One Energy Place
Pensacola Florida 32520

850 444 6111

GULF POWER
A SOUTHERN COMPANY

October 13, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

981346-EQ

Dear Ms. Bayo:

Enclosed for official filing are an original and fifteen copies of Gulf Power Company's Petition to Establish New Standard Offer.

Also enclosed are the revised tariff sheets that apply to the Standard Offer Contract. A detailed list is attached. When approved, please return two conformed copies to me.

Sincerely,

Susan D. Cranmer

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Gulf Power Company to establish its new standard offer for the purchase of firm capacity and energy from small QFs (under100 MW) or from solid waste facilities	)))))	Docket No. 981346-EQ Filed: October 14, 1998

GULF POWER COMPANY'S PETITION TO ESTABLISH NEW STANDARD OFFER

Gulf Power Company ("Gulf Power", "Gulf", or "The Company"), by and through its undersigned attorneys, and pursuant to Rule 25-17.0832(3) of the Florida Administrative Code and Order No. 24989, hereby petitions the Florida Public Service Commission ("Commission") to authorize the Company to extend a new standard offer for the purchase of firm capacity and energy from facilities as defined in Rule 25-17.0832(4), Florida Administrative Code. (collectively "small qualifying facilities" or "QFs") and solid waste facilities as defined in Rule 25-17.091, F.A.C. As part of this Petition, Gulf hereby submits for Commission approval proposed revised tariff sheets containing the new standard offer and related standard offer contract. In support of this Petition, the Company respectfully states as follows:

1. Pleadings, notices, orders or other documents with respect to this Petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
700 Blount Bldg.
P.O. Box 12950
Pensacola, FL 32576-2950

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

2. Gulf Power Company is an electric utility providing retail electric service to customers within northwest Florida and, pursuant to the provisions of Chapter 366 of the Florida Statutes, is subject to the regulatory jurisdiction of the Florida Public Service Commission. The Company's corporate offices are located at One Energy Place, Pensacola, Florida 32520.

3. Gulf's previous standard offer for the purchase of firm capacity and energy from small qualifying facilities ("previous Standard Offer") was approved by the Commission through Order No. PSC-93-1221-FOF-EQ issued August 24, 1993. The previous Standard Order is set forth in the Company's Tariff for Retail Electric Service as Schedule COG-2 and the related standard offer contract, Tariff Sheets 9.8 through 9.32. The previous Standard Offer, under its terms as approved by the Commission, expired April 1, 1995.

4. Gulf's updated load forecast and integrated resource plans identify the Company's next avoidable generating capacity addition as a combustion turbine scheduled for June, 2006[1]. Gulf hereby requests that the Commission approve this unit for use as the Designated Avoided Unit on which Gulf should base its cogeneration price and timing of its new Standard Offer.

5. Attached to this Petition as Appendix A, are updated planning hearing forms which the Company submits as supporting documentation for the new Designated Avoided Unit and related Standard Offer proposed herein. The planning hearing forms submitted are updated versions of those forms requested by the Commission Staff when the previous Standard Offer was submitted for review and approval. Appendix B to this Petition contains new tariff sheets

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[1]Gulf's next addition of generation is scheduled for June 2002. This generation is currently the subject of a Request for Proposals. Rule 25-17.0832(2), Florida Administrative Code, provides that "[i]f a utility is required to issue a Request for Proposals (RFP) pursuant to the requirements of Rule 25-22.082, negotiations with qualifying facilities shall be governed by the utility's RFP process." The generation addition in June 2002 is therefore governed by the RFP process and is not Gulf's Designated Avoided Unit.

9.8 through 9.32.3[2] to the Company's Tariff for Retail Electric Service. In addition to updated price and timing information associated with the proposed change in the designated avoided unit, Gulf has revised the language contained in its COG-2 tariff and standard offer contract in order to improve the clarity and organization of the documents. In most cases, the purpose of these changes is to address common questions Gulf has received concerning the intent behind certain provisions in the previous Standard Offer. Gulf has attempted to utilize the experience gained with the previous Standard Offer to make the new Standard Offer easier to understand and administer, and to ensure that the resulting purchases more closely match the cost, timing and operational characteristics of the avoidable generation capacity the Company proposed for use as the Designated Avoided Unit. None of the proposed revisions deviate or alter the spirit or intent behind the Company's previous Standard Offer based on the anticipated need for peaking type generation capacity.

6. In order to preserve the new Standard Offer for small qualifying facilities and at the same time give the Company the opportunity to negotiate with potential cogenerators that may not be eligible for the standard offer due to their size, Gulf hereby requests that the Commission approve a subscription limit on the new Standard Offer of not more than 30 megawatts. In this fashion, Gulf believes that it can maximize the opportunity to avoid or defer the need for generation capacity represented by the proposed Designated Unit and at the same time minimize the risk to the Company's general body of customers that the Company may be compelled to

[2]Sheets 9.8 through 9.18 contain Schedule COG-2. Sheets 9.19 through 9.32.3 contain the related standard offer contract. Because of revisions to the text of these sheets, the documents have been repaginated and new sheets have been added which, if approved, would constitute original editions of certain pages to Gulf's Tariff for Retail Electric Service. The Company's other cogeneration schedules, Schedule COG-1, Form 12 – Application for Interconnection of Customer-Owned Generation and Standard Interconnection Agreement, etc. are not affected by this filing.

accept contracts for the purchase of firm capacity and energy that may be excess to the Company's next generation capacity need. The Company further requests that the Commission authorize and direct Gulf to petition the Commission for authority to close the new Standard Offer when the subscription limit is reached or the need for additional generation capacity represented by the proposed Designated Avoided Unit is otherwise deferred or avoided.

WHEREFORE, Gulf Power Company requests the Florida Pubic Service Commission to enter an order authorizing the Company to: (1) accept the combustion turbine the Company presently projects addition to its system in June, 2006 as the appropriate Designated Avoided Unit: (2) extend a new standard offer for the purpose of capacity and energy from small qualifying facilities based on the cost and timing of said projected generating capacity addition, such offer to expire by its own terms no later than June 1, 2003; (3) approve the tariff and standard offer contract submitted herewith for use by the Company to extend its new Standard Offer; (4) set a subscription limit for the new Standard Offer of 30 megawatts; and (5) direct the Company to petition the Commission for authority to close the new Standard Offer when the subscription limit is reached or the designated capacity need is either deferred or fully avoided.

Respectfully submitted this 13th day of October, 1998.

Russell A Badders

JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 0007455
Beggs and Lane
P.O. Box 12950
Pensacola, Florida 32576-2950
(850)432-2451
Attorneys for Gulf Power Company

ATTACHMENT A

GULF POWER COMPANY

PLANNING HEARING FORMS
CONSISTING OF 28 PAGES

INDEX

UTILITY: GULF POWER COMPANY
HISTORY AND FORECAST
AS OF JANUARY 1, 1998
BASE (MOST PROBABLE) LOAD FORECAST

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	SUMMER PEAK DEMAND - (MW)						WINTER PEAK DEMAND - (MW)						ENERGY	
YEAR	TOTAL (MW)	INTER-RUPTIBLE LOAD (MW)	LOAD MANAGEMENT (MW)	QF LOAD (MW)	NET DEMAND (MW)	YEAR	TOTAL (MW)	INTER-RUPTIBLE LOAD (MW)	LOAD MANAGEMENT (MW)	QF LOAD (MW)	NET DEMAND (MW)	YEAR	NET ENERGY FOR LOAD (GWH)	LOAD FACTOR (%)
1988	1,756	0	0	136	1,620	1987/88	1,554	0	0	152	1,402	1988	8,016	56.3%
1989	1,834	0	0	136	1,698	1988/89	1,690	0	0	136	1,554	1989	8,378	56.3%
1990	1,921	0	0	136	1,785	1989/90	1,957	0	0	136	1,821	1990	8,612	54.0%
1991	1,884	0	0	136	1,748	1990/91	1,561	0	0	136	1,425	1991	8,704	56.8%
1992	1,972	0	0	136	1,836	1991/92	1,677	0	0	136	1,541	1992	8,849	54.9%
1993	2,099	0	0	193	1,906	1992/93	1,715	0	0	136	1,579	1993	9,074	54.3%
1994	1,996	0	0	193	1,803	1993/94	2,002	0	0	193	1,809	1994	8,967	56.6%
1995	2,241	0	0	193	2,048	1994/95	1,933	0	0	193	1,740	1995	9,452	52.7%
1996	2,162	0	0	193	1,969	1995/96	2,337	0	0	193	2,144	1996	9,862	51.3%
1997	2,233	0	0	193	2,040	1996/97	2,132	0	0	193	1,939	1997	9,867	55.3%
88-97 AAGR	2.71%				2.59%	88-97 AAGR	3.58%				3.67%	8-97 AAGI	2.38%	-0.20%
1998	2,293	0	0	193	2,100	1997/98	2,202	0	0	193	2,009	1998	10,222	56.6%
1999	2,334	0	0	193	2,141	1998/99	2,281	0	0	193	2,088	1999	10,652	56.6%
2000	2,379	0	0	193	2,186	1999/00	2,314	0	0	193	2,120	2000	10,938	57.1%
2001	2,400	0	0	193	2,207	2000/01	2,321	0	0	193	2,128	2001	11,120	57.4%
2002	2,427	0	0	193	2,234	2001/02	2,333	0	0	193	2,140	2002	11,319	57.9%
2003	2,454	0	0	193	2,261	2002/03	2,344	0	0	193	2,151	2003	11,519	58.2%
2004	2,482	0	0	193	2,289	2003/04	2,356	0	0	193	2,162	2004	11,714	58.4%
2005	2,522	0	0	193	2,329	2004/05	2,381	0	0	193	2,188	2005	11,853	58.4%
2006	2,559	0	0	193	2,366	2005/06	2,403	0	0	193	2,209	2006	12,172	58.7%
2007	2,591	0	0	193	2,398	2006/07	2,421	0	0	193	2,228	2007	12,350	58.8%
98-07 AAGR	1.37%				1.49%	98-07 AAGR	1.08%				1.16%	8-07 AAGI	2.12%	0.83%

NOTE: COLUMN (2) = SUM (3) THROUGH (6). COLUMN (8) = SUM (9) THROUGH (12).

COLUMN (5) & (11), SELF-SERVICE GENERATION, ARE QF LOAD SERVED BY QF GENERATION.

