased Power Cost Recovery Factor billing period. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the qualifying facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

Under the net sales billing option, the QF must commit firm capacity to the Tampa Electric system. Committed capacity is described in the standard offer contract. For the net sales billing option, the committed capacity is additional to internal use, and the rates for purchase, and the performance

criteria apply only to the power delivered to Tampa Electric. A billing option may be changed once every twelve months, but the committed capacity may only change through mutual negotiations satisfactory to the OF and Tampa Electric Company.

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

CHARGES TO QUALIFYING FACILITY

A. Customer Charges

Monthly customer charges for meter reading, billing and other applicable administrative costs by Rate Schedule are:

RS	$ 7.00	RST	$ 10.00
GS	7.00	GST	10.00
GSD	35.00	GSDT	42.00
GSLD	170.00	GSLDT	170.00
IS-1	670.00	IST-1	670.00
IS-3	710.00	IST-3	710.00

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 make 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 were involved.

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 Firm Capacity and Energy produced by 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 should be based upon the singular month in which the QF's projected purchases from the utility exceed, by the greatest amount,

the utility's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit should be required upon interconnection.

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

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

5) The Company will, under the provisions of this Schedule, require an agreement with the Qualifying Facility upon the Company's filed Standard Offer Contract and 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) Special contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2) The Firm Capacity and Energy, from a Qualifying Facility located within the Company's service territory, may be sold to a utility other than the Company. When such conditions exist, the Company will provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Qualifying Facility located outside the Company's service territory for delivery of the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In either case, where existing Company transmission capacity exists, the Company will impose a charge for wheeling Qualifying Facility energy, measured at the point of delivery to the Company. For information purposes, the Company will provide copies of transmission service agreements, for similar transactions, which have been approved by the Federal Energy Regulatory Commission.

3) The Company's actual rates for providing transmission service will be determined on an individually negotiated case-by-case basis in order to allow for variations in providing such service under different circumstances.

4) The Company will provide, upon request, estimates of the availability and cost and terms and conditions of providing the specified desired transmission wheeling service.

5) The Qualifying Facility shall be responsible for all costs associated with such wheeling and the Company will deduct such costs from payments to the Qualifying Facility including:

a) Wheeling charges
b) Line losses incurred by the Company
c) Inadvertent energy flows resulting from such wheeling.

6) Energy delivered to the Company shall be adjusted before delivery to another utility as follows:

Qualifying Facility Rate Schedule	Adjustment Factor
RS, GS	0.9313
GSD, GSLD, SBF	0.9474
IS-1, IS-3, SBI-1, SBI-3	0.9756

7) Where wheeling energy produced by a Qualifying Facility to another utility will impair the Company's ability to give adequate service to the rest of the Company's customers or place an undue burden on the Company, the Company may petition the FPSC for a waiver of any Special Provision.

STANDARD OFFER CONTRACT RATE
FOR PURCHASE OF FIRM CAPACITY AND
ENERGY FROM QUALIFYING COGENERATION
AND SMALL POWER PRODUCTION FACILITIES
Schedule COG-2
Appendix A

APPLICABILITY

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

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

CALCULATION OF VALUE OF DEFERRAL

FPSC Rule 25-17.083(7) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with firm capacity sold to a utility by a Qualifying Facility pursuant to the utility's standard offer shall be defined as the value of a year-by-year deferral of the Statewide Avoided Unit and shall be calculated as follows:

$$VAC_m = \frac{C}{12}\left[KI_n\left[\frac{1-\frac{(1+i_p)}{(1+r)}}{1-\left(\frac{1+i_p}{1+r}\right)^L}\right]+O_n\left[\frac{1+i_o}{1+r}\right]^*\right]$$

Where, for a one year deferral:

VAC_m = utility's value of avoided capacity, in dollars per kilowatt per month, during month m;

C = a constant risk multiplier equal to 0.8 for the purpose of the utility's standard offer contract;

K = present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;

I_n = total direct and indirect costs, in dollars per kilowatt including AFUDC but excluding CWIP, of the statewide avoided unit with an in-service date of year n;

O_n = total first year's fixed and variable operation and maintenance expenses, less fuel in dollars per kilowatt per year, of the statewide avoided unit deflated to the beginning of year n by i_o;

i_p = annual escalation rate associated with the plant cost of the statewide avoided unit;

i_o = annual escalation rate associated with the operation and maintenance expenses of the statewide avoided unit;

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

L = expected life of the statewide avoided unit; and

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

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

$$A_m = \frac{A\ (1+i_p)^n}{12}; \qquad \text{for } n = o, n$$

Where:

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

i_p = annual escalation rate associated with the plant cost of the statewide avoided unit;

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

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

Where:

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

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

t = the term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the statewide avoided unit, and commencing with the year in which the Qualifying Facility elects to receive early capacity payments.

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

CALCULATION OF 12-MONTH ROLLING AVERAGE CAPACITY FACTOR

Pursuant to FPSC Rule 25-17.083(3)(a)(ii), F.A.C., and Order 13247, Docket No. 830377-EU, a Qualifying Facility must maintain a 70 percent capacity factor in order to receive capacity payments. For the purpose of this schedule the capacity factor of the Qualifying Facility shall be defined as: the total kilowatt-hours of energy delivered to the utility during the preceding 12 months, divided by the product of: 1) the maximum kilowatt capacity contractually committed for delivery to the Company by the Qualifying Facility during the preceding 12 months; and 2) the sum of the total hours during the preceding 12 months less those hours during which the Company was unable to accept energy and capacity deliveries from the Qualifying Facility. The Company shall be relieved of its obligation under FPSC Rule 25-17.082

F.A.C. to purchase electricity from a Qualifying Facility when purchases result in higher costs to the Company than without such purchases, and where service to the Company's other customers may be impaired by such purchases. The Company shall notify the Qualifying Facility(ies) as soon as possible or practical, and the FPSC of the problems leading to the need for such relief.

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

SURETY BOND REQUIREMENTS

FPSC Rule 25-17.083(3)(c), F.A.C., requires that when early capacity payments are elected, the Qualifying Facility must provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's "Standard Offer Contract" one of the following may constitute an equivalent assurance of repayment:

1) Surety bond;
2) Escrow
3) Irrevocable letter of credit;

4) Unsecured promise by a municipal, county or state government to repay early capacity payments in the event of default in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that early capacity payments are repaid;

5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in conjunction with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or

6) Other guarantee acceptable to the Company.

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

STATEWIDE AVOIDED UNIT
PARAMETERS FOR AVOIDED CAPACITY COSTS
SCHEDULE COG-2
APPENDIX B

Where, for one year deferral:			Value
VAC_m	=	utility's value of avoided capacity, in dollars per kilowatt per month, during month m;	16.04
C	=	a constant risk multiplier for the purpose of the utility's standard offer contract;	0.8
K	=	present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;	1.4885
I_n	=	total direct and indirect costs, in dollars per kilowatt including AFUDC but excluding CWIP, of the statewide avoided unit with an in-service date of year n;	2137
O_n	=	total first year's fixed and variable operating and maintenance expenses, less fuel in dollars per kilowatt per year, of the statewide avoided unit deflated to the beginning of year n by i_o;	69.70
i_p	=	annual escalation rate associated with the plant cost of the statewide avoided unit;	6.6%
i_o	=	annual escalation rate associated with the operation and maintenance expenses of the statewide avoided unit;	5.6%
r	=	annual discount rate, defined as the utility's incremental after tax cost of capital;	10.72%
L	=	expected life of the statewide avoided unit; and	30
n	=	year for which the statewide avoided unit is deferred starting with its originally anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity;	1995

STATEWIDE AVOIDED UNIT
PARAMETERS FOR AVOIDED CAPACITY COSTS
SCHEDULE COG-2
APPENDIX B

			Value
A_m	=	monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as seven years prior to the anticipated in-service date of statewide avoided unit, in dollars per kilowatt per month;	3.78
i_p	=	annual escalation rate associated with the plant cost of the statewide avoided unit;	6.6%
n	=	year for which early capacity payments to a qualifying facility are made;	1988
F	=	assuming the seven year early payment option (1988), the cumulative present value of the avoided capital cost component of capacity payments which would have been paid had capacity payments commenced with the anticipated in-service date of the statewide avoided unit. Other option years will change the value of F (1988 $);	579.18
r	=	annual discount rate, defined as the utility's incremental after tax cost of capital; and	10.72%
t	=	the minimum term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the statewide avoided unit, and commencing with the year in which the Qualifying Facility elects to receive early capacity payments.	17

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Contracts for Purchase of Firm Capacity and Energy by Florida Power Corporation	DOCKET NO. 910401-EQ ORDER NO. 24734 ISSUED: 7-1-91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
J. TERRY DEASON
BETTY EASLEY
GERALD L. GUNTER
MICHAEL McK. WILSON

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING FIRM CAPACITY AND ENERGY CONTRACTS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

On January 11, 1991, Florida Power Corporation (FPC) solicited power through a Request for Proposal (RFP) from those prospective Qualifying Facilities (QFs) that had previously indicated their interest in selling firm capacity and energy to FPC from proposed projects with an in-service date no later than December 1, 1993.