GULF POWER COMPANY

FUELS FORECAST (1998-2007)
BASE CASE OIL AND GAS PRICES

INDIVIDUAL UTILITY
FORM 1.2
Page 1 of 2

	RESIDUAL OIL (BY SULFUR CONTENT) (a)									
	LESS THAN 1.0%		GREATER THAN 1.0%			DISTILLATE			NATURAL GAS	
YEAR	Dollars/BBL	Cents/MBTU	Dollars/BBL	Cents/MBTU	Escalation %	Dollars/BBL	Cents/MBTU	Escalation %	Cents/MBTU	Escalation %
1998						27.66	470		242	
1999						29.20	495	5.4	223	-7.8
2000						30.23	512	3.5	223	0.0
2001						31.01	525	2.6	223	0.0
2002						31.97	541	3.1	223	0.0
2003						32.82	558	2.7	223	0.0
2004						33.91	574	3.3	239	7.2
2005						35.04	593	3.3	270	13.1
2006						36.20	613	3.3	282	4.7
2007						37.56	636	3.8	291	2.9

NOTE: Heat Content Distillate 5.904 MBTU/BBL

(a) Not used by Gulf

GULF POWER COMPANY

INDIVIDUAL UTILITY
FORM 1 2

FUELS FORECAST (1998-2007)
HIGH, MEDIUM, AND LOW SULFUR COAL PRICES

YEAR	LOW SULFUR COAL LESS THAN 1.0%			MEDIUM SULFUR COAL 1.0% TO 2.0%			HIGH SULFUR COAL GREATER THAN 2.0%		
	Dollars/Ton	Cents/MBTU	Escalation %	Dollars/Ton	Cents/MBTU	Escalation %	Dollars/Ton	Cents/MBTU	Escalation %
1998				33.97	153				
1999				32.13	149	-3.1			
2000				33.19	151	1.8			
2001				33.68	154	1.7			
2002				34.61	158	2.7			
2003				35.65	162	2.7			
2004				36.48	167	2.8			
2005				37.63	171	2.4			
2006				38.99	176	3.1			
2007				39.27	181	2.9			

NOTE: Heat Content of Medium Sulfer Coal 22 MBTU/Ton
Average delivered price of all coal to Gulf Power Company plants

Economic Assumptions Gulf (1)
Base Case

AFUDC RATE

9.63%

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	10.0%
Equity	45.0%

DISCOUNT RATE

8.00%

RATE OF RETURN

Debt	7.68%
Preferred	7.73%
Equity	12.00%

TAX DEPRECIATION LIFE

Combustion Turbine 15 Years

INCOME TAX RATE

State	5.5%
Federal	35.0%
Effective	38.575%

OTHER TAX RATE

Ad valorem 1.08%

(1) Based on IOU Data

Economic Escalation Assumptions Gulf

Year	General Inflation %	Plant Construction Cost %	Fixed O & M Cost %	Variable O & M Cost %
Level Inflation	3.062%	2.562%	3.062%	3.062%

INDIVIDUAL UTILITY FORM 1.4

GULF POWER COMPANY
AVOIDED UNIT ***

Plant Name (Type):	Unlocated Combustion Turbine
Net Capacity (MW):	30
Book Life (Yrs.) :	40

Installed Cost (In-Service Year 2006)

Total Installed Cost ($/KW)*	267
Direct Construction Cost ($/KW-97)	214
AFUDC Amount ($/KW)	0
Escalation ($/KW)	53
Fixed O & M ($/KW-yr)	2.94
Variable O & M ($/MWH)	3.50
Assumed Capacity Factor	5% - 10%

K Factor **	1.5131

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

** K Factor Developed on Form 3.2

*** Unit avoided by planned and proposed QFs.

INDIVIDUAL UTILITY FORM 2.1
As of June 26, 1998

GULF POWER COMPANY
SUMMARY OF NEW UNIT ADDITIONS

(1)	(2)	(3)	(4)	(5)	(6)
			Construction	Net Capability	
	Unit		Start	Summer	Winter
Year	Type	Fuel	Mo/Yr	(MW)	(MW)
2002	CC	NG	6/99	532	532
2006	CT	NG	12/03	30	30
2007	CT	NG	12/04	30	30

Notes: The construction start date represents the estimated start of related expenditures. The Combined Cycle capacity in 2002 is subject to a Request For Proposal issued on 8/21/98 with offers due 10/16/98.

GULF POWER COMPANY
SUMMARY OF CAPACITY, DEMAND, AND RESERVE MARGIN
AT TIME OF SUMMER PEAK
BASE CASE

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Installed Capacity			(a)			Reserve Margin		(b)
Year	Existing & Certified	Generic Additions	Contracted Firm Interchange (MW)	Projected Firm Net to Grid From QF (MW)	Total Available Capacity (MW)	Coincident Firm Peak Demand (MW)	(MW)	% of Peak	Other Reliability Index % EUE
1998	2308	0	27	19	2354	2100	254	12.1	0.00151
1999	2308	0	28	19	2355	2141	214	10.0	0.00283
2000	2308	0	13	19	2340	2186	154	7.0	0.00278
2001	2308	0	(3)	19	2324	2207	117	5.3	0.00273
2002	2308	532	(181)	19	2678	2234	444	19.9	0.00269
2003	2840	0	(181)	19	2678	2261	417	18.4	0.00264
2004	2840	0	(181)	19	2678	2288	390	17.0	0.00260
2005	2840	0	(181)	0	2659	2329	330	14.2	0.00256
2006	2840	30	(181)	0	2689	2366	323	13.7	0.00252
2007	2838	30	(186)	0	2683	2398	285	11.9	0.00248

Note: (a) Column (5) is the sum of col. 3 of Individual Utility Forms 6.4 and 6.5 page 2 by year.
(b) EUE (Expected Unserved Energy) - An annual probabilistic determination of total territorial energy not served, measured as a percent quantity.

GULF POWER COMPANY
SUMMARY OF CAPACITY, DEMAND, AND RESERVE MARGIN
AT TIME OF WINTER PEAK
BASE CASE

(1)	(2)	(3)	(4)	(5) (a)	(6)	(7)	(8)	(9)
	Installed Capacity						Reserve Margin	
Year	Existing & Certified	Generic Additions	Contracted Firm Interchange (MW)	Projected Firm Net to Grid From QF (MW)	Total Available Capacity (MW)	Coincident Firm Peak Demand (MW)	(MW)	% of Peak
1997/98	2292	0	(81)	19	2230	2009	221	11.0
1998/99	2317	0	28	19	2364	2088	276	13.2
1999/00	2317	0	(37)	19	2299	2120	179	8.4
2000/01	2317	0	(36)	19	2299	2129	170	8.0
2001/02	2317	0	(36)	19	2299	2140	159	7.4
2002/03	2317	532	(181)	19	2687	2151	536	24.9
2003/04	2849	0	(181)	19	2687	2162	525	24.3
2004/05	2849	0	(181)	19	2687	2188	499	22.8
2005/06	2849	0	(181)	0	2668	2209	459	20.8
2006/07	2849	30	(185)	0	2694	2228	466	20.9

Note: Column (5) is the sum of col. 4 of Individual Utility Forms 6.4 and 6.5 page 2 by year.

GULF POWER COMPANY
Financial Assumptions
for the Development of K Factor

For the "Avoided Unit"

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	10.0%
Equity	45.0%

RATE OF RETURN

Debt	7.68%
Preferred	7.73%
Equity	12.00%
Tax Rate	38.575%
AFUDC	9.63%
Discount Rate	8.00%
Book Life	40 Years
Start Year Construction	2003
In-Service Year	2006

CONSTRUCTION SPENDING CURVE

Year	% Construction Expenditures*
-8	%
-7	%
-6	%
-5	%
-4	%
-3	0.5 %
-2	8.2 %
-1	55.5 %
0	35.8 %

* To be applied to direct construction costs.

GULF POWER COMPANY
FIXED CHARGE CALCULATIONS FOR DEVELOPMENT OF K FACTOR

UNIT TYPE: COMBUSTION TURBINE

(THOUSANDS OF DOLLARS)

(1) YEAR	(2) CALENDAR YEAR	(3) Electric Plant In-Service	(4) Debt	(5) Preferred	(6) Equity	(7) Taxes	(8) Tax Credit	(9) Total Debt Preferred Equity & Taxes	(10) Straight Line Depreciation	(11) Total Fixed Charges	(12) Present Worth Fixed Charges	(13) Cumulative Present Worth Fixed Charges
1	2006	7,953	275	61	429	398	78	1,162	202	1,364	1,364	1,364
2	2007	7,602	263	59	411	382	219	1,114	202	1,316	1,219	2,583
3	2008	7,198	249	56	389	366	189	1,059	202	1,262	1,082	3,664
4	2009	6,818	236	53	368	352	162	1,008	202	1,211	961	4,625
5	2010	6,488	223	50	349	338	138	961	202	1,163	855	5,480
6	2011	6,138	212	47	331	325	117	916	202	1,118	761	6,241
7	2012	5,822	201	45	314	313	106	874	202	1,078	678	6,919
8	2013	5,514	191	43	298	301	106	832	202	1,034	604	7,523
9	2014	5,206	180	40	281	289	106	790	202	993	536	8,059
10	2015	4,898	169	38	264	277	106	749	202	951	476	8,535
11	2016	4,589	159	35	248	265	106	707	202	909	421	8,956
12	2017	4,279	148	33	231	253	106	665	202	868	372	9,328
13	2018	3,971	137	31	214	241	106	624	202	826	328	9,656
14	2019	3,662	127	28	198	229	106	582	202	784	289	9,945
15	2020	3,353	116	26	181	217	106	540	202	743	253	10,198
16	2021	3,091	107	24	167	207	14	506	202	707	223	10,421
17	2022	2,920	101	23	158	201	-78	482	202	684	200	10,620
18	2023	2,796	97	22	151	196	-78	465	202	667	180	10,801
19	2024	2,672	92	21	144	191	-78	448	202	651	163	10,963
20	2025	2,548	88	20	138	186	-78	432	202	634	147	11,110
21	2026	2,423	84	19	131	181	-78	415	202	617	132	11,243
22	2027	2,299	79	18	124	177	-78	398	202	600	119	11,362
23	2028	2,176	75	17	117	172	-78	381	202	583	107	11,469
24	2029	2,051	71	16	111	167	-78	364	202	567	97	11,566
25	2030	1,928	67	15	104	162	-78	348	202	550	87	11,652
26	2031	1,802	62	14	97	157	-78	331	202	533	78	11,730
27	2032	1,678	58	13	91	152	-78	314	202	516	70	11,800
28	2033	1,553	54	12	84	148	-78	297	202	499	63	11,863
29	2034	1,429	49	11	77	143	-78	280	202	483	56	11,919
30	2035	1,305	45	10	70	138	-78	264	202	466	50	11,969
31	2036	1,181	41	9	64	133	-78	247	202	449	45	12,013
32	2037	1,056	36	8	57	128	-78	230	202	432	40	12,053
33	2038	932	32	7	50	124	-78	213	202	416	35	12,088
34	2039	808	28	6	44	119	-78	197	202	399	31	12,120
35	2040	683	24	5	37	114	-78	180	202	382	28	12,148
36	2041	559	19	4	30	109	-78	163	202	365	25	12,173
37	2042	435	15	3	23	104	-78	146	202	348	22	12,194
38	2043	311	11	2	17	99	-78	129	202	332	19	12,214
39	2044	186	6	1	10	95	-78	113	202	315	17	12,230
40	2045	62	2	0	3	90	-78	96	202	298	15	12,245

VALUE OF "K" 1.5131 = TOTAL CUMULATIVE PRESENT WORTH FIXED CHARGE / TOTAL INSTALL COST.