In response to its request FPC received thirteen proposals from prospective QFs. FPC retained a consultant from National Economic Research Associates, Inc. to help evaluate the proposals. Two proposals were eliminated based upon the lack of development maturity. A third project was eliminated because of the pricing risk associated with the proposed fixed capacity and energy payments. The consultant ranked the remaining ten projects in order of preference. FPC selected the following eight projects from this group:

PROJECT FUEL TYPE & LOCATION	COMMITTED CAPACITY	COMMITTED ON-PEAK CAPACITY FACTOR	CONTRACT DATE OF THE OF
Dade County Municipal Solid Waste Miami	43 MW	83%	November, 1991
El Dorado Energy Natural Gas Auburndale	103.8 MW	92%	January, 1991
Lake Cogen Limited Natural Gas Umatilla	102 MW	90%	August, 1993
Mulberry Energy Company, Inc. Orimulsion Bartow	72 MW	90%	January, 1993
Orlando Cogen Limited L.P. Natural Gas Orlando	72 MW	90%	January, 1994
Pasco Cogen Limited Natural Gas Dade City	102 MW	90%	August, 1993
Ridge Generating Station Limited Partnership Agricultural & Wood Waste Polk County	36 MW	85%	January, 1994
Royster Phosphates Waste Heat from Processing Palmetto	28 MW	85%	December, 1993

FPC'S ADDITIONAL CAPACITY NEEDS

The eight negotiated contracts total 559 MW of capacity. If a utility were to construct this amount of capacity itself, it would have to come before the Commission with a petition for a need

determination. The capacity FPC has contracted to purchase here, however, is made up of small projects with a steam capacity of less than 75 MW each, and the projects are thus not large enough to fall within the jurisdiction of the Florida Power Plant Siting Act.

The QF projects are projected to avoid the FPC's 1991 need of 300 MW of coal and 150 MW of combustion turbine capacity as identified in Docket No. 910004-EU, the Annual Planning Hearing (APH). The 1991 need for 450 MW of capacity is different from the Standard Offer need identified in the same docket. FPC identified an 80 MW combustion turbine unit with an 1997 in-service date for its Standard Offer contract.

In the request for proposals, FPC gave the QFs a choice of coal unit or combustion turbine unit pricing. All eight QFs chose the coal unit price. FPC maintains that the prices associated with the eight contracts are below the price of the 450 MW of coal-fired generation. FPC also maintains that the contract prices are below the price associated with the 300 MW coal and 150 MW combustion turbine. On a present worth basis, using FPC's planning assumptions, the 450 MW of coal capacity has total fuel and capacity costs very close to the 300 MW coal and 150 MW combustion turbine option. FPC's projections indicate that beginning in 2008, a coal unit's total avoided costs (capacity and fuel) fall below a combustion turbine's total avoided cost on a net present value basis. Since the terms of all eight contracts extend beyond the year 2008, FPC states that it considers the contracts to avoid part of the 450 MW of coal-fired generation.

In addition to the eight contracts, FPC signed two other contracts against their 1991 need, one with Seminole Fertilizer (47 MW) and one with Ecopeat (36.5 MW). The Seminole Fertilizer contract was approved in Order No. 24099. The Ecopeat contract is presently awaiting Commission approval.

The 559 MW of the negotiated contracts and the 83.5 MW associated with the Seminole and Ecopeat contracts exceed FPC's 450 MW need identified in their 1990 Facility Plan. FPC states that the excess capacity will cover present qualifying facility projects that may not come to fruition. For example, FPC believes that its two contracts with the Corporation for Future Resources, which total 74 MW, are doubtful and may not perform. Also, Pinellas County and General Peat have requested in-service delays of one to two years for projects totalling 196 MW. FPC states that it

negotiated contracts for the excess capacity because it is in need of capacity immediately, and would not have time to acquire more QF capacity to replace any contracts that might not perform. FPC's winter reserve margin for the 1991-1995 period ranges from 7.1% to 10.8% without the eight QF contracts and 7.7% to 17.6% with the QF contracts.

FPC's need for additional capacity identified in its 1989 Annual Planning Hearing has increased considerably in its current 1991 expansion plan. The 1989 plan identified a need for 260 MW of combustion turbine capacity with a 1995 in-service date. The current 1991 plan identifies a need of 450 MW with a 1991 in-service date.

FPC maintains that the additional need is a result of three factors:

1) Higher Demand

FPC's demand and energy is higher than projected because FPC's forecast underestimated customer growth, underestimated per capita energy usage, and overestimated per customer demand reductions from conservation and load management programs.

2) Remodeled Interface

FPC changed its method of modelling emergency assistance. The old method of modelling emergency assistance overstated the reliability of FPC's system, and thus reduced the apparent need for capacity. By more accurately modelling emergency assistance, FPC's plan showed an accelerated need for capacity in 1991.

FPC's old method of modelling emergency assistance did not consider the tie-line limitation of 3200 MW into Florida. The Company previously modeled the Peninsula and Southern as one assistance area with no transmission constraints between Southern and the Peninsula. The effect was to assume that FPC could receive assistance from Southern as long as it had capacity available, whether or not the capacity could be transmitted to FPC.

Now, FPC's model accounts for the limitation on the tie-lines by modelling the Peninsula as the assistance area and by modelling Southern as a 2,800 MW unit in the peninsula (3,200 MW interface capacity minus FPC's firm purchase of 400 MW). This new modelling technique recognizes the limitations in transmitting capacity between the Southern Company and Florida, and results in a more accurate representation of FPC's reliability.

3) Lower Assistance From Peninsular Florida Utilities

Because the peninsular Florida utilities have experienced higher than anticipated loads, they have less capacity available to sell FPC on an emergency basis.

As a result of these changes, the FPC Loss of Load Probability (LOLP) has increased, thereby accelerating FPC's need into 1991.

CONTRACT TERMS AND CONDITIONS

The negotiated contracts considered here contain several terms and conditions that are relatively unique. The unique terms and conditions are described below.

Security Guaranties

Within sixty days after the contract approval date, the QF shall post a Completion Security Guarantee of $10 per KW of Committed Capacity or $1,000,000 per 100 MW to ensure completion of the QF facility in a timely fashion. The contract agreement will terminate if the completion security guarantee is not tendered in a timely fashion. FPC will refund to the QF any cash completion security guarantee if the facility achieves commercial in-service at or prior to the contract in-service date.

The negotiated contracts contain an Operational Security Guarantee of $20 per KW of committed capacity or $2,000,000 per 100 MW to ensure timely performance by the QF of its obligations under the agreement. The operational security guarantee must be cash or suitable letter of credit, and terminates with the term of the agreement.

Changes in Committed Capacity

For the period ending one year immediately after the contract in-service date, the QF may, on one occasion only, increase or decrease the committed capacity by no more than 10%. After the one year period, and throughout the term of the agreement, the QF may decrease its committed capacity by up to 20%. The QF will be charged a penalty if it provides less than three years notice for a decrease in capacity occurring one year after the in-service date. The capacity payment will be prorated to the new capacity amount.

Capacity and Energy Payments

The negotiated contracts allow the QFs to receive a monthly capacity payment based on the value of the committed capacity factor during the month. The respective payment streams for the QFs are based on their committed on-peak capacity factors (83%-93%). See appendix 2. FPC's avoided coal unit used for pricing these contracts contains a 83% on-peak capacity factor. The payment stream of the contracts with capacity factors above 83% are increased by their committed capacity divided by 83% (ex. 90/83 = 1.084%) to reflect the additional value of higher availability and reliability to FPC. The contracts also include a capacity performance adjustment which will decrease the capacity payment in the event the monthly on-peak capacity factor is below the respective contractual minimum amount but greater than or equal to 50%. No capacity payment will be made if the on-peak capacity factor falls below 50%.

Beginning with the contract in-service date, the QF will receive electric energy payments based upon the firm energy cost calculated on an hour-by-hour basis as follows: (i) the product of the average monthly inventory chargeout price of fuel burned at the Avoided Unit Fuel Reference Plant, the Fuel Multiplier, and the Avoided Unit Heat Rate, plus the Avoided Unit Variable O & M, if applicable, for each hour that the Company would have had a unit with these characteristics operating; and (ii) during all other hours, the energy cost shall be equal to the as-available energy cost. There is also an hourly performance adjustment to the energy payment which provides an incentive to the QF to operate in a manner similar to the operation of the avoided unit.

Events of Default

The negotiated contracts permit the QF to delay commercial operation by up to 90 days beyond the Contract In-Service Date with the payment of $0.15 per kW or $15,000 per 100 MW per day of delay. If the Operational Security Guarantee is not tendered on or before the applicable due date the QF is in default.

If there are delays in commercial in-service, the Negotiated Contract requires renegotiations to begin at least thirty days prior to termination if the QF has commenced construction and is not in arrears for monies owed to FPC.

Interconnection Formats

Three interconnection formats were used as the basis for all eight negotiated contracts. All eight QFs are located south of FPC's Central Florida Substation, therefore FPC did not have to acquire additional interface capacity. The contract format used for each contract is summarized below:

1. Interconnected and Non-Interconnected:

   - El Dorado Energy
   - Ridge Generating Station Limited Partnership

   These two contracts use the base contract format which permits the QF to either be directly interconnected to the company or to be interconnected to a transmission service utility which provides wheeling services. The two QFs who have selected this format have facilities which will be located close to FPC's system but they may elect to wheel.

2. Interconnected

   - Lake Cogen Limited
   - Mulberry Energy Company, Inc.
   - Orlando Cogen Limited
   - Pasco Cogen Limited

   This contract version is for the QFs directly interconnected to FPC.

3. Non-Interconnected Version

- Dade County
- Royster Phosphates, Inc.

This contract version is for the QFs that will wheel their power through a transmission service utility.

APPROVAL OF THE CONTRACTS

Under the provisions of Sections 25-17.082 NS 25-17.0832(2), Florida Administrative Code, we grant Florida Power Corporation's petition for approval of the eight negotiated QF contracts discussed above. Section 25-17.082, Florida Administrative Code requires electric utilities to purchase electricity produced and sold by qualifying facilities at rates which have been agreed upon by the utility and qualifying facility, or at the utility's published tariff rate. Section 25-17.0832(2), Florida Administrative Code states that in reviewing a negotiated firm capacity and energy contract for purposes of cost recovery, the Commission shall consider the following factors:

a. Whether the additional firm capacity and energy is needed by the purchasing utility and by Florida utilities from a statewide perspective;

b. Whether the present worth of the utility's payments for firm capacity and energy to the QF over the life of the contract is projected to be no greater than the present worth of the year-by-year deferral of the construction and operation of a generating facility by the purchasing utility over the life of the contract, or the present worth of other capacity and energy costs that the contract is designed to avoid;

c. Whether, to the extent that annual firm capacity and energy payments made to the QF in any year exceed that year's annual value of deferring the construction and operation of a generating facility, or other capacity and energy related costs, the contract contains provisions to ensure repayment of the amounts that exceed that year's value of deferring the capacity if the QF fails to deliver firm capacity and energy under the terms of the contract; and

d. Whether, considering the technical reliability, viability and financial stability of the QF, the contract contains provisions to protect the purchasing utility's ratepayers if the QF fails to deliver firm capacity and energy under the terms of the contract.

Need For Power

It is with certain reservations that we approve contracts amounting to 642.5 MW (including Seminole and Ecopeat), when FPC has only identified a need for 450 MW. We do not believe, as a general rule, that utilities should sign up more capacity than they need. There are, however, certain circumstances which support such an action in this case. FPC's need is immediate and they cannot risk obtaining less than 450 MW because of possible QF defaults or delays. Also, FPC's need is probably greater than the 450 MW they identified in their 1990 plan because that plan did not anticipate recently requested delays in existing QF projects, or the anticipated one-year delay in FPC's 500 kV transmission line.

In the event that all QF projects do come on-line as agreed, and FPC has excess capacity, FPC can reduce its purchase from Southern Company by 200 MW in 1994 and delay or cancel the construction of 1993 combustion turbines to mitigate any harmful effect to its ratepayers.

Furthermore, FPC needs to purchase capacity and energy from the QF's to meet reliability and reserve margin requirements. The purchases will contribute to maintaining a loss of load probability of less than 0.1 days per year. The capacity provided by the QF's will improve the loss of load probability for the state, and thus contribute to the capacity needs of the state.

Cost-Effectiveness

The analysis provided by FPC with its petition indicated that the present value of its payments to each of the QFs for firm capacity and energy will be no greater than the present worth of the value of a year-by-year deferral of FPC's avoided costs. The analysis showed a present worth savings of $42,516,772 compared to FPC's full avoided costs for the eight negotiated contracts. FPC's avoided costs are derived from its 1991 need for 450 MW of pulverized coal and combustion turbine capacity.

At the time the petition for approval was filed, FPC was in the process of updating the K factor associated with its avoided cost. Since that time FPC has completed its update of the K factor and recalculated its avoided costs accordingly. According to the revised figures submitted by FPC (Appendix 1), the present worth savings of the eight contracts have increased to $44,273,607. Our approval of the contracts is still appropriate, since the present worth savings, compared to FPC's full avoided costs, has increased.

Security for Early Payments

None of the eight QF's will be paid early capacity payments, and therefore, there is no need to establish a capacity credit account to ensure repayment of capacity payments exceeding that year's value of deferral.

Security Against Default

The contract contains security to protect FPC's ratepayers in the event a QF fails to deliver firm capacity and energy as required in the contract. The contract contains several performance milestone dates which, if not achieved, would permit FPC to terminate the contract.

CONCLUSION

We find that the negotiated cogeneration contracts between FPC and Dade County, El Dorado Energy, Lake Cogen Ltd., Mulberry Energy Co., Orlando Cogen Ltd., Pasco Cogen Ltd., Ridge Generation Stn. Ltd., and Royster Phosphates are viable generation alternatives because:

1. The capacity and energy generated by the facilities is needed by FPC and Florida's utilities;

2. The contracts appear to be cost-effective to FPC's ratepayers;

3. FPC's ratepayers are reasonably protected from default by the QFs; and

4. The contracts meet all the requirements and rules governing qualifying facilities.

It is therefore

ORDERED by the Florida Public Service Commission that the contracts are approved for the reasons set forth in the body of this order. It is further

ORDERED that this Order shall become final unless an appropriate petition for formal proceeding is timely filed herein. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for a formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this 1st day of July, 1991.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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APPENDIX 1
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SUMMARY OF CONTRACTS
SHOWING COST EFFECTIVENESS

Company Name	NPV of Discount (1/1/91)	Contract/ Avoided (Percent)
Dade County	$128,056	99.93%
El Dorado Energy Company	$21,361,710	94.83%
Lake Cogen Limited	$3,292,284	99.16%
Mulberry Energy Company, Inc	$9,801,654	97.20%
Orlando CoGen Limited, L.P.	$1,012,795	99.72%
Pasco Cogen Limited	$3,292,284	99.16%
Ridge Generating Station Limited Partnership	$3,581,496	97.83%
Royster Phosphates, Inc.	$1,787,319	97.89%
Total	$44,279,607	

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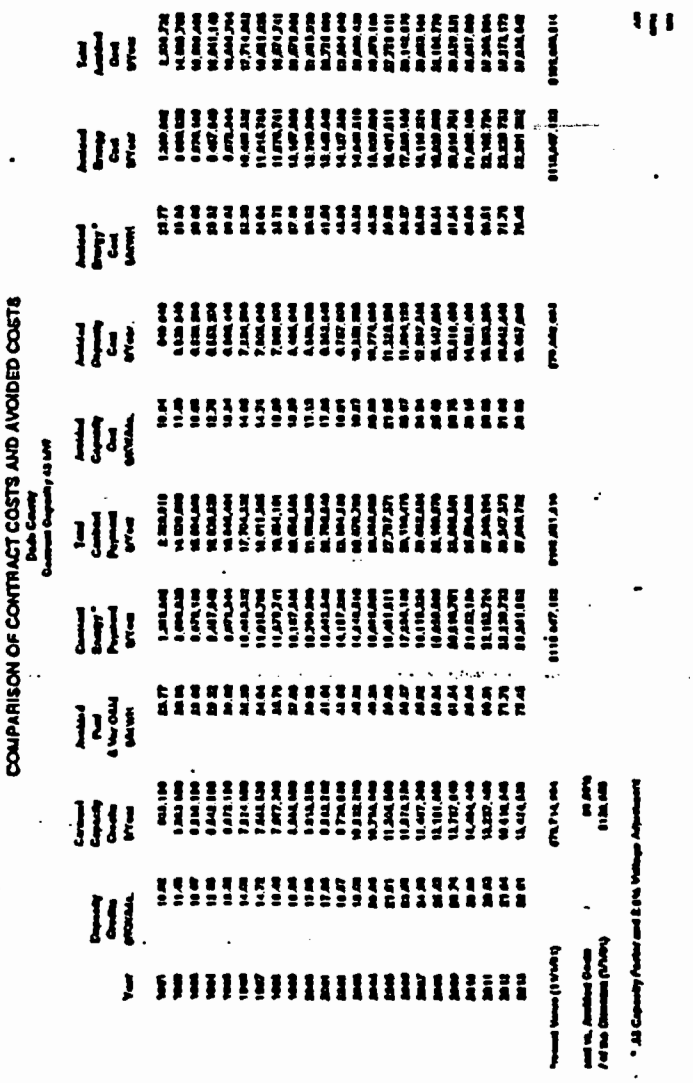

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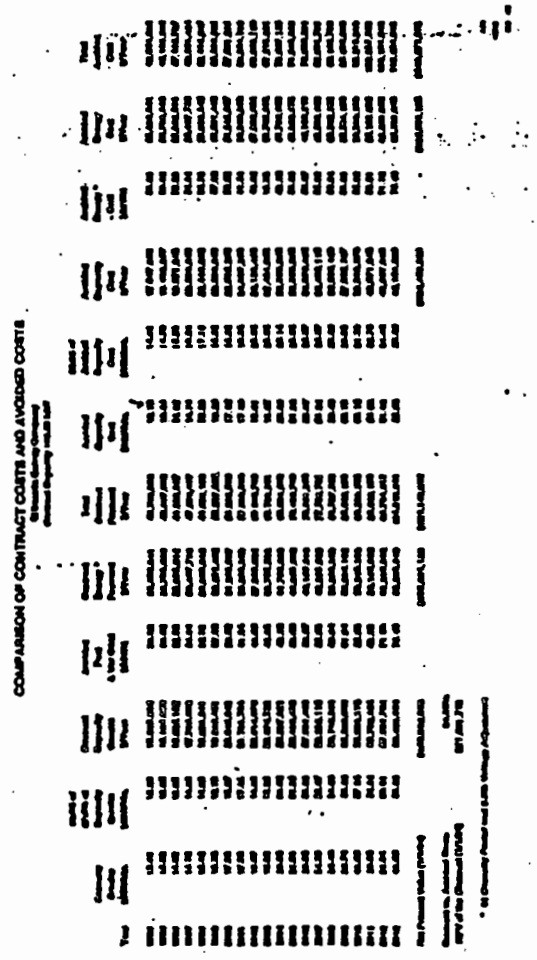