INDIVIDUAL UTILITY FORM 3.3

GULF POWER COMPANY
Summary of Firm Energy and Capacity Payments
To Supply Side Qualifying Facilities

Unit Type: Combustion Turbine

Contract Period	Avoided Capital Cost $/KW-Mo	Avoided O & M Cost $/KW-Mo	Total Avoided Capacity Cost $/KW-Mo	Avoided Unit Fuel Cost with VOM cents/KWH
6/1/03 to 5/31/04	0.00	0.00	0.00	0.00
6/1/04 to 5/31/05	0.00	0.00	0.00	0.00
6/1/05 to 5/31/06	0.00	0.00	0.00	0.00
6/1/06 to 5/31/07	1.94	0.25	2.19	4.05
6/1/07 to 5/31/08	1.99	0.26	2.25	4.18
6/1/08 to 5/31/09	2.04	0.27	2.31	4.33
6/1/09 to 5/31/10	2.09	0.27	2.37	4.40
6/1/10 to 5/31/11	2.15	0.28	2.43	4.52
6/1/11 to 5/31/12	2.20	0.29	2.49	4.47
6/1/12 to 5/31/13	2.26	0.30	2.56	4.62
6/1/13 to 5/31/14	2.32	0.31	2.62	4.77
6/1/14 to 5/31/15	2.38	0.32	2.69	4.93
6/1/15 to 5/31/16	2.44	0.33	2.76	5.10

DEFINITIONS

% AAGR - calculated Average Annual Growth Rate expressed as a percent.

Average Demand - energy for a given time period divided by the number of hours in the time period.

Interruptible Load - load which may be disconnected at the supplier's discretion.

Load Factor - Annual NEL/ (peak demand x number of hours in the year).

Net Capability or Net Capacity - the continuous gross capacity less the power required by all auxiliaries associated with the unit, or the capacity as specified by "SERC Guideline Number 2 for Uniform Generator Ratings for Reporting."

Net Energy for Load (NEL) - net system generation plus energy received from Class I and Class II systems minus energy delivered to Class I and Class II systems.

Net Energy for System (NES) - net energy for load plus energy received from Class III and Class V systems minus energy delivered to Class III and Class V systems.

Peninsular Florida - geographically, Peninsular Florida is defined as those utilities and their service territories east of the Apalachicola River.

Peak Demand or Peak Load - the net 60-minute integrated demand (actual or adjusted). Forecasted demands are for normal weather conditions.

Qualifying Facility - a congenerator or small power producer which meet FERC criteria for qualifying facilities.

Sales for Resale - energy sales to Class I-V systems.

State of Florida - includes utilities and their service territories in Peninsular Florida plus Gulf Power Company, West Florida Electric Cooperative, Choctawhatchee Electric Cooperative, Escambia River Electric Cooperative, and Gulf Coast Electric Cooperative.

Summer - June 1 through September 30 of year studied.

Winter - November 1 of the previous year through March 31 of year being studied.

Year - January 1 through December 31 (calendar year). Unless otherwise indicated, calendar year is used for historical and forecasted data.

UTILITY: GULF POWER COMPANY

INDIVIDUAL UTILITY FORM 5.2

HISTORY AND FORECAST
ENERGY USE BY CUSTOMER TYPE - GWH
AS OF JANUARY 1, 1998

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	RURAL & RESIDENTIAL			COMMERCIAL			INDUSTRIAL			STREET & HIGHWAY LIGHTING	OTHER SALES	TOTAL SALES	RESALE	UTILITY USE AND LOSSES	NEL
YEAR	GWH	CUSTOMERS	KWH/CUST	GWH	CUSTOMERS	KWH/CUST	GWH	CUSTOMERS	KWH/CUST	GWH	GWH	GWH	GWH	GWH	GWH
1988	3,155	244,859	12,883	2,089	32,757	63,760	1,968	206	9,553,842	15	0	7,227	283	507	8,017
1989	3,294	250,036	13,173	2,169	33,500	64,761	2,095	229	9,147,029	16	0	7,574	276	526	8,376
1990	3,361	255,129	13,173	2,218	33,957	65,305	2,178	247	8,817,297	17	0	7,774	294	545	8,613
1991	3,455	259,395	13,320	2,273	34,372	66,120	2,117	260	8,143,878	16	0	7,861	296	547	8,704
1992	3,597	265,374	13,553	2,369	36,009	65,796	2,179	262	8,318,456	16	0	8,161	289	399	8,849
1993	3,713	271,584	13,671	2,433	38,477	63,242	2,030	268	7,574,388	16	0	8,192	317	565	9,074
1994	3,752	278,215	13,486	2,549	38,969	63,739	1,847	260	6,596,837	16	0	8,164	316	487	8,967
1995	4,014	283,717	14,148	2,708	41,007	66,043	1,795	276	6,502,731	16	0	8,533	338	582	9,451
1996	4,160	287,752	14,457	2,809	42,381	66,271	1,808	281	6,434,470	17	0	8,794	347	521	9,662
1997	4,119	296,497	13,894	2,898	43,955	65,928	1,903	277	6,870,216	17	0	8,937	342	607	9,886
1988-'97 % AAGR	3.01%	2.15%	0.84%	3.71%	3.32%	0.37%	-0.37%	3.35%	-3.60%	1.54%	0.00%	2.39%	2.15%	2.02%	2.36%
1998	4,296	305,253	14,074	2,964	45,874	64,606	1,987	279	7,122,027	18	0	9,265	342	615	10,222
1999	4,481	312,783	14,327	3,113	47,508	65,534	2,048	284	7,210,405	18	0	9,660	352	640	10,652
2000	4,607	318,849	14,450	3,223	48,615	66,288	2,070	287	7,213,407	18	0	9,918	362	658	10,938
2001	4,681	324,878	14,407	3,293	49,564	66,435	2,090	290	7,208,264	18	0	10,082	370	669	11,121
2002	4,767	331,072	14,396	3,368	50,509	66,662	2,106	293	7,194,941	18	0	10,261	376	681	11,318
2003	4,854	337,365	14,387	3,443	51,481	66,870	2,127	296	7,184,751	19	0	10,443	383	694	11,520
2004	4,938	343,751	14,398	3,517	52,476	67,022	2,144	299	7,170,897	19	0	10,618	390	706	11,714
2005	5,063	350,216	14,427	3,603	53,481	67,374	2,161	302	7,155,935	19	0	10,846	397	720	11,963
2006	5,157	356,949	14,448	3,681	54,504	67,531	2,178	305	7,141,916	19	0	11,035	403	734	12,172
2007	5,257	363,810	14,451	3,753	55,574	67,531	2,166	308	7,032,343	19	0	11,195	410	745	12,350
1998-'07 % AAGR	2.27%	1.97%	0.29%	2.66%	2.15%	0.49%	0.96%	1.10%	-0.14%	0.93%	0.00%	2.12%	2.02%	2.14%	2.12%
1996-'07 % AAGR	2.72%	2.11%	0.61%	3.13%	2.82%	0.30%	0.51%	2.14%	-1.60%	1.29%	0.00%	2.33%	1.98%	2.04%	2.30%

NOTES: COLUMN (13) IS THE INTEGER SUM OF COLUMNS (2),(5),(8),(11) AND (12).

COLUMN (16) IS THE INTEGER SUM OF COLUMNS (13),(14) AND (15).

SALES FOR RESALE AND NET ENERGY FOR LOAD INCLUDE CONTRACTED ENERGY ALLOCATED TO CERTAIN CUSTOMERS BY SOUTHEASTERN POWER ADMINISTRATION (SEPA).

GULF POWER COMPANY
EXISTING GENERATING FACILITIES
AS OF JUNE 1,1998

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
				Fuel		Fuel Transp		Alt. Fuel Days	Com'l In-Service	Exptd Retirmnt	Gen Max Nameplate	Net Capability	
Plant Name	Unit No	Location	Unit Type	Pri	Alt	Pri	Alt	Use	Mo/Yr	Mo/Yr	KW	Summer MW	Winter MW
Crist		Escambia County 25/1N/30W									1,229,000	1,106.8	1,106.8
	1		FS	NG	HO	PL	TK	--	1/45	12/11	28,125	25.6	25.6
	2		FS	NG	HO	PL	TK	--	6/49	12/11	28,125	25.1	25.1
	3		FS	NG	HO	PL	TK	--	9/52	12/11	37,500	37.0	37.0
	4		FS	C	NG	WA	PL	2	7/59	12/14	93,750	88.0	88.0
	5		FS	C	NG	WA	PL	1	6/61	12/16	93,750	87.0	87.0
	6		FS	C	NG	WA	PL	1	5/70	12/15	369,750	327.0	327.0
	7		FS	C	NG	WA	PL	1	8/73	12/18	578,000	517.1	517.1
Lansing Smith		Bay County 36/2S/15W									381,850	387.2	395.6
	1		FS	C	--	WA	--	--	6/65	12/15	149,600	162.0	162.0
	2		FS	C	--	WA	--	--	6/67	12/17	190,400	193.6	193.6
	A		CT	LO	--	TK	--	--	5/71	12/06	41,850	31.6	40.0
Scholz		Jackson County 12/3N/7W									98,000	98.1	98.1
	1		FS	C	--	RR	WA	--	3/53	12/11	49,000	49.6	49.6
	2		FS	C	--	RR	WA	--	10/53	12/11	49,000	48.5	48.5
Daniel (A)		Jackson County, MS 42/5S/6W									548,250	478.4	478.4
	1		FS	C	HO	RR	TK	--	9/77	12/27	274,125	239.2	239.2
	2		FS	C	HO	RR	TK	--	6/81	12/31	274,125	239.2	239.2
Scherer (A)	3	Monroe County, GA	FS	C	--	RR	--	--	1/87	12/42	222,750	223.3	223.3
Pea Ridge		Santa Rosa County 15/1N/29W									14,250	14.4	14.4
	1		CT	NG	--	PL	--	--	5/98	UNK	4,750	4.8	4.8
	2		CT	NG	--	PL	--	--	5/98	UNK	4,750	4.8	4.8
	3		CT	NG	--	PL	--	--	5/98	UNK	4,750	4.8	4.8
											Total System	2,308.2	2,316.6

Abbreviations

Fuel

FS - Fossil Steam
CT - Combustion Turbine
NG - Natural Gas
C - Coal
LO - Light Oil
HO - Heavy Oil

Fuel Transportation

PL - Pipeline
WA - Water
TK - Truck
RR - Railroad

NOTE: (A) Unit capabilities shown represent Gulf's portion of Daniel Units 1 & 2 (50%) and Scherer Unit 3 (25%).

GULF POWER COMPANY

Individual Utility Form 6 3

FUTURE GENERATION CAPABILITY INSTALLATIONS, CHANGES, AND REMOVALS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
								(a)						
				Fuel		Fuel Transport		Const Start	Com'l In-Service	Expected Retirement	Gen Max Nameplate	Net Capability		
Plant Name	Unit No.	Location	Unit Type	Pri	Alt	Pri	Alt	Mo/Yr	Mo/Yr	Mo/Yr	KW	Summer MW	Winter MW	Status
Lansing Smith		Bay County 36/2S/15W	CC	NG	--	PL	--	06/99	06/02			532.0	532.0	PA
Unlocated		Unlocated	CT	NG	LO	PL	TK	12/03	06/06			30.0	30.0	P
Lansing Smith	A	Bay County 36/2S/15W	CT	LO	--	TK	--	--	--	12/06	41,850	(31 6)	(40.0)	R
Unlocated		Unlocated	CT	NG	LO	PL	TK	12/04	06/07			30.0	30 0	P

Note: (a) The construction start date represents the estimated start of related expenditures. The actual construction of a CT is anticipated to take only 11 months.

Abbreviations:

CT - Combustion Turbine
CC - Combined Cycle

NG - Natural Gas
LO - Light Oil

PL - Pipeline
TK - Truck

P - Planned, but not authorized by utility
PA - Planned and authorized by utility. Not under construction.
R - To be retired

UTILITY: GULF POWER COMPANY

EXISTING QUALIFYING FACILITIES
AS OF JANUARY 1, 1998

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				FUEL TYPE		COMMERCIAL IN-SERVICE	
FACILITY NAME	UNIT NO.	LOCATION	TYPE	PRIMARY	ALTERNATE	(MO/YR)	STATUS
Bay Resource Management Facility	1	Bay	SPP	MSW	--	2/87	NC
Champion	1	Escambia	COG	WD/C	NG	5/83	NC
	2						
Monsanto	1	Escambia	COG	NG	LO	'54	NC
	2					'54	
	3					'54	
	4		COG/SPP	NG	--	8/93	Contract
Pensacola Christian College	1	Escambia	COG	NG	--	4/88	NC
	2						
	3						
Stone Container	1	Bay	COG	WD/HO/LO	NG/C	'60	NC
	2						
	3						
	4						

ABBREVIATIONS:

SPP Small Power Producer
COG Cogenerator
NC No Contract
MSW Municipal Solid Waste

NG Natural Gas
C Coal
WD Wood
LO Light Oil
HO Heavy Oil

UTILITY: GULF POWER COMPANY

EXISTING QUALIFYING FACILITIES
AS OF JANUARY 1, 1998

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		POTENTIAL EXPORT TO GRID AT TIME OF PEAK - MW				QF LOAD SERVED BY QF GENERATION (MW)		PLANT AUXILARY LOAD - MW		MAXIMUM NORMAL GENERATOR OUTPUT (MW)	
		FIRM		AS AVAILABLE							
FACILITY NAME	UNIT NO.	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER
Bay Resource Management Facility	1	0.0	0.0	11.0	11.0	0.0	0.0	1.5	1.5	12.5	12.5
Champion	1	0.0	0.0	0.0	0.0	37.4	37.4	--	--	37.4	37.4
	2	0.0	0.0	0.0	0.0	40.8	40.8	--	--	40.8	40.8
Monsanto	1	0.0	0.0	0.0	0.0	4.0	4.0	--	--	5.0	5.0
	2	0.0	0.0	0.0	0.0	4.0	4.0	--	--	5.0	5.0
	3	0.0	0.0	0.0	0.0	4.0	4.0	--	--	6.0	6.0
	4	19.0	19.0	0.0	0.0	63.0	63.0	--	--	88.0	88.0
Pensacola Christian College	1	0.0	0.0	0.0	0.0	1.0	1.0	--	--	1.0	1.0
	2	0.0	0.0	0.0	0.0	1.0	1.0	--	--	1.0	1.0
	3	0.0	0.0	0.0	0.0	1.0	1.0	--	--	1.0	1.0
Stone Container	1	0.0	0.0	0.0	0.0	4.0	4.0	--	--	4.0	4.0
	2	0.0	0.0	0.0	0.0	5.0	5.0	--	--	5.0	5.0
	3	0.0	0.0	0.0	0.0	10.0	10.0	--	--	10.0	10.0
	4	0.0	0.0	0.0	0.0	20.0	20.0	--	--	20.0	20.0

NOTE: COLUMN (3) + (5) = COLUMN (11) - (9) - (7)
COLUMN (4) + (6) = COLUMN (12) - (10) - (8)

UTILITY: GULF POWER COMPANY

PLANNED AND PROPOSED QUALIFYING FACILITIES

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				FUEL TYPE		COMMERCIAL	
FACILITY NAME	UNIT NO.	LOCATION	TYPE	PRIMARY	ALTERNATE	IN-SERVICE (MO/YR)	STATUS

NONE

UTILITY: GULF POWER COMPANY

PLANNED AND PROPOSED QUALIFYING FACILITIES

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		POTENTIAL EXPORT TO GRID AT TIME OF PEAK - MW				QF LOAD SERVED BY QF GENERATION (MW)		PLANT AUXILARY LOAD - MW		MAXIMUM NORMAL GENERATOR OUTPUT (MW)	
		FIRM		AS AVAILABLE							
FACILITY NAME	UNIT NO.	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER

NONE

UTILITY: GULF POWER COMPANY

INDIVIDUAL UTILITY FORM 6.6

SUMMARY OF FIRM ENERGY AND CAPACITY CONTRACTS
WITH QUALIFYING FACILITIES
AS OF JANUARY 1, 1996

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	CONTRACT TERM		CONTRACT CAPACITY		CONTRACT ENERGY			AVOIDED UNIT			
QUALIFYING FACILITY	FROM MO/YR	TO MO/YR	NET SUM. (MW)	NET WIN. (MW)	GWH	% CAP. FACTOR	BILLING METHOD	NAME	ANTICIPATED IN-SERVICE (MO/YR)	NET SUMMER CAPABILITY (MW)	NOTES
MONSANTO	6/1996	5/2005	19	19	(1) 85	51%	NET	CT	5/1996	80	

NOTE: (1) ESTIMATED "AS AVAILABLE" ENERGY ONLY SINCE THE CONTRACT DOES NOT SPECIFY ANY FIRM ENERGY AMOUNT.

NOTE: INDICATE IN COLUMN (12) THE LOCATION OF THE QF AND THE WHEELING UTILITY, IF THE POWER IS BEING WHEELED THROUGH ANOTHER UTILITY.

UTILITY: GULF POWER COMPANY

HISTORY AND FORECAST OF ENERGY AND CAPACITY PURCHASES FROM QUALIFYING FACILITIES AS OF JANUARY 1, 1998

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
					NET TO GRID		
YEAR	NET TO GRID SUMMER CAPACITY (MW)	YEAR	NET TO GRID WINTER CAPACITY (MW)	YEAR	FIRM ENERGY (GWH)	AS-AVAILABLE ENERGY (GWH)	TOTAL ENERGY (GWH)
ACTUAL:		ACTUAL:		ACTUAL:			
1996	30	1995 / 1996	11	1996	0	82	82
1997	30	1996 / 1997	30	1997	0	98	98
FORECAST:		FORECAST:		FORECAST:			
1998	30	1997 / 1998	30	1998	0	85	85
1999	30	1998 / 1999	30	1999	0	88	88
2000	30	1999 / 2000	30	2000	0	86	86
2001	30	2000 / 2001	30	2001	0	84	84
2002	30	2001 / 2002	30	2002	0	83	83
2003	30	2002 / 2003	30	2003	0	83	83
2004	30	2003 / 2004	30	2004	0	84	84
2005	30	2004 / 2005	30	2005	0	33	33
2006	30	2005 / 2006	30	2006	0	0	0
2007	30	2006 / 2007	30	2007	0	0	0

NOTE: COL (2) IS THE CUMULATIVE SUM OF COLS (3) AND (5) OF INDIVIDUAL UTILITY FORMS 6.4 AND 6.5, PAGE 2.

COL (4) IS THE CUMULATIVE SUM OF COLS (4) AND (6) OF INDIVIDUAL UTILITY FORMS 6.4 AND 6.5, PAGE 2.

COLS (6) AND (7) SHOULD BE THE ENERGY WHICH UTILITIES EXPECT TO RECEIVE FROM THE QF'S REPORTED IN THE INDIVIDUAL UTILITY FORMS 6.4 AND 6.5, RESPECTIVELY.

GULF POWER COMPANY
SUMMARY OF SCHEDULED OFF-SYSTEM CONTRACTS
AS OF JANUARY 1, 1996

INDIVIDUAL UTILITY FORM 6.8

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		CONTRACT TERM		NET CAPABILITY		
PURCHASING UTILITY	SELLING UTILITY	FROM MO/YR	TO MO/YR	SUMMER (MW)	WINTER (MW)	DESCRIPTION
Florida Power & Light Company	Gulf Power Company	01/96	05/10	128	128	Unit Power Sales
Florida Power Corporation	Gulf Power Company	01/96	05/10	57	57	Unit Power Sales
Jacksonville Electric Authority	Gulf Power Company	01/96	05/10	29	29	Unit Power Sales

GULF POWER COMPANY
SCHEDULED OFF SYSTEM INTERCHANGE
(OFF-SYSTEM CONTRACTS)
(AS OF JANUARY 1, 1998)

INDIVIDUAL UTILITY FORM 6.9

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	SUMMER CAPACITY			WINTER CAPACITY			TOTAL ENERGY	
YEAR	FIRM (MW)	NON-FIRM (MW)	YEAR	FIRM (MW)	NON-FIRM (MW)	YEAR	FIRM (GWH)	NON-FIRM (GWH)
Actual:			Actual:			Actual:		
1996	(181)	0	1995/96	(202)	0	1996	(985)	0
1997	(181)	0	1996/97	(182)	0	1997	(827)	0
Forecast:			Forecast:			Forecast:		
1998	46	0	1997/98	(62)	0	1998	(684)	0
1999	47	0	1998/99	47	0	1999	(693)	0
2000	32	0	1999/00	(18)	0	2000	(597)	0
2001	16	0	2000/01	(19)	0	2001	(569)	0
2002	(162)	0	2001/02	(19)	0	2002	(572)	0
2003	(162)	0	2002/03	(162)	0	2003	(543)	0
2004	(162)	0	2003/04	(162)	0	2004	(547)	0
2005	(181)	0	2004/05	(162)	0	2005	(561)	0
2006	(181)	0	2005/06	(181)	0	2006	(656)	0
2007	(185)	0	2006/07	(185)	0	2007	(668)	0

Note: Parenthesis denotes sale.