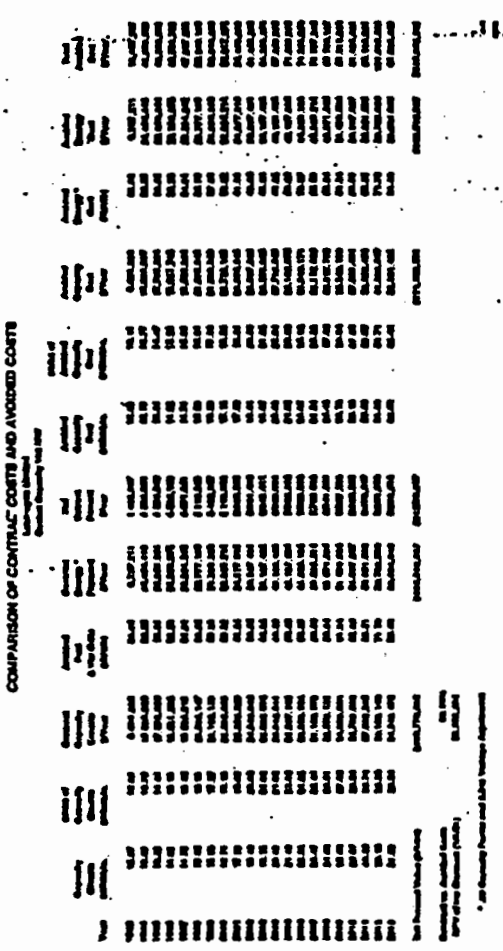

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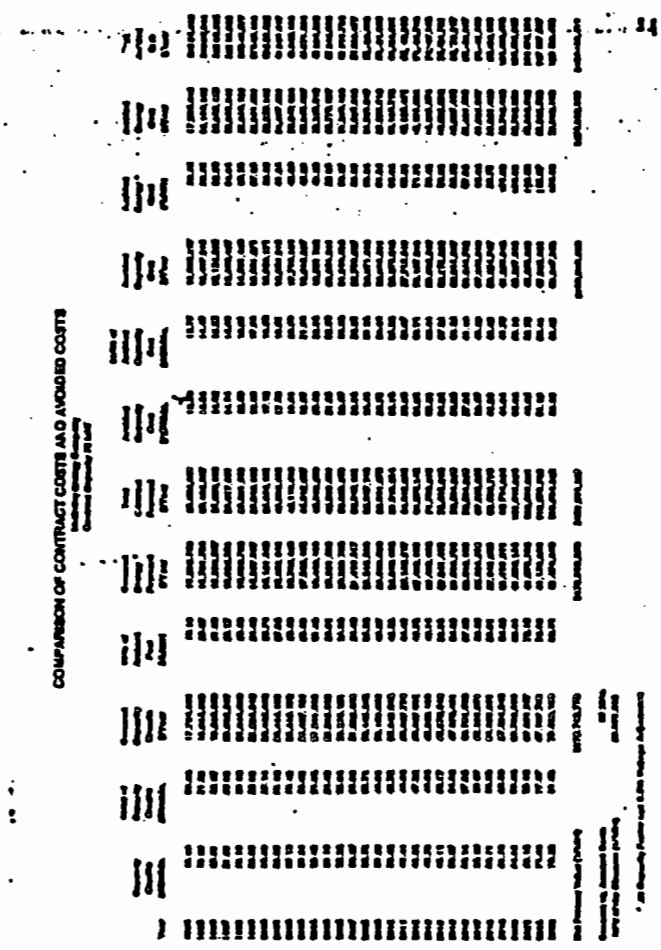

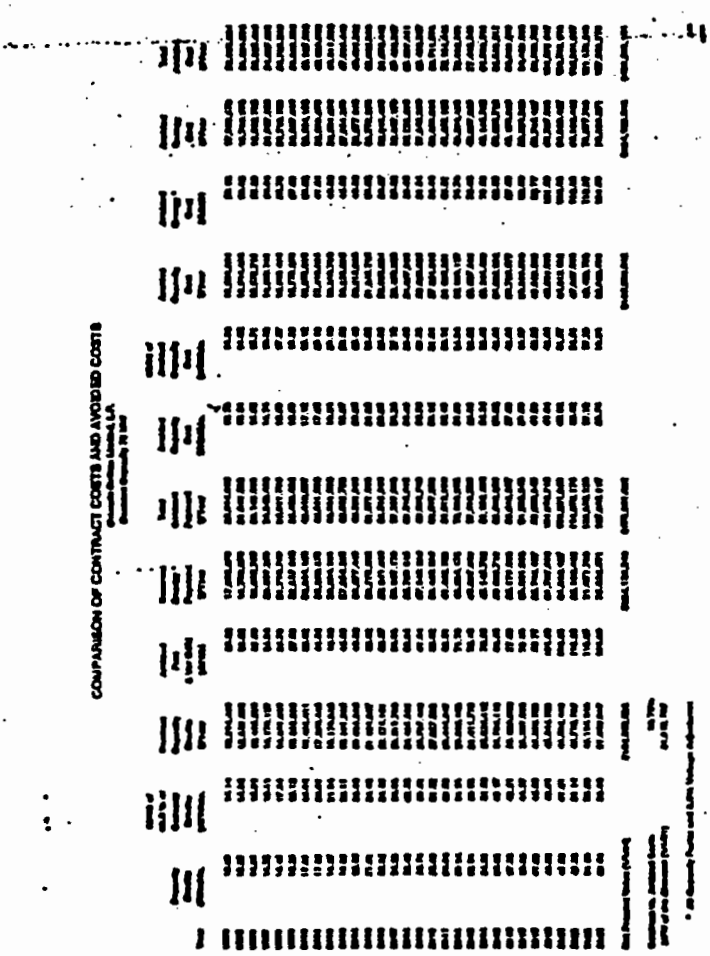

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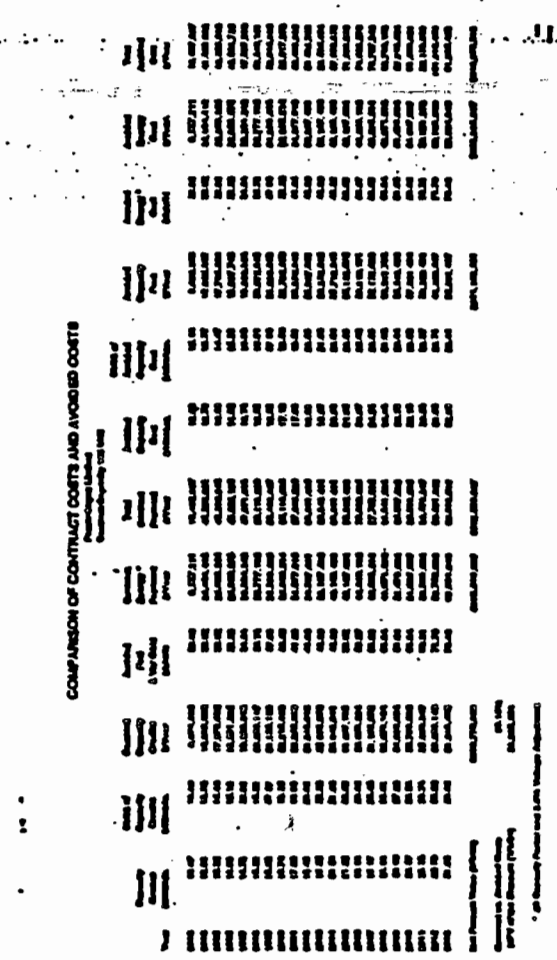

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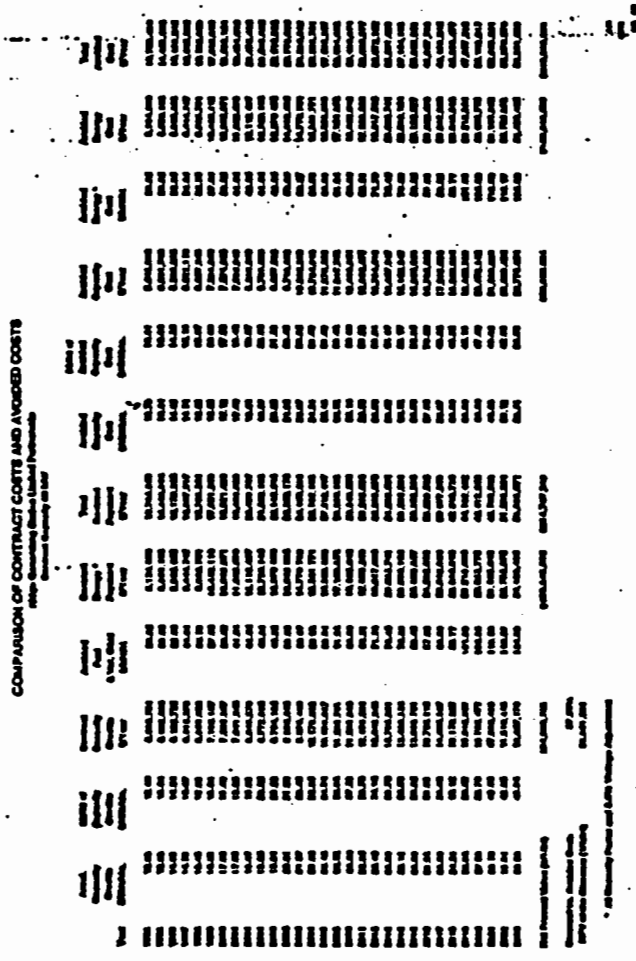

A Publication of FALR, Inc. P.O. Box 385, Gainesville, FL 32602 (904) 375-8036

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint by CFR-Biogen Corporation Against Florida Power Corporation for Alleged Violation of Standard Offer Contract, and Request for Determination of Substantial Interests	DOCKET NO. 900383-EQ ORDER NO. PSC-92-0129-FOF-EQ ISSUED: 3/31/92

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING FIRM CAPACITY AND ENERGY CONTRACT AND ACKNOWLEDGING VOLUNTARY DISMISSAL OF COMPLAINT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

By Order No. 24729, issued July 1, 1991, we granted CFR's request to amend its original complaint in this Docket and set this matter for hearing, because the parties had not been able to resolve their differences. On September 26, 1991 the parties filed a stipulation by which they agreed to enter into good faith negotiations for the purchase and sale of cogeneration capacity, and those negotiations culminated in the signing of a negotiated power sales agreement on November 19, 1991. On December 5, 1991, Florida Power Corporation and CFR filed a joint petition for approval of the negotiated contract and subsequent dismissal of the complaint.