Gulf Power Company

Individual Utility
Form 7.1

History and Forecast: Interchange and Generation By Fuel Type - GWH

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Energy Sources		Units	Actual 1996	Actual 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
(1)	Annual Firm Interchange		GWH	(633)	(647)	(1,503)	(1,447)	7	462	(1,366)	(1,896)	(1,326)	(775)	(398)	78
(2)	Nuclear		GWH	None	None	None	None	None	None	None	None	None	None	None	None
(3)	Coal		GWH	10,153	10,389	11,475	11,774	10,634	10,361	9,841	9,274	8,734	8,802	8,872	8,854
(4)	Residual	Total	GWH	0	0	0	0	0	0	0	0	0	0	0	0
(5)		Steam	GWH	0	0	0	0	0	0	0	0	0	0	0	0
(6)		CC	GWH	None	None	None	None	None	None	None	None	None	None	None	None
(7)		CT	GWH	None	None	None	None	None	None	None	None	None	None	None	None
(8)		Diesel	GWH	None	None	None	None	None	None	None	None	None	None	None	None
(9)	Distillate	Total	GWH	3	3	2	3	2	2	2	2	2	1	1	0
(10)		Steam	GWH	None	None	None	None	None	None	None	None	None	None	None	None
(11)		CC	GWH	None	None	None	None	None	None	None	None	None	None	None	None
(12)		CT	GWH	3	3	2	3	2	2	2	2	2	1	1	0
(13)		Diesel	GWH	None	None	None	None	None	None	None	None	None	None	None	None
(14)	Natural Gas	Total	GWH	57	44	163	235	209	211	2,759	4,056	4,220	3,892	3,697	3,418
(15)		Steam	GWH	57	44	70	111	85	87	68	68	86	88	95	83
(16)		CC	GWH	None	None	None	None	None	None	2,567	3,864	4,010	3,680	3,447	3,151
(17)		CT	GWH	None	None	93	124	124	124	124	124	124	124	155	184
(18)	NUGs		GWH	82	98	85	87	86	84	83	83	84	33	0	0
(19)	Net Energy for Load		GWH	9,662	9,887	10,222	10,652	10,938	11,120	11,319	11,519	11,714	11,953	12,172	12,350

Gulf Power Company

Individual Utility
Form 7.2

History and Forecast: Interchange and Generation By Fuel Type - % Of GWH

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Energy Sources		Units	Actual 1996	Actual 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
(1)	Annual Firm Interchange		%	(6.55)	(6.54)	(14.70)	(13.58)	0.06	4.15	(12.07)	(16.46)	(11.32)	(6.48)	(3.27)	0.63
(2)	Nuclear		%	None	None	None	None	None	None	None	None	None	None	None	None
(3)	Coal		%	105.08	105.08	112.26	110.53	97.22	93.17	86.94	80.51	74.56	73.64	72.89	71.69
(4)	Residual	Total	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(5)		Steam	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(6)		CC	%	None	None	None	None	None	None	None	None	None	None	None	None
(7)		CT	%	None	None	None	None	None	None	None	None	None	None	None	None
(8)		Diesel	%	None	None	None	None	None	None	None	None	None	None	None	None
(9)	Distillate	Total	%	0.03	0.03	0.02	0.03	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.00
(10)		Steam	%	None	None	None	None	None	None	None	None	None	None	None	None
(11)		CC	%	None	None	None	None	None	None	None	None	None	None	None	None
(12)		CT	%	0.03	0.03	0.02	0.03	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.00
(13)		Diesel	%	None	None	None	None	None	None	None	None	None	None	None	None
(14)	Natural Gas	Total	%	0.59	0.45	1.59	2.21	1.91	1.90	24.37	35.21	36.03	32.56	30.37	27.68
(15)		Steam	%	0.59	0.45	0.68	1.04	0.78	0.78	0.80	0.59	0.73	0.74	0.78	0.67
(16)		CC	%	None	None	None	None	None	None	22.68	33.54	34.23	30.79	28.32	25.51
(17)		CT	%	None	None	0.91	1.16	1.13	1.12	1.10	1.08	1.06	1.04	1.27	1.49
(18)	NUGs		%	0.85	0.99	0.83	0.82	0.79	0.76	0.73	0.72	0.72	0.28	0.00	0.00
(19)	Net Energy for Load		%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Attachment B

GULF POWER COMPANY

List of Tariff Sheets

Identification	Canceling Old Sheet	New Sheet
Standard Offer Contract	Third Rev. Sheet No. 9.8	Fourth Rev. Sheet No. 9.8
	Third Rev. Sheet No. 9.9	Fourth Rev. Sheet No. 9.9
	Fifth Rev. Sheet No. 9.10	Sixth Rev. Sheet No. 9.10
	Seventeenth Rev. Sheet No. 9.11	Eighteenth Rev. Sheet No. 9.11
	Third Rev. Sheet No. 9.12	Fourth Rev. Sheet No. 9.12
	Fourth Rev. Sheet No. 9.13	Fifth Rev. Sheet No. 9.13
	Fifth Rev. Sheet No. 9.14	Sixth Rev. Sheet No. 9.14
	Third Rev. Sheet No. 9.17	Fourth Rev. Sheet No. 9.17
	Third Rev. Sheet No. 9.18	Fourth Rev. Sheet No. 9.18
	Third Rev. Sheet No. 9.19	Fourth Rev. Sheet No. 9.19
	Third Rev. Sheet No. 9.20	Fourth Rev. Sheet No. 9.20
	Third Rev. Sheet No. 9.22	Fourth Rev. Sheet No. 9.22
	Third Rev. Sheet No. 9.23	Fourth Rev. Sheet No. 9.23
	Third Rev. Sheet No. 9.25	Fourth Rev. Sheet No. 9.25
	Third Rev. Sheet No. 9.27	Fourth Rev. Sheet No. 9.27
	Third Rev. Sheet No. 9.28	Fourth Rev. Sheet No. 9.28
	Third Rev. Sheet No. 9.29	Fourth Rev. Sheet No. 9.29
	Fourth Rev. Sheet No. 9.32	Third Rev. Sheet No. 9.32
	Original Sheet No. 9.32.1	First Rev. Sheet No. 9.32.1
	Original Sheet No. 9.32.2	First Rev. Sheet No. 9.32.2
	Original Sheet No. 9.32.3	First Rev. Sheet No. 9.32.3

Sheets that did not change:

- Original Sheet No. 9.10.1
- Fourth Rev. Sheet No. 9.15
- Fifth Rev. Sheet No. 9.16
- Third Rev. Sheet No. 9.21
- Third Rev. Sheet No. 9.24
- Third Rev. Sheet No. 9.26
- Third Rev. Sheet No. 9.30
- Third Rev. Sheet No. 9.31

Tariff Sheet

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF
FIRM CAPACITY AND ENERGY FROM SMALL
QUALIFYING FACILITIES (Less Than 100 KW)
OR FROM SOLID WASTE FACILITIES
(Schedule COG-2)

AVAILABILITY

The Company will purchase firm capacity and energy offered by any small power producer as stated in FPSC Rule 25-17.0832(4)(a)(1), small Qualifying Facility (less than 100 kilowatts), or by any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The Company will negotiate and may contract with any Qualifying Facility, irrespective of its location, which is either directly or indirect 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. The total maximum capacity available under this standard offer shall not exceed 30,000 KW.

APPLICABILITY

Applicable to any cogeneration or small power production Qualifying Facility (less than 100 kilowatts) or to any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract." Firm capacity and energy are described by the Florida Public Service Commission (FPSC) in Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard offer contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery. The terms QF or facility will be used interchangeably throughout this schedule to refer to all facilities eligible under Rule 25-17.083(4)(a), F.A.C.

CHARACTER OF SERVICE

The character of service for 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. The character of service for 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 utility 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 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

A. Prior to June 1, 2003, or such time that the Company issues a Request for Proposals for the Designated Avoided Unit in accordance with Rule 25-17.0832(4)(e)(5), F.A.C., execute the Company's "Standard Offer Contract" for the purchase of firm capacity and energy; and

B. Commit to commence deliveries of firm capacity and energy no later than June 1, 2006 and to continue such deliveries through at least May 31, 2016.

RATES FOR PURCHASES BY THE COMPANY

Firm capacity and energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of Gulf's Designated Avoided Unit as described herein.

A. Firm Capacity Rates

Four options, 1, 2, 3, and 4, as set forth below, are available concerning payment for firm capacity which is produced by the Qualifying Facility (QF) or Solid Waste Facility and delivered to the Company. The capacity payment will be the product of the QF's Committed Capacity and the applicable rate from the QF's chosen capacity payment option. 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 or Solid Waste Facility has contractually committed to deliver to the Company and are based on the minimum contract term for an agreement pursuant to this standard offer rate schedule which extends ten (10) years beyond the anticipated in-service date of the Designated Avoided Unit (i.e., through May 31, 2016). Payment schedules for longer contract terms will be made available by the Company to a Qualifying Facility or Solid Waste Facility upon request. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Designated Avoided Unit, commencing with the anticipated in-service date of the Designated Avoided Unit.

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on June 1, 2006, the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C.

Option 2 - Early Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of June 1, 2006. The earliest date that Early Capacity Payments can be received by a Qualifying Facility or Solid Waste Facility shall be June 1, 2003. This is an approximation of the lead time required to commit for manufacture, site, and construct the Designated Avoided Unit. The Qualifying Facility or Solid Waste 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. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit. Avoided capacity payments shall be calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. At the option of the Qualifying Facility or Solid Waste Facility, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Designated Avoided Unit provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Where Early Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payments been made pursuant to Option 1.

Option 3 - Levelized Capacity Payments - Levelized Capacity Payments shall commence on the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. The fixed operation and maintenance portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Designated Avoided Unit. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payment been made pursuant to Option 1.

Option 4 - Early Levelized Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of June 1, 2006. The earliest date that Early Levelized Capacity Payments can be received by a Qualifying Facility or Solid Waste Facility shall be June 1, 2003. This is an approximation of the lead time required to commit for manufacture, site, and construct the Designated Avoided Unit. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Designate Avoided Unit. At the option of the Qualifying Facility or Solid Waste Facility, Early Levelized Capacity Payments shall commence a any time after the specified earliest capacity payment date and before the anticipated in-service date of the Designated Avoided Unit provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. The Qualifying Facility or Solid Waste Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payments been made pursuant to Option 1.

All capacity payments made by the Company prior to June 1, 2006 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 accumulated amount of Early Payments to the extent that the cumulative present value of the capacity payments made to the Qualifying Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Qualifying Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Qualifying Facility in any year exceed that year's annual value of deferring the Designated Avoided Unit in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide to the QF monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is set forth below.

GULF POWER COMPANY

SURETY BOND REQUIREMENTS

FPSC Rule 25-17.0832(3)(e)(8), 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 to the extent that the cumulative present value of the capacity payments made to the Qualifying Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Qualifying Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Qualifying Facility in any year exceed that year's annual value of deferring the Designated Avoided Unit 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, at the Company's discretion, constitute an equivalent assurance of repayment:

(1) an unconditional, irrevocable direct pay letter; or

(2) surety bond; or

(3) other means acceptable to the Company.

The Company will cooperate with each 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.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company:

> the unsecured promise of a municipal, county, or state government that it will repay early capacity payments to the extent that the cumulative present value of the capacity payments made to the Qualifying Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Qualifying Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Qualifying Facility in any year exceed that year's annual value of deferring the Designated Avoided Unit in the event of default by the Solid Waste Facility.