THE CONTRACT

We grant the joint petition of Florida Power Corporation and CFR Bio-gen for approval of a negotiated power sales agreement, and

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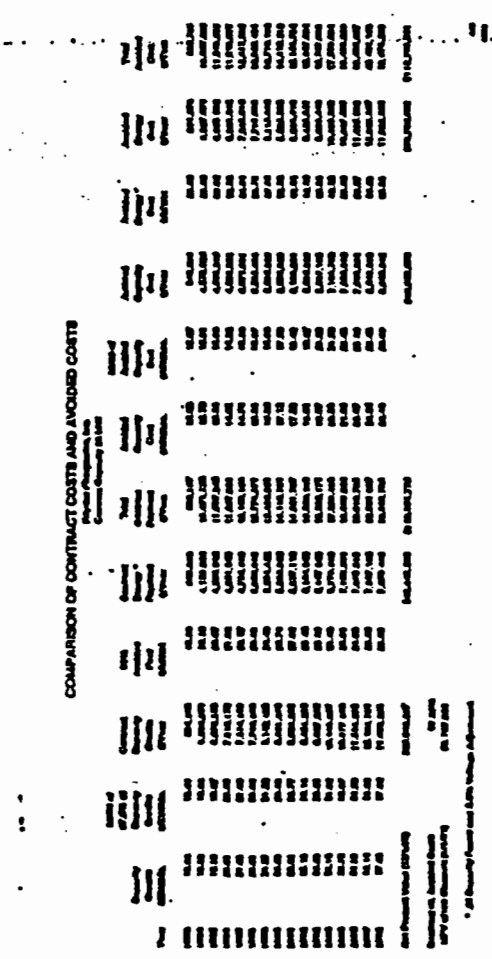

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NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING FIRM CAPACITY AND ENERGY CONTRACT AND ACKNOWLEDGING VOLUNTARY DISMISSAL OF COMPLAINT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

By Order No. 24729, issued July 1, 1991, we granted CFR's request to amend its original complaint in this Docket and set this matter for hearing, because the parties had not been able to resolve their differences. On September 26, 1991 the parties filed a stipulation by which they agreed to enter into good faith negotiations for the purchase and sale of cogeneration capacity, and those negotiations culminated in the signing of a negotiated power sales agreement on November 19, 1991. On December 5, 1991, Florida Power Corporation and CFR filed a joint petition for approval of the negotiated contract and subsequent dismissal of the complaint.

THE CONTRACT

We grant the joint petition of Florida Power Corporation and CFR Bio-gen for approval of a negotiated power sales agreement, and

we acknowledge voluntary dismissal of the complaint. We find that the negotiated power sales agreement is a reasonable and beneficial resolution of the parties' disagreements over their original standard offer contracts.

The negotiated contract is more cost-effective than the parties' standard offer agreements. It appears that the negotiated contract will yield a savings of approximately $7 million over the life of the contract. Also, the negotiated contract contains a completion security of $5/kw within 30 days of the contract approval and an additional $5/kw security fee due 2.5 years before the in-service date of the facility, December 16, 1995.

The contract allows FPC to economically dispatch the unit, and it also contains several performance milestones which would permit FPC to terminate the contract if the performance milestones are not achieved. Furthermore, the contract provides for several pre-operational events of default that would operate to terminate the contract upon their occurance.

One of the pre-operational events of default that would terminate the contract would be if CFR "becomes subject to bankruptcy or receivership proceedings...." CFR's major shareholders have filed a petition to initiate involuntary bankruptcy proceedings against CFR. While we do so with some hesitation, we will approve this contract in spite of CFR's present financial instability. We believe that the default provisions contained in the negotiated contract will adequately protect FPC's ratepayers if the bankruptcy proceedings continue.

We find, based on the facts before us, that firm capacity and energy payments made by Florida Power Corporation to CFR-Biogen Corporation under the terms of this negotiated contract constitute a prudent expenditure by the utility for cost recovery purposes. Cost recovery will not be denied at a later date absent a clear showing that our approval was induced through perjury, fraud, collusion, deceit, mistake, inadvertence, or the intentional withholding of key information.

CONCLUSION

We approve the negotiated contract between CFR-Biogen Corporation and Florida Power Corporation for the following reasons:

1. The contract appears to be cost-effective to FPC's ratepayers;

2. FPC's ratepayers are reasonably protected from default by CFR-Biogen; and

3. The contract meets all the requirements and rules governing qualifying facilities.

Therefore, it is

ORDERED by the Florida Public Service Commission that, for the reasons set forth in the body of this order, the negotiated power sales agreement between Florida Power Corporation and CFR-Biogen Corporation is approved. It is further

ORDERED that this Order shall become final unless an appropriate petition for formal proceeding is timely filed herein. It is further

ORDERED that this docket be closed automatically when the protest period has expired.

By ORDER of the Florida Public Service Commission, this 31st day of March, 1992.

STEVE TRIBBLE, Director
Division of Records and Reporting

MCB
OCFR.MCB

(S E A L)

Polk Power Partners, L.P.

3753 Howard Hughes Parkway, Suite 200
Las Vegas, NV 89109

December 14, 1992

Mr. Donald M. Mestas, Jr.
Assistant Director - Cogeneration
TAMPA ELECTRIC COMPANY
P.O. Box 111
Tampa, FL 33601-0111

Re: Mulberry Cogeneration Facility
Polk Power Partners, L.P.
Election of Committed Capacity

Dear Mr. Mestas:

Thank you for your letters dated October 1, 1992 and December 9, 1992. We are aware of the requirement to comply with Section 4.2.2 of the Contract by January 1, 1993. Polk Power Partners, L.P. hereby commits to TECO the full 23,000 KW maximum indicated in Section 1 of the Contract.

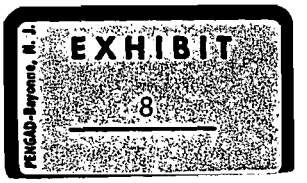
Please note the new address for Polk Power Partners, L.P. I can still be reached at ARK Energy, Inc. 23293 South Pointe Drive, Laguna Hills, CA 92653. which address remains a mailing address for Polk Power Partners, L.P.

If you have any questions about the project please do not hesitate to call me at (714) 588-3767. I will continue to forward quarterly reports to you.

Sincerely,

William R. Malenius
Senior Program Manager

wrm/D:MULBERRY\DM121492.LTR
CC: A. Klann
B. Samuelson
K. Wong



ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is dated as of February 24, 1992 by and among MULBERRY ENERGY COMPANY, INC., a Florida corporation, and MR. ARCH R. FORD dba POLK POWER PROJECT, a sole proprietorship (collectively, the "Seller"), and POLK POWER PARTNERS, L.P., a Delaware limited partnership (authorized to do business in Florida as Polk Power Partners, L.P., Ltd.) ("Purchaser").

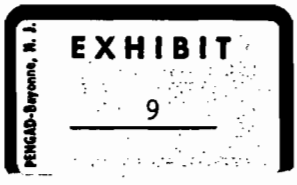
RECITALS

A. Seller and Purchaser, as assignee of ARK/CSW Development Partnership are parties to that certain Purchase Agreement dated as of November 25, 1991 (the "Purchase Agreement") pursuant to which Seller has agreed to sell and Purchaser has agreed to buy the Sale Assets described on Exhibit A-1 attached hereto (but excluding any Excluded Assets set forth on Exhibit A-2 attached hereto and pursuant to which Purchaser has agreed to assume the Liabilities set forth in Section 3 thereof). Terms used and not defined herein have the meanings assigned to them in the Purchase Agreement.

B. Seller desires to convey all of its right, title and interest to the Sale Assets to Purchaser and Purchaser desires to accept conveyance of the Sale Assets from Seller and to assume the Liabilities.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Assignment. Seller does hereby unconditionally, absolutely and irrevocably grant, bargain, sell, transfer, assign, convey, set over, and deliver unto Purchaser all of its right, title and interest in the Project Contracts, and the Government Approvals in existence as of the Closing Date (but excluding the Excluded Assets) and delegates to Purchaser all Seller's obligations to pay, perform and discharge when due the Liabilities as defined in Section 3 of the Purchase Agreement. This Assignment excludes any and all right, title and interest in or to the Excluded Assets.



2. Assumption. Purchaser does hereby accept all right, title and interest in the Sale Assets and assumes and agrees to pay, perform and discharge when due all of the Liabilities as such term is defined in Section 3 of the Purchase Agreement; provided that Purchaser shall not assume any Liabilities with respect to those Project Contracts set forth on Exhibit C attached hereto which are terminated and as to which Releases have been obtained pursuant to the last sentence of Section 3 of the Purchase Agreement.