MONTHLY CAPACITY PAYMENTS RATE $/KW/MONTH

Contract Year From	To	Option 1 Normal Payments Beginning 06/01/06	Option 2 Early Capacity Payments Beginning 06/01/03	Option 3 Levelized Payments Beginning 06/01/06	Option 4 Early Levelized Payments Beginning 06/01/03
6/1/03	5/31/04	--	1.77	--	2.06
6/1/04	5/31/05	--	1.82	--	2.06
6/1/05	5/31/06	--	1.88	--	2.06
6/1/06	5/31/07	2.19	1.93	2.43	2.06
6/1/07	5/31/08	2.25	1.99	2.43	2.06
6/1/08	5/31/09	2.31	2.05	2.43	2.06
6/1/09	5/31/10	2.37	2.11	2.43	2.06
6/1/10	5/31/11	2.43	2.18	2.43	2.06
6/1/11	5/31/12	2.49	2.24	2.43	2.06
6/1/12	5/31/13	2.56	2.31	2.43	2.06
6/1/13	5/31/14	2.62	2.38	2.43	2.06
6/1/14	5/31/15	2.69	2.45	2.43	2.06
6/1/15	5/31/16	2.79	2.52	2.43	2.06

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

B. Energy Rates

(1) Payments Starting On June 1, 2006: The QF shall be paid at the avoided energy rate for all energy delivered to the Company during periods in which the Company has requested the QF to operate at the Company's as-available energy rate as described in Schedule COG-1, Sheet 9.3.

All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

(2) Payments Prior To June 1, 2006: The as-available energy rate will apply to all energy delivered by the QF to the Company prior to June 1, 2006.

The calculation of as-available payments to the Qualifying Facility shall be based on the sum, over all hours of the billing period in which the QF is not called on by the Company, of the product of each hour's avoided energy cost times the purchases by the Company for that hour as described in Schedule COG-1, Sheet 9.3.

All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

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 a test in which the Qualifying Facility maintains an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Qualifying Facility's Committed Capacity under its "Standard Offer Contract" for an entire test period. A Qualifying Facility shall coordinate the selection of the test period with the Company to ensure that the performance of its facility during this period is reflective of the anticipated day to day operation of the Qualifying Facility during a period the Company is likely to call upon the Qualifying Facility to operate as though it were part of the Company's Designated Avoided Unit.

(B) QF Availability Requirement

Payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the Qualifying Facility, subject to the condition that, beginning June 1, 2006 and continuing through the remainder of the contract term, the qualifying facility maintains a minimum availability factor of 98% during the requested operation periods for each 12 month period ending August 31. Failure to satisfy this availability requirement shall result in a obligation for repayment by the Qualifying Facility to the Company. The amount of such repayment shall be equal to the payments received for firm capacity during that 12 month period, plus interest. For the year 2006, the repayment obligation shall be determined as above except that the period for which the availability requirement applies and which is subject to repayment shall be the three months ending August, 2006.

In addition to the foregoing, when early capacity payments have been elected and received, the failure of the qualifying facility to satisfy the availability requirement set forth above shall also result in a obligation for additional repayments by the Qualifying Facility to the Company. The amount of such additional repayment shall be equal to the difference between: (1) what the Qualifying Facility would have been paid during the previous twelve months ending August 31 had it elected the normal payment option; and (2) what it was paid pursuant to the payment option selected. The latter amount is the amount the Qualifying Facility would have been entitled to retain for the previous twelve months ending August 31 had it satisfied the minimum availability factor performance criteria. For the year 2006, the additional repayment obligation shall be determined as above except that the period for which the availability requirement applies and which is subject to repayment shall be the three months ending August, 2006.

DETERMINATION OF THE AVAILABILITY FACTOR

In October of each year of this Contract, the Company will calculate the availability of the QF over the most recent twelve month period ending August 31. For purposes of this Schedule, availability means the ratio of "average capacity from the facility delivered during the period of requested operation(s)" to "Committed Capacity". The term "requested operation(s)" refers to a specific request by the Company that the QF operate its generation constituting the Committed Capacity for a particular period. So long as the availability of the QF is equal to or greater than 98%, then the QF will be entitled to the capacity payments due under this standard offer rate schedule. When there have been requested operations, if the QF fails to perform at an availability factor of 98% or higher, then the Company may deem the QF to be in non-performance of its commitment and thereby invoke the provisions of Section 8 of the standard offer contract.

(C) Availability Factor Calculation

Each October during the term of this contract the Company will calculate the QF's availability factor during the previous twelve month period ending August 31. The formula to be used for this calculation is as follows:

Availability = (Sum [PH_i * AC_i]) / (PH_{total} * CC) where,

i = particular Requested Operation event

AC_i = Achieved Capacity
Actual average capacity delivered from the facility during hours of Requested Operation calculated by summing the lesser of CC or the actual integrated one hour KW output for each one hour metering interval occurring during a Requested Operation event, and dividing the result by the total number of one hour metering intervals occurring during the Requested Operation event.

PH_i = Period Hours
Number of hours for each Requested Operation event (including fractions thereof) the facility was called upon for service by the Company (Requested Operation).

PH_{total} = Total Period Hours
The total number of hours (including fractions thereof) the facility was called upon for service by the Company (Requested Operations) during the 12 month period ending August 31.

CC = Committed Capacity
The capacity from the facility committed by the QF for the purposes of this Agreement as set forth in Section 4.2.2.

"Integrated one hour KW output" means the kilowatthours per hour of electric energy or load flow from the facility, as measured at the point of interconnection with the Company, averaged over a period of one hour.

(D) 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.
(6) The Qualifying Facility must promptly notify the Company of its inability to supply any portion of its full Committed Capacity from the facility. Failure of the QF to notify the Company of a known derating or inability to meet its Committed Capacity obligation from the facility may, at the sole discretion of the Company, result in a determination of non-performance.

GULF POWER COMPANY

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to Qualifying Facilities within the Company's service territory shall be adjusted according to the delivery voltage by dividing the energy delivered at that voltage by the following factors:

Transmission Voltage Delivery	1.01601#
Substation Voltage Delivery	1.03206##
Primary Voltage Delivery	1.05862###
Secondary Voltage Delivery	1.08576####

Any Qualifying Facility interconnected at a voltage of 46 KV or above.

Any Qualifying Facility interconnected at a voltage on the low side of a substation below 46 KV and above 4 KV. This substation, where the Qualifying Facility takes electricity on the low side, shall have transmission voltage on the high side (115, 69, or 46 KV) and distribution voltage on the low side (25, 12, or 4 KV).

Any Qualifying Facility interconnected at a distribution voltage, 4 to 25 KV inclusive.

Any Qualifying Facility interconnected at a voltage below 4 KV.

METERING REQUIREMENTS

Qualifying Facilities within the territory served by the company shall pay the Company for meters required hereunder. Hourly demand recording meters shall be required for each individual generator unit comprising a facility with a total installed capacity of 100 KW or more. Where the total installed capacity of the facility is less than 100 KW, the Qualifying Facility may select from either hourly demand recording meters, dual kilowatt-hour register time-of-day meters or standard kilowatt-hour meters. Meters shall be installed to measure the energy production from each generating unit of the facility as well as net delivered energy at the point of interconnection. 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 utility delivering firm capacity and energy to the Company.

BILLING OPTIONS

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

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

GULF POWER COMPANY

CHARGES TO QUALIFYING FACILITY

(A) Customer Charges

Monthly customer charges for meter reading, billing and other applicable administrative costs shall be equal to the customer charge applicable to a customer receiving retail service under similar load characteristics and are as follows:

RS	$ 8.07	RST	$ 11.10
GS	10.09	GST	13.11
GSD	40.35	GSDT	45.80
LP	226.98	LPT	226.98
PX	575.01	PXT	575.01

(B) Interconnection Charge for Non-Variable Utility Expenses

The Qualifying Facility, in accordance with Rule 25-17.087, F.A.C., shall bear the cost required for interconnection including the cost of metering and the cost of accelerating construction of any transmission or distribution system improvements required in order to accommodate the location chosen by the Qualifying Facility for its facility. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is 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 hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy or capacity from the Qualifying Facility in lieu of other energy or capacity. Any savings in regards to taxes or assessments shall be included in the avoided cost payments made to the Qualifying Facility to the extent permitted by law. In the event the Company becomes liable for additional taxes, assessments or impositions arising out of its transactions with the Qualifying Facility under this tariff schedule or any related interconnection agreement, or due to changes in laws affecting the Company's purchases of energy or capacity from the Qualifying Facility occurring after the execution of an agreement under this tariff schedule, and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under such agreement itself, the Company may bill the Qualifying Facility monthly for such additional expenses or may offset them against amounts due the Qualifying Facility from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity under this tariff schedule that are not already reflected in the avoided energy or avoided capacity payments made to the Qualifying Facility hereunder, shall be passed on to the Qualifying Facility to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

TERMS OF SERVICE

(1) It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generation capability.

(2) Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

(3) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:

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

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

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

(5) Qualifying Facilities within the territory served by the Company shall be required to sign the Company's filed Standard Interconnection Agreement in order to be permitted to engage in parallel operations with the Company. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's General Standards for Safety and Interconnection where applicable.

(6) Service under this Schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission as well as other applicable federal and state legislation or regulations.

SPECIAL PROVISIONS

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

(2) A Qualifying Facility located within the Company's service territory may sell firm capacity and energy to a utility other than the Company. Where such agreements exist, the Company will provide transmission wheeling service to deliver the 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 capacity and energy, measured at the point of delivery to the Company.

The Qualifying Facility shall be responsible for all costs associated with such wheeling including:

A. Wheeling charges;
B. Line losses incurred by the Company; and
C. Inadvertent energy flows resulting from such wheeling.

E ergy delivered to the Company shall be adjusted before delivery to another utility.

Interstate transactions are defined as those determined to be in the jurisdiction of the Federal Energy Regulatory Commission.

Capacity delivered to the Company shall be adjusted before delivery to another utility. The following estimated adjustment factors are supplied for informational purposes only:

Qualifying Facility Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	0.98758
Substation Voltage Delivery	0.94103
Primary Distribution Voltage Delivery	0.91001

All charges and adjustments for wheeling will be determined on a case-by-case basis.

Where wheeling power produced by a Qualifying Facility for delivery within the Company's territory or to another utility will impair the Company's ability to give adequate service to the rest of the Company's customers or place an undue burden on the Company, the Company may petition the FPSC for a waiver of this Special provision No. 2 or require the QF to pay for the necessary transmission system improvements in accordance with the National Energy Policy Act of 1992.

In order to establish the appropriate transmission service arrangements, the QF must contact:

John Lucas
Manager Transmission Services
Southern Company Services
Post Office Box 2625
Birmingham AL 35202

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

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

(a) an unconditional, irrevocable direct pay letter; or

(b) surety bond; or

(c) other means acceptable to the Company.

GULF POWER COMPANY

STANDARD OFFER CONTRACT FOR THE PURCHASE OF

FIRM CAPACITY AND ENERGY FROM A SMALL QUALIFYING FACILITY (LESS THAN 100 KW)

OR FROM A SOLID WASTE FACILITY

THIS AGREEMENT is made and entered into this _____ day of ______________, ______ by and between ______________________________, hereinafter referred to as the "QF"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The QF and the Company shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, the QF desires to sell, and the Company desires to purchase, electricity to be generated by the QF, such sale and purchase to be consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.091 and Order No. PSC-96-1548-FOF-EQ, Docket No. 931186-EQ; and

WHEREAS, the QF, in accordance with Rule 25-17.087, F.A.C., has entered into an interconnection agreement with (or signed and submitted the substantial equivalent of the Company's Form 12 -- Application for Interconnection of Customer-Owned Generation to) 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 use in connection with the acceptance of the Company's standard offer for the purchase of firm capacity and energy from small qualifying facilities (less than 100 kilowatts) or from solid waste facilities as defined in Rule 25-17.091, F.A.C.;

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

1. Facility

The QF either contemplates installing and operating or has installed and is operating a facility comprised in whole or in part of the following generator units located at ____

____;

Unit	Description (Type)	Initial In-Service Date	KVA Nameplate Rating	KW Output Rating	Fuel Source Primary	Fuel Source Secondary
______	______	______	______	______	______	______
______	______	______	______	______	______	______
______	______	______	______	______	______	______
______	______	______	______	______	______	______
______	______	______	______	______	______	______
______	______	______	______	______	______	______

The entire facility, whether comprised in whole or in part of the generator units set forth above, is designed to produce a maximum of __________ kilowatts (KW) (total amount not to equal or exceed 30,000 kilowatts) of electric power at an 85% power factor. Hereinafter, the designated generator units listed above and related equipment will be collectively referred to as "facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution and the contemporaneous payment by the QF to the Company of a security deposit in the amount of $20.00 times each KW of anticipated Committed Capacity as described in Section 4.2.1 of this Agreement. This Agreement shall end at 12:01 A.M., ________________, 20_____ (date specified shall be no earlier than May 31, 2016).

Notwithstanding the foregoing, if construction and commercial operation of the facility are not accomplished by the QF before June 1, 2006, the Company's obligations to the QF under this Agreement shall be considered to be of no force and effect. The Company shall be entitled to retain and use the funds required by the Company as a completion security deposit under this section of the Agreement.

At the election of the QF, the security deposit may be phased in such that one half of the total deposit due is paid upon contract execution and the remainder is to be paid within 12 months after contract execution. If the QF elects to phase in payment of the security deposit due under this paragraph, the effective date of the contract shall be the date of execution; provided however, that the Company shall have no further obligation to the QF if either installment of the security deposit is not timely received by the Company.

Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of this Agreement, one of the following, at the Company's discretion in accordance with the provisions of Schedule COG-2, may be used as an alternative to a cash deposit as a means of securing the completion of the QF's project in accord with this Agreement:

(a) an unconditional, irrevocable direct pay letter; or

(b) surety bond; or

(c) other means acceptable to the Company.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company: the unsecured promise of a municipal, county, or state government to pay the actual damages incurred by the Company because the governmental facility fails to come on line prior to June 1, 1998.

The specific completion security vehicle agreed upon by the parties is: ______________________________

____.

(IN ORDER FOR THIS FORM OF CONTRACT TO BE USED TO TENDER ACCEPTANCE OF THE COMPANY'S STANDARD OFFER BY A QF OTHER THAN A GOVERNMENTAL SOLID WASTE FACILITY, THE ABOVE LINE MUST SPECIFY CASH DEPOSIT IN THE APPROPRIATE AMOUNT UNLESS THE QF HAS SECURED THE PRIOR WRITTEN CONSENT FROM THE COMPANY TO AN ALTERNATIVE COMPLETION SECURITY VEHICLE.)

3. Sale of Electricity by the QF

The Company agrees to purchase electric power generated at the facility and transmitted to the Company by the QF. The purchase and sale of electricity pursuant to this Agreement shall be in accordance with the following billing methodology (choose one):

( ) Net Billing Arrangement; or

( ) Simultaneous Purchase and Sales Arrangement.

For all energy delivered by the QF to the Company, the QF shall be paid pursuant to the Company's as-available energy rate as outlined in the Company's Schedule COG-1, Sheet 9.3, contained in the Company's Tariff for Retail Electric Service on file with the Florida Public Service Commission, as said schedule may be amended from time to time with Commission approval. All purchases of energy by the Company shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of as-available payments due to the QF shall be based on the sum, over all hours of the billing periods during which the QF is not called on by the Company to operate the facility, of the product of each hour's as-available energy price in conjunction with Gulf's participation in the Southern electric system's economic dispatch, times the quantity of energy delivered to the Company for that hour.

4.2 Capacity

4.2.1 Anticipated Committed Capacity. The QF expects to sell approximately ______ kilowatts of capacity, beginning on or about ______________, 19_____. (Amount specified may not exceed 30,000 KW. Date specified may not be later than June 1, 2006.)

The QF may finalize its Committed Capacity (CC) after initial facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a date subsequent to the execution of this Agreement by the parties. However, the QF must complete Paragraph 4.2.2 before June 1, 2006 in order to be entitled to any capacity payments pursuant to this Agreement. The final Committed Capacity set forth in Paragraph 4.2.2 shall not exceed plus or minus ten percent of the above estimate. The date specified in Paragraph 4.2.2 as the date on which capacity payments shall begin shall be no earlier than the date specified above, nor any later than June 1, 2006.

4.2.2 Actual Committed Capacity. The capacity committed by the QF (Committed Capacity or CC) for the purposes of this Agreement is ______ kilowatts beginning ________________, _______. The QF is committing this amount of capacity based on its agreement and commitment that this capacity will be available at least 98% of the time when called for service by the Company (Requested Operation.) The requested operations will be based on the economic dispatch of a combustion turbine fueled by natural gas and/or oil pursuant to the Company's participation in economic dispatch of the Southern electric system. The 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 the date specified in this paragraph as the date on which capacity sales under this Agreement will begin.

4.2.3 Capacity Payments. The QF chooses to receive capacity payments from the Company under Option ________ as described in the Company's Schedule COG-2, Sheets 9.9 and 9.10 of the Company Tariff for Retail Electric Service as they exist at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company standard offer. The Company agrees it will pay the QF a capacity payment. This capacity payment will be the product of the QF's Committed Capacity and the applicable rate from the QF's chosen capacity payment option contained in Schedule COG-2, Sheet No. 9.11 as it exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer. In the event either: (1) the date specified in Section 2 of this Agreement is later than June 1, 2008; or (2) the date specified in Paragraph 4.2.2 as the date capacity payments are to begin is one other than the two standing dates shown on Sheet No. 9.11, a payment schedule will be calculated by the Company and attached to this agreement as Exhibit D. Under those circumstances, the payment schedule set forth in Exhibit D will be used in the calculation of capacity payments pursuant to this paragraph. The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

In October of each year of this Contract, the Company will calculate the availability of the QF over the most recent twelve month period ending August 31. For purposes of this Agreement, availability means the ratio of "average capacity from the facility delivered during the period of requested operation" to "Committed Capacity." If the availability of the QF is not equal to or greater than 0.98 (98%), then the Company may deem the QF to be in non-performance of its commitment and thereby invoke the provisions of Section 8 of this contract.

The formula to be used for the availability calculation is as follows:

Availability = (Sum [PH_i * AC_i]) / (PH_{total} * CC) where,

i = particular Requested Operation event

AC_i = Achieved Capacity
Actual average capacity delivered from the facility during hours of Requested Operation calculated by summing the lesser of CC or the actual integrated one hour KW output for each one hour metering interval occurring during a Requested Operation event, and dividing the result by the total number of one hour metering intervals occurring during the Requested Operation event.

PH_i = Period Hours
Number of hours for each Requested Operation event (including fractions thereof) the facility was called upon for service by the Company (Requested Operation).

PH_{total} = Total Period Hours
The total number of hours (including fractions thereof) the facility was called upon for service by the Company (Requested Operations) during the 12 month period ending August 31.

CC = Committed Capacity
The capacity from the facility committed by the QF for the purposes of this Agreement as set forth in Section 4.2.2

"Integrated one hour KW output" means the kilowatthours per hour of electric energy or load flow from the facility, as measured at the point of interconnection with the Company, averaged over a period of one hour.

5. Metering Requirements

Hourly demand recording meters shall be required for each individual generator unit comprising a facility with a total installed capacity of 100 kilowatts or more. Where the total installed capacity of the facility is less than 100 kilowatts, the QF may select any one of the following options (choose one):

( ) hourly demand recording meter(s);

( ) dual kilowatt-hour register time-of-day meter(s); or

( ) standard kilowatt-hour meter(s).

Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

6. Electricity Production Schedule

During the term of this Agreement, the QF agrees to:

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

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

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

(d) Coordinate its scheduled facility outages with the Company;

(e) Comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement; and

(f) Promptly notify the Company of the QF's inability to supply any portion of its Committed Capacity from the facility. (Failure of the QF to notify the Company of a known derating or inability to supply its full Committed Capacity from the facility may, at the sole discretion of the Company, result in a determination of non-performance.)

7. <u>The QF's Obligation if the QF Receives Early Capacity Payments</u>

The QF's payment option choice pursuant to paragraph 4.2.3 may result in payment by the Company for capacity delivered prior to June 1, 2006. The parties recognize that capacity payments received for any period through May 31, 2006, 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 added to the Capacity Account for each month through May, 2006, in the amount of the Company's capacity payments made to the QF pursuant to the QF's chosen payment option from Schedule COG-2 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, 2006, there shall be deducted from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which the Company would have paid for capacity in that month if the capacity payment had been calculated pursuant to Option 1 in Schedule COG-2 and the QF had elected to begin receiving payment on June 1, 2006 minus the monthly capacity payment the Company makes to the QF pursuant to the capacity payment option chosen by the QF in paragraph 4.2.3.

The QF shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the QF monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the QF shall execute a promise to repay any outstanding 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 Schedule COG-2. The specific repayment assurance selected for purposes of this Agreement is: ____

____________________________________. Any outstanding balance in the Capacity Account shall immediately become due and payable, in full, in the event of default by the QF or at the conclusion of the term of this Agreement. The QF's obligation to pay the balance in the Capacity Account shall survive termination of this Agreement.

8. Non-Performance Provisions

The QF shall be entitled to receive a complete refund of the security deposit described in Section 2 of this contract (or in the event an alternative completion security vehicle is in effect, release of that completion security) upon achieving commercial in-service status (which, for purposes of this Agreement, shall include the demonstration of capability to perform by actual delivery of electricity to the Company), provided that this occurs prior to June 1, 2006 and that said commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2006. The QF shall not be entitled to any of its security deposit if it fails to achieve commercial in-service status prior to June 1, 2006 and maintain that status to, through and including said date. Additionally, once construction of the facility or any additions necessary for the QF to have the capability to deliver the anticipated committed capacity and energy to the Company from the facility has commenced, the QF will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the QF will be capable of delivering the anticipated committed capacity from the facility on or before June 1, 2006.