3. Bill of Sale. Concurrently herewith, Seller shall execute and deliver to Purchaser a Bill of Sale in substantially the form of Exhibit B attached hereto to evidence the transfer and conveyance of all personal property assets which are included in the Sale Assets.

4. Governing Law. **This Assignment shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California applicable to agreements made and to be performed wholly within the State of California.**

5. Effective Date. The assignment and assumption made pursuant to this Assignment shall be effective as of the Closing Date.

6. Counterparts. This Assignment may be executed in counterparts, all of which taken together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

PURCHASER: POLK POWER PARTNERS, L.P.,
a Delaware limited partnership

By: POLK POWER GP, INC.,
a Delaware corporation
Its General Partner

By: _____
William R. Stratton
President

SELLER: MULBERRY ENERGY COMPANY, INC.,
a Florida corporation

By: _____
Arch R. Ford
President

MR. ARCH R. FORD dba
POLK POWER PROJECT,
a sole proprietorship

By: _____
Arch R. Ford
Principal

Exhibit A-1
to Assignment

SALE ASSETS

I. Project Contracts

(a) FPC Power Purchase Agreement;
(b) TECO Power Purchase Agreement;
(c) Project Site Option;
(d) ERC Agreement;
(e) Gas Transportation Contract;
(f) Agency Agreement entered into as of October 18, 1991 by and between Mulberry and CFG; and
(g) Agreement dated as of November 15, 1991 by and between Mulberry and CFG with respect to certain escrowed funds.

II. Governmental Approvals

(a) Polk County Site Approval

III. Other Sale Assets

All other applications for Governmental Approvals, assets, drawings, files, correspondence, purchase orders, bills of order, permitting and environmental studies, maps and other similar data of Seller used or prepared in connection with the development, construction and operation of the Facility other than the Excluded Assets.

Exhibit A-2
to Assignment

EXCLUDED ASSETS

The following assets shall be excluded from the Sale Assets:

(a) DLJ Agreement

Exhibit B
to Assignment

FORM OF BILL OF SALE

MULBERRY ENERGY COMPANY, INC., a Florida corporation, and MR. ARCH R. FORD dba POLK POWER PROJECT, a sole proprietorship (herein, collectively, called "Grantor"), for valuable consideration, does hereby grant, bargain, sell, convey, assign, transfer, set over and deliver unto POLK POWER PARTNERS, L.P., a Delaware limited partnership (herein called "Grantee"), all right, title and interest of Grantor in and to certain personal property assets described generally on Annex A attached hereto (collectively and severally, the "Assets") pursuant to, and subject to all of the terms and conditions of, that certain Purchase Agreement dated as of _____, 19__ (the "Purchase Agreement") between Grantor and Grantee (as assignee of ARK/CSW Development Partnership). Terms used and not defined herein have the meanings assigned to them in the Purchase Agreement.

Grantor warrants the Assets to be free and clear of all Liens in favor of any Person. Grantor does hereby covenant to Grantee that Grantor is the lawful owner of the Assets, and that Grantor has good and marketable title to the same and will warrant and defend the title thereto unto Grantee, its successors and assigns against the claims and demands of all Persons whomsoever.

TO HAVE AND TO HOLD, unto Grantee, its successors and assigns, forever.

IN WITNESS WHEREOF, this Bill of Sale is executed this _____ day of _____, 199_.

SELLER:

MULBERRY ENERGY COMPANY, INC.,
a Florida corporation

By:_____
Name:
Title:

MR. ARCH R. FORD dba
POLK POWER PROJECT,
a sole proprietorship

By:_____
Name:
Title:

Annex A
to Bill of Sale

DESCRIPTION OF ASSETS

I. Project Contracts

(a) FPC Power Purchase Agreement;
(b) TECO Power Purchase Agreement;
(c) Project Site Option;
(d) ERC Agreement;
(e) Gas Transportation Contract;
(f) Agency Agreement entered into as of October 18, 1991 by and between Mulberry and CFG; and
(g) Agreement dated as of November 15, 1991 by and between Mulberry and CFG with respect to certain escrowed funds.

II. Governmental Approvals

(a) Polk County Site Approval

III. Other Sale Assets

All other applications for Governmental Approvals, assets, drawings, files, correspondence, purchase orders, bills of order, permitting and environmental studies, maps and other similar data of Seller used or prepared in connection with the development, construction and operation of the Facility other than the Excluded Assets.

EXHIBIT C
to Assignment

List of Terminated Project Contracts

a) DLJ Agreement

Annex A
to Bill of Sale

DESCRIPTION OF ASSETS

I. Project Contracts

(a) FPC Power Purchase Agreement;
(b) TECO Power Purchase Agreement;
(c) Project Site Option;
(d) ERC Agreement;
(e) Gas Transportation Contract;
(f) Agency Agreement entered into as of October 18, 1991 by and between Mulberry and CFG; and
(g) Agreement dated as of November 15, 1991 by and between Mulberry and CFG with respect to certain escrowed funds.

II. Governmental Approvals

(a) Polk County Site Approval

III. Other Sale Assets

All other applications for Governmental Approvals, assets, drawings, files, correspondence, purchase orders, bills of order, permitting and environmental studies, maps and other similar data of Seller used or prepared in connection with the development, construction and operation of the Facility other than the Excluded Assets.

EXHIBIT C
to Assignment

List of Terminated Project Contracts

a) DLJ Agreement

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is dated as of July 1, 1995 by and among Polk Power Partners, L.P., a Delaware limited partnership (the "Assignor"), and Orange Cogeneration Limited Partnership, a Delaware limited partnership (the "Assignee").

RECITALS

A. Assignor and Assignee are parties to that certain Letter Agreement, dated as of February 15, 1994 (the "Letter Agreement"), pursuant to which Assignor has agreed to sell and Assignee as agreed to buy all of Assignor's right, title and interest in and to that certain Standard Offer Contract for the Purchase of Firm Energy and Capacity from a Qualifying Facility between the Assignor and Tampa Electric Company, a private utility corporation organized under the laws of the State of Florida ("TECO"), dated as of April 17, 1989 (as amended, supplemented or otherwise modified (including (1) Letter dated October 1, 1991 from Arch Ford, doing business as Polk Power Project, notifying Tampa Electric Company of the location of the facility at the site on which the Mulberry Cogeneration Facility now operates; (2) Consent to Assignment by and among Tampa Electric Company, Arch Ford (dba Polk Power Project), and Polk Power Partners, L.P., dated February 24, 1992; (3) Letter dated December 14, 1992 from Polk Power Partners, L.P. to Tampa Electric Company pursuant to Section 4.2.2 of the Power Purchase Agreement, committing 23 MW of capacity to Tampa Electric Company; (4) Agreement and Consent to Assignment by and between Tampa Electric Company and Polk Power Partners, L.P., dated September 30, 1993; (5) Letter from Polk Power Partners, L.P. to Tampa Electric Company, dated December 14, 1993 proposing to clarify or modify the capacity payment provisions of the Power Purchase Agreement, and a letter dated December 14, 1993 from Tampa Electric Company to Polk Power Partners, L.P. accepting the proposed modifications (collectively, the "December Agreement"); (6) Letter from James Beasley, Esq. to Florida Public Service Commission re: Standard Offer Contract performance criteria, dated December 17, 1993 (see correspondence

above, dated December 14, 1993); and (7) Letter Agreement between Polk Power Partners, L.P. and Tampa Electric Company, dated January 20, 1994, confirming and formalizing the December Agreement) and in effect from time to time, the "Power Purchase Agreement") and pursuant to which Assignee has agreed to assume the Liabilities. Terms used and not defined herein have the meanings assigned to them in the Letter Agreement.

B. Assignor desires to convey all of its right, title and interest in and to the Power Purchase Agreement to Assignee and Assignee desires to assume the Liabilities.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Assignment. Assignor does hereby unconditionally, absolutely and irrevocably grant, bargain, sell, transfer, assign, convey, set over, and deliver unto Assignee all of its right, title and interest in and to the Power Purchase Agreement and delegates to Assignee all of the Liabilities.

2. Assumption. Assignee does hereby assume the Power Purchase Agreement and agrees to pay, perform and discharge when due all of the Liabilities and agrees that Assignor shall be released from any Liabilities arising after the date of this Assignment. Assignee acknowledges that it possesses all power and authority and has obtained all required approvals and consents to assume the Liabilities and perform the Power Purchase Agreement.

3. Governing Law. This Assignment shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of Florida applicable to agreements made and to be performed wholly within the State of Florida.

4. Effective Date. The assignment and assumption made pursuant to this Assignment shall be effective as of the date hereof.

5. Counterparts. This Assignment may be executed in counterparts, all of which taken together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNEE: Orange Cogeneration Limited Partnership,
a Delaware limited partnership

By: Orange Cogeneration G.P., Inc.,
Its general partner

By: _____
Name: Dennis E. Klumm
Title: President

ASSIGNOR: Polk Power Partners, L.P.,
a Delaware limited partnership

By: Polk Power GP, Inc.,
Its general partner

By: _____
Name: L. O'Connor
Title: Chief Executive Officer

AGREEMENT AND CONSENT TO ASSIGNMENT

This Agreement and Consent to Assignment (this "Agreement and Consent") is entered into as of September 30, 1993, by and between TAMPA ELECTRIC COMPANY, a Florida corporation ("Tampa Electric"), and POLK POWER PARTNERS, L.P., a Delaware limited partnership, authorized to do business in Florida as Polk Power Partners, L.P., Ltd. ("Polk Power").

RECITALS

WHEREAS, Tampa Electric and Polk Power are parties to that certain Standard Offer Contract for the Purchase of Firm Energy and Capacity from a Qualifying Facility including all attachments and amendments thereto, dated as of April 17, 1989 (the "Power Purchase Agreement"), pursuant to which Tampa Electric has agreed to purchase electricity to be generated by the Facility (such term is used herein as defined in the Power Purchase Agreement);

WHEREAS, pursuant to a letter from Arch Ford, doing business as Polk Power Project, the predecessor to Polk Power, dated October 1, 1991, which was acknowledged by Tampa Electric, Tampa Electric consented to the location of the Facility at an industrial site known as the Noralyn Commerce Park located approximately 2.5 miles south of the City of Bartow in County Road 555 in Sections 23-26, Township 30 South, Range 24 East (this site is also referred to as the Mulberry location);

WHEREAS, Polk Power may in the future wish to designate the location of the Facility to be a parcel located Southeast of the City of Bartow on the South side of Clear Springs Road, East of US Hwy 17 and East of the railroad at Section 16, Township 30 South and Range 25 East (the "Orange Site");

WHEREAS, Tampa Electric is willing to grant Polk Power an option to designate the Orange Site as the location of the Facility and to assign the Power Purchase Agreement to an affiliate of ARK/CSW Development Partnership, upon the terms and conditions of this Agreement and Consent.

NOW, THEREFORE, in consideration for the mutual representations, warranties and covenants stated herein, and intending to be legally bound, Tampa Electric and Polk Power hereby agree as follows:

1. Option to Designate the Orange Site as the Location of the Facility.

(a) Tampa Electric hereby grants to Polk Power the option (the "Option"), during the period specified in paragraph (c) below ("Option Period"), to designate the Orange Site, in lieu and in place of the Mulberry location, as the exclusive location of the Facility. Polk Power shall pay to Tampa Electric an amount equal to $1,106,760.00 ("Option Payment"), as consideration for the granting of the option in this paragraph 1 and Tampa Electric's consent to assignment of the Power Purchase Agreement as set forth in Paragraph 2. Such amount shall be made payable to Tampa Electric by wire transfer to a bank and account number to be specified by Tampa Electric, within five (5) business days after the date that both Tampa Electric and Polk Power have executed this Agreement and Consent and Polk Power has received a counterpart original or facsimile thereof of this Agreement and Consent showing Tampa Electric's execution hereof. Late payment of the Option Payment shall be subject to interest at the lesser of (i) 1½% per month or (ii) the highest rate permitted by law, prorated on a daily basis.

(b) Polk Power may exercise the Option by sending notice of such exercise, specifying the date (which shall be the first day of any month commencing after Tampa Electric's receipt of the notice but not later than January 1, 1996) that the Orange Site will supersede the Mulberry location as the location of the Facility ("Site Transfer Date"), to Tampa Electric at the following address:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602
Attn: D.M. Mestas, Jr.

Such a notice may be sent by hand delivery, facsimile, registered or certified mail, postage prepaid, return receipt requested, or by overnight courier (e.g. Federal Express) and shall be effective upon receipt.

(c) The Option Period shall extend from the date the Option Payment is received by Tampa Electric through 5:00 P.M. E.S.T. December 31, 1995; provided, however, if the Option is exercised after 5:00 P.M. E.S.T. June 30, 1995, Polk Power shall pay to Tampa Electric, in addition to the Option Payment payable under paragraph (a) above, a surcharge (the "Option Surcharge") equal to fifty percent (50%) of the capacity payment payable by Tampa Electric under Section 4.2 of the Power Purchase Agreement and corresponding to the period from July 1, 1995, through the Site Transfer Date. That portion of the Option Surcharge determinable from capacity payments already received by Polk Power from Tampa Electric as

of the date of exercise shall be paid by a refund check to be tendered by Polk Power together with the exercise notice. The balance of the Option Payment shall be applied by Tampa Electric as a credit or offset against any existing or future capacity credit or other payment otherwise due Polk Power.

(d) The Option shall be deemed exercised at the time and on the date Tampa Electric receives such notice, provided, however that such notice shall be void and of no effect unless (i) the Facility at the Orange Site shall be in commercial operation as of the Site Transfer Date as set out in the notice of exercise, and unless (ii) in the case of exercise after June 30, 1995 only, the refund check described in paragraph (c) accompanies the notice.

(e) This Section 1 shall not be construed as a consent to any subsequent designation by Polk Power of another location as a site for the Facility.

2. Consent to Assignment. If Polk Power exercises the Option, it may also wish to assign the Power Purchase Agreement to an affiliate of ARK/CSW Development Partnership. Tampa Electric pursuant to Section 9.5 of the Power Purchase Agreement, hereby consents to an assignment of Polk Power's rights under the Power Purchase Agreement to an affiliate of ARK/CSW Development Partnership owning and operating the Facility at the Orange Site in connection with an exercise of the Option, provided that such affiliate first agrees to assume all of the obligations, duties and liabilities of Polk Power under the Power Purchase Agreement and possesses all power and authority and has obtained all required approvals and consents to do so. Such assignment shall be effective when made, provided that Polk Power shall have given Tampa Electric written notice of such assignment within 10 days after such assignment has occurred. Tampa Electric agrees that Polk Power may delegate all of the duties and obligations under the Power Purchase Agreement to its affiliate assignee, and that Polk Power shall be discharged from any such duties and obligations arising thereafter.

3. Effect of Amendment. Except as specifically provided herein, this Agreement and Consent does not in any way affect or impair the terms and conditions of the Power Purchase Agreement or any previous assignments or consents to assignment executed in connection therewith, and all such documents are to remain in full force and effect unless otherwise specifically amended pursuant to the terms and conditions of this Agreement and Consent.

4. Governing Law. This Agreement and Consent shall be governed by and construed in accordance with the internal laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement and Consent to be executed by their officers duly authorized as of the date first above written.

TAMPA ELECTRIC COMPANY

Attest

By: _____

Name: R. H. Kessel

By: _____

Name: W. N. Cantrell
Title: Vice President
Energy Resources Planning
Date: 9/30/93

POLK POWER PARTNERS, L.P.,
a Delaware limited
partnership, authorized to do
business in Florida as Polk
Power Partners, L.P., Ltd.

By: POLK POWER G.P., INC.,
Its General Partner

Attest

By: _____

Name: William MacEnulis

By: _____

Name: Arnold R. Klann
Title: Vice President
Date: 30 Sept 93

December 14, 1993

Mr. Donald M. Mestas, Jr.
Assistant Director - Cogeneration
TAMPA ELECTRIC COMPANY
P.O. Box 111
Tampa, FL 33601-0111

Re: Tampa Electric Company's Standard Offer Contract for the purchase of Firm Energy and Capacity from a Qualifying Facility between Tampa Electric Company and Polk Power Project, dated April 17, 1989 -
Proposed Capacity Payment Calculation

Dear Mr. Mestas:

In response to our follow-up discussions today on the issues addressed in our November 30, 1993 meeting regarding dispatch of the Mulberry and Orange Cogeneration Facilities we have evaluated the options discussed and wish to propose the following clarification of the contract for your consideration.

The contract requires that the QF must maintain a 70 percent capacity factor on a twelve month rolling average in order to receive capacity payments and a possible default under the contract. For such purposes, the capacity factor is defined as: the total kilowatt-hours of energy delivered to the utility during the preceding 12 months, divided by the product of: 1) the maximum kilowatt capacity contractually committed for delivery to the Company by the QF during the preceding 12 months (23,000 Kw); and 2) the sum of the total hours during the preceding 12 months less those hours during which the Company was unable to accept energy and capacity deliveries from the QF.

We propose to clarify the 70 percent requirement to provide that the QF will be deemed to meet the 70 percent twelve month rolling average capacity factor requirements for any and all purposes under the contract (including, without limitation, such requirements in sections 4.2, 7, and 8.2 of the contract, and Rate Schedule COG-2 attached to the contract) if the QF maintains an 80% "Equivalent Capacity Factor" where the Equivalent Capacity Factor is defined as: the total kilowatt-hours of energy delivered to the utility between the hours of 6:00 am to 10:00 am and 6:00 pm to 10:00 pm during the months of November through March and between the hours of 11:00 am to 10:00 pm during the months of April through October during the preceding 12 months, divided by the product of: 1) the maximum kilowatt capacity contractually committed for delivery to the Company by the QF during the preceding 12 months (23,000 Kw);

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Mailing Address: 23046 Avenida de la Carlota, Suite 400 • Laguna Hills, California 92653 • Tel (714) 588-3767 • Fax (714) 588-3972

and 2) the sum of the total hours between the hours of 6:00 am to 10:00 am and 6:00 pm to 10:00 pm during the months of November through March and between the hours 11:00 am to 10:00 pm during the months of April through October during the preceding 12 months less those hours during which the Company was unable to accept energy and capacity deliveries from the QF.

This clarification would remain in effect after the contract is assigned to the Orange Cogeneration Facility as contemplated in our Agreement and consent to assignment dated September 30, 1993.

We are trying to include this clarification into our operating plan for financial closing of the Mulberry Project before the end of 1993, a date which is fast approaching. We understand that producing a formal agreement may take some time and that the year end rush has affected TECO. If you accept this proposal please respond with a letter of acceptance this week if posible. We will be pleased to follow- up as necessary early in 1994.

I am available to discuss this by phone so please do not hesitate to call me at (714) 588-3767.

Sincerely,

Bill Malenius

William R. Malenius
Director, Project Development

DM121493.LTR
CC R. Zambo, Energy and Regulatory Consultants
D. Attanasio, Dewey Ballantine
B. Samuelson, CSW Energy
J. Reese
T. Williams
L. Confair

TAMPA ELECTRIC
A TECO ENERGY COMPANY

December 14, 1993

* Via Facsimile *

Mr. William R. Malenius
Senior Program Manager
ARK Energy Inc.
23293 South Pointe Drive
Laguna Hills, California 92653

Re: Tampa Electric Company's Standard Offer Contract for the purchase of Firm Energy and Capacity from a Qualifying Facility between Tampa Electric Company and Polk Power Project, dated April 17, 1989 - Proposed Capacity Payment Calculation

Dear Mr. Malenius:

We accept the proposed modifications identified in your letter to me, dated December 14, 1993.

Essentially, we are agreeable to amending the performance criteria in our contract to an "Equivalent Capacity Factor" requiring an 80 percent twelve rolling average capacity factor, based on deliveries to Tampa Electric Company during our on-peak hours (6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. during the months of November through March, and from 11:00 a.m. to 10:00 p.m. during the months of April through October), in order to earn capacity payments.

Subject to your follow-up, we are prepared to conclude this matter early in 1994.

Sincerely,

D. M. Mestas, Jr.
Assistant Director
Cogeneration

DMM,Jr./sgh

ULBERRY
COGENERATION FACILITY

January 20, 1994

Mr. Donald M. Mestas, Jr.
Assistant Director - Cogeneration
TAMPA ELECTRIC COMPANY
P.O. Box 111
Tampa, Florida 33601-0111

SUBJECT: **Confirmation of December 14, 1993 agreement regarding Standard Offer Contract for the Purchase of Firm Energy and Capacity from a Qualifying Facility, entered into April 17, 1989, between Polk Power Project and Tampa Electric Company (as amended from time to time, the "Power Purchase Agreement")**

Dear Mr. Mestas:

The purpose of this letter (this "Letter") is to confirm and clarify the agreement reached between Tampa Electric Company (the "Company") and Polk Power Partners, L.P., as successor-in-interest under the Power Purchase Agreement to Polk Power Project (the "QF"), by letters dated December 14, 1993 (the "December Agreement") regarding the Power Purchase Agreement, the energy and capacity requirements of which will initially be serviced by the 118 MW (nominal) Mulberry Cogeneration Facility and may be subsequently serviced by the 102 MW (nominal) Orange Cogeneration Facility. At the time the parties entered into the December Agreement, they acknowledged the need to enter into this Letter to confirm and clarify the terms and conditions of the December Agreement and to ensure that the terms and conditions of the Power Purchase Agreement are consistent with the December Agreement. Terms which are not otherwise defined herein shall have the meaning assigned to them in the Power Purchase Agreement. The Company and the QF hereby confirm, clarify and agree as follows:

1. Currently, the Power Purchase Agreement requires that the QF maintain a seventy percent (70%) capacity factor on a twelve (12) month rolling average basis in order to receive capacity payments and avoid a possible default under the Power Purchase Agreement. The Company and the QF hereby confirm that they have agreed to clarify the seventy percent (70%) capacity factor requirement as follows:

   (a) The QF will be deemed to meet the seventy percent (70%) twelve (12) month rolling average capacity factor requirements for any and all purposes under the Power Purchase Agreement (including, without limitation, the requirements in

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Sections 4.2.3, 7, and 8.2 of the Power Purchase Agreement, and Rate Schedule COG-2 attached to and incorporated in the Power Purchase Agreement) if the QF maintains an Equivalent Capacity Factor (as defined below) of at least eighty percent (80%).

(b) For purposes of this Letter, the "Equivalent Capacity Factor" shall be determined in accordance with the following formula: (i) the total kilowatt hours of energy delivered to the Company during the preceding twelve (12) month period pursuant to the Power Purchase Agreement between the hours (the "Delivery Hours") of (A) 6:00 a.m. and 10:00 a.m., and 6:00 p.m. and 10:00 p.m., during the months of November through March, and (B) 11:00 a.m. and 10:00 p.m., during the months of April through October, divided by (ii) the product of (X) the maximum kilowatt capacity (23,000 kW) contractually committed for delivery to the Company, and (Y) the sum of the total number of the Delivery Hours during the preceding twelve (12) month period, less those Delivery Hours during such period during which the Company was unable to accept energy and capacity deliveries pursuant to the Power Purchase Agreement.

(c) During the first twelve (12) months in which the eighty percent (80%) Equivalent Capacity Factor requirement is imposed, the Equivalent Capacity Factor shall be calculated by dividing (i) the total number of kilowatt hours of energy delivered to the Company during the Delivery Hours pursuant to the Power Purchase Agreement from the date that the eighty percent (80%) Equivalent Capacity Factor requirement is first imposed, by (ii) the product of (A) the number of Delivery Hours since such eighty percent (80%) requirement was first imposed during which energy and capacity deliveries were accepted by the Company, and (B) the maximum kilowatt capacity contractually committed by the QF (23,000 kW) under the Power Purchase Agreement. This calculation shall be performed each month until enough months have transpired to calculate a true twelve (12) month rolling average.

2. The Company and the QF desire to ensure that the Power Purchase Agreement is interpreted consistently with the December Agreement and the changes set forth in Paragraph 1 above. In the event of any inconsistency between the provisions of Paragraph 1 above and this Paragraph 2 and/or the December Agreement, the provisions of Paragraph 1 shall be deemed to govern and control. In addition, if the parties have failed in this Paragraph 2 to clarify any provision of the Power Purchase Agreement to make it consistent with the December Agreement and Paragraph 1, then such provision shall be deemed to be clarified so that it is consistent with Paragraph 1. In all events, in the event of any inconsistency between the Power Purchase Agreement and this Letter, this Letter shall be deemed to control.

(a) Section 4.2.3 of the Power Purchase Agreement is hereby amended by deleting "capacity factor" in the second sentence and replacing it with "Equivalent Capacity Factor". The beginning of the third sentence up to, but not including, the comma is hereby deleted and replaced with "If the Equivalent Capacity Factor is 80% or more".

(b) In the first sentence of Section 7 of the Power Purchase Agreement, the phrase "capacity factor does not equal or exceed 70% as defined in Rate Schedule COG-2" is deleted and replaced with "Equivalent Capacity Factor does not equal or exceed 80%." In the second sentence of Section 7 of the Power Purchase Agreement, the two references to a "70% capacity factor" are hereby deleted and replaced with "80% Equivalent Capacity Factor".

(c) In Section 8.2(2) of the Power Purchase Agreement, the reference to "70% capacity factor" is hereby deleted and replaced with "80% Equivalent Capacity Factor".

(d) Section 9.11 of the Power Purchase Agreement is hereby amended by adding the following before the period at the end of the first sentence: "; provided, however, any requirement in Rate Schedule COG-2, including, without limitation, Appendix A thereto, for a "70% capacity factor" is hereby deemed satisfied if the QF maintains at least an 80% Equivalent Capacity Factor."

(e) A new Section 9.13 is hereby added to the Power Purchase Agreement, which provides as follows:

> 9.13 Calculation of Equivalent Capacity Factor. For purposes of this Agreement, the Equivalent Capacity Factor shall be calculated in accordance with Paragraph 1 of the Letter Agreement, dated January 20, 1994, between QF and the Company.

3. Except as specifically provided herein, this Letter does not in any way affect or impair the terms and conditions of the Power Purchase Agreement, and such Agreement shall remain in full force and effect, as clarified hereby.

4. This Letter shall be governed by and construed in accordance with the internal laws of the State of Florida.

5. This Letter may be executed in any number of counterparts, each of which shall be deemed an original instrument, and all of which taken together shall constitute one and the same agreement.

Very truly yours,

Polk Power Partners, L.P., a
Delaware limited partnership,
qualified to do business in
Florida as Polk Power Partners, L.P., Ltd.

By: Polk Power G.P., Inc., a
Delaware corporation, its
general partner

By: L. C. Confair

Name: Leslie C. Confair
Title: President
Date: Jan. 21, 1994

Accepted and Agreed:

Tampa Electric Company

By: W N Cantrell

Name: W. N. Cantrell
Title: V. P., Energy Resource Planning
Date: 1/24/94

Orange Cogeneration GP, Inc.
(a Delaware Corporation)

Secretary's Certificate

The undersigned, Leslie C. Confair, certifies:

That he is the duly elected, qualified and acting Secretary of **Orange Cogeneration GP, Inc.**, a Delaware corporation (the "Corporation"); that the attached resolution is a full, true and correct copy of the resolution duly adopted by the Board of Directors of **Orange Cogeneration GP, Inc.** by unanimous written consent without a meeting on June 1, 1994; and that said resolution has not been modified, rescinded or repealed, and is in full force and effect on the date hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the 9th day of June, 1994.

Leslie C. Confair

GRANT OF SIGNATURE AUTHORITY

WHEREAS, it is necessary, appropriate and in the best interests of the Corporation that **Thomas F. Donovan**, as an individual representative of the Corporation, have the authority to sign certain documents on behalf of the Corporation in its capacity as general partner of Orange Cogeneration Limited Partnership;

RESOLVED, that effective immediately **Thomas F. Donovan**, individually, is authorized to execute and deliver any and all permits, government approvals and all documents relating thereto for and on behalf of the Corporation in its capacity as general partner of **Orange Cogeneration Limited Partnership**, a Delaware limited partnership; provided that such authority shall not extend to contracts and other general business obligations of the Corporation not directly related to such permits and government approvals.