The QF shall not be entitled to receive or retain capacity payments during any twelve month period ending August 31 during the existence of this contract that its availability over that same period calculated pursuant to the provisions of Paragraph 4.2.3 of this Agreement, does not equal or exceed 96%. To the extent that capacity payments may have already been made to the QF during a period when its minimum availability requirement was not met, the QF shall refund such payments, plus interest, to the Company for that entire twelve month period within 30 days of notice and request for said repayment made by the Company. Interest for each month's capacity repayment will be charged at the rate prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company contemporaneous with the request for repayment.

In addition to the foregoing, beginning with the 12 month period ending August 31, 2006, if the QF fails to achieve its minimum availability requirement during any twelve month period ending August 31, and the QF has received capacity payments for periods prior to June 1, 2006, the QF shall be liable for and shall pay the Company an amount equal to the Early Payment Offset Amount for that period. Any payments thus required of the QF shall be separately invoiced by the Company to the QF after such determinants of non-performance for which such repayment is

10. General Provisions

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

10.2 Indemnification. The QF agrees to indemnify and save harmless the Company, its subsidiaries or affiliates, and their respective employees, officers, and directors, against any and all liability, loss, damage, cost or expense which the Company, its subsidiaries, affiliates, and their respective employees, officers, and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the 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 against any and all liability, loss, damage, cost or expense which the QF may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provision of this Agreement. The QF agrees to include the Company as an additional named 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 assurances to parties contained in this Section.

The QF shall deliver to the Company at least fifteen days prior to the delivery of any capacity or energy under this Agreement, 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, protecting and indemnifying the QF and the Company as an additional named insured, their officers, employees, and representatives, against all liability and expense on account of claims and suits for injuries or damages to persons or property arising out of the QF's performance under or failure to abide by the terms of this Agreement, including without limitation any claims, damages or injuries caused by operation of any of the QF's equipment or by the QF's failure to maintain the facility's equipment in satisfactory and safe operating conditions, or otherwise arising out of the performance by the QF of the duties and obligations arising under the terms and conditions of this Agreement.

The policy providing such coverage shall provide comprehensive general liability insurance, including property damage, with limits in an amount not less than $1,000,000 for each occurrence. In addition, the above required policy shall be endorsed with a provision whereby the insurance company will notify the Company within thirty days prior to the effective date of cancellation or a material change in the policy. The QF shall pay all premiums and other charges required or due in order to maintain such coverage as required under this section in force during the entire period of this Agreement beginning with the initial delivery of capacity or energy to the Company.

10.3 Taxes or Assessments. It is the intent of the parties under this provision that the QF hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy or capacity from the QF in lieu of other energy or capacity and that any savings in regards to taxes or assessments be included in the avoided cost payments made to the QF to the extent permitted by law. In the event the Company becomes liable for additional taxes, assessments or imposition arising out of its transaction with the QF under either this agreement or any related interconnection agreement, or due to changes in laws affecting the Company's purchases of energy or capacity from the QF occurring after the execution of this agreement, and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under this agreement itself, the Company may bill the QF monthly for such additional expenses or may offset them against amounts due the QF from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity under this agreement that are not already reflected in the avoided energy or avoided capacity payments made to the QF hereunder, shall be passed on to the QF to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

10.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea, 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. The 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 the 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.

10.5 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.

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

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

For QF:

____
____
____
____
____
____

For Gulf Power Company:
Susan D. Cranmer
Assistant Secretary and Assistant Treasurer
Gulf Power Company
One Energy Place
Pensacola FL 32520-0780

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

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

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

10.11 Incorporation of Schedule. The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Schedule COG-2 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer.

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GULF POWER COMPANY

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM SMALL QUALIFYING FACILITIES (Less Than 100 KW~~75 MW~~) OR FROM SOLID WASTE FACILITIES (Schedule COG-2)

AVAILABILITY

The Company will purchase firm capacity and energy offered by any small power producer as stated in FPSC Rule 25-17.0832(4)(a)(1), small Qualifying Facility (less than 100 kilowatts~~75 megawatts~~), or by any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The Company will negotiate and may contract with any Qualifying Facility, irrespective of its location, which is either directly or indirect 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. The total maximum capacity available under this standard offer shall not exceed 30,000~~40,000~~ KW.

APPLICABILITY

Applicable to any cogeneration or small power production Qualifying Facility (less than 100 kilowatts~~75 megawatts~~) or to any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract." Firm capacity and energy are described by the Florida Public Service Commission (FPSC) in Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard offer contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery. The terms QF or facility will be used interchangeably throughout this schedule to refer to all facilities eligible under Rule 25-17.083(4)(a), F.A.C.

CHARACTER OF SERVICE

The character of service for 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. The character of service for 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 utility 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 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

A. Prior to June 1, 2003, or such time that the Company issues a Request for Proposals for the Designated Avoided Unit in accordance with Rule 25-17.0832(4)(e)(5), F.A.C.~~April 1, 1995~~, execute the Company's "Standard Offer Contract" for the purchase of firm capacity and energy; and

B. Commit to commence deliveries of firm capacity and energy no later than June 1, 2006~~1998~~ and to continue such deliveries through at least May 31, 2016~~2008~~.

RATES FOR PURCHASES BY THE COMPANY

Firm capacity and energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of Gulf's Designated Avoided Unit as described herein.

A. Firm Capacity Rates

Four options, 1, 2, 3, and 4, as set forth below, are available concerning payment for firm capacity which is produced by the Qualifying Facility (QF) or Solid Waste Facility and delivered to the Company. The capacity payment will be the product of the QF's Committed Capacity and the applicable rate from the QF's chosen capacity payment option. 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 or Solid Waste Facility has contractually committed to deliver to the Company and are based on the minimum contract term for an agreement pursuant to this standard offer rate schedule which extends ten (10) years beyond the anticipated in-service date of the Designated Avoided Unit (i.e., through May 31, 2016~~2008~~). Payment schedules for longer contract terms will be made available by the Company to a Qualifying Facility or Solid Waste Facility upon request. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Designated Avoided Unit, commencing with the anticipated in-service date of the Designated Avoided Unit.

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on June 1, 2006~~1998~~, the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C.

Option 2 - Early Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of June 1, 2006~~1998~~. The earliest date that Early Capacity Payments can be received by a Qualifying Facility or Solid Waste Facility shall be June 1, 2003~~1995~~. This is an approximation of the lead time required to commit for manufacture, site, and construct the Designated Avoided Unit. The Qualifying Facility or Solid Waste 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. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit. Avoided capacity payments shall be calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. At the option of the Qualifying Facility or Solid Waste Facility, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Designated Avoided Unit provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Where Early Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payments been made pursuant to Option 1.

Option 3 - Levelized Capacity Payments - Levelized Capacity Payments shall commence on the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. The fixed operation and maintenance portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Designated Avoided Unit. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payment been made pursuant to Option 1.

Option 4 - Early Levelized Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of June 1, 2006~~1998~~. The earliest date that Early Levelized Capacity Payments can be received by a Qualifying Facility or Solid Waste Facility shall be June 1, 2003~~1995~~. This is an approximation of the lead time required to commit for manufacture, site, and construct the Designated Avoided Unit. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Designate Avoided Unit. At the option of the Qualifying Facility or Solid Waste Facility, Early Levelized Capacity Payments shall commence a any time after the specified earliest capacity payment date and before the anticipated in-service date of the Designated Avoided Unit provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. The Qualifying Facility or Solid Waste Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payments been made pursuant to Option 1.

All capacity payments made by the Company prior to June 1, 2006~~1998~~ are considered "Early Payments". The owner or operator of the Q~~q~~ualifying F~~f~~acility, as designated by the Company, shall secure its obligation to repay, with interest, the accumulated amount of Early Payments to the extent that the cumulative present value of the capacity payments made to the Qualifying Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Qualifying Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Qualifying Facility in any year exceed that year's annual value of deferring the Designated Avoided Unit in the event the Q~~q~~ualifying F~~f~~acility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide to the QF 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~~are~~ set forth below.

GULF POWER COMPANY

MONTHLY CAPACITY PAYMENTS RATE $/KW/MONTH

Contract Year From	To	Option 1 Normal Payments Beginning 06/01/06~~06/01/98~~	Option 2 Early Capacity Payments Beginning	Option 3 Levelized Payments Beginning 06/01/03~~06/01/95~~	Option 4 Early Levelized Payments Beginning 06/01/06~~06/01/98~~
06/01/03~~06/01/95~~					
6/1/03	5/31/04	--	1.77	--	2.06
6/1/04	5/31/05	--	1.82	--	2.06
6/1/05	5/31/06	--	1.88	--	2.06
6/1/06	5/31/07	2.19	1.93	2.43	2.06
6/1/07	5/31/08	2.25	1.99	2.43	2.06
6/1/08	5/31/09	2.31	2.05	2.43	2.06
6/1/09	5/31/10	2.37	2.11	2.43	2.06
6/1/10	5/31/11	2.43	2.18	2.43	2.06
6/1/11	5/31/12	2.49	2.24	2.43	2.06
6/1/12	5/31/13	2.56	2.31	2.43	2.06
6/1/13	5/31/14	2.62	2.38	2.43	2.06
6/1/14	5/31/15	2.69	2.45	2.43	2.06
6/1/15	5/31/16	2.79	2.52	2.43	2.06
~~6/1/95~~	~~5/31/96~~	~~--~~	~~1.64~~		~~1.87~~
~~6/1/96~~	~~5/31/97~~		~~1.70~~		~~1.88~~
~~6/1/97~~	~~5/31/98~~		~~1.75~~		~~1.89~~
~~6/1/98~~	~~5/31/99~~	~~2.55~~	~~1.81~~	~~2.87~~	~~1.89~~
~~6/1/99~~	~~5/31/00~~	~~2.63~~	~~1.87~~	~~2.88~~	~~1.90~~
~~6/1/00~~	~~5/31/01~~	~~2.71~~	~~1.94~~	~~2.89~~	~~1.91~~
~~6/1/01~~	~~5/31/02~~	~~2.80~~	~~2.00~~	~~2.90~~	~~1.92~~
~~6/1/02~~	~~5/31/03~~	~~2.89~~	~~2.07~~	~~2.91~~	~~1.92~~
~~6/1/03~~	~~5/31/04~~	~~2.98~~	~~2.14~~	~~2.92~~	~~1.93~~
~~6/1/04~~	~~5/31/05~~	~~3.08~~	~~2.21~~	~~2.93~~	~~1.94~~
~~6/1/05~~	~~5/31/06~~	~~3.18~~	~~2.29~~	~~2.94~~	~~1.95~~
~~6/1/06~~	~~5/31/07~~	~~3.28~~	~~2.36~~	~~2.96~~	~~1.96~~
~~6/1/07~~	~~5/31/08~~	~~3.39~~	~~2.44~~	~~2.97~~	~~1.97~~

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

B. Energy Rates

(1) Payments Starting On June 1, 2006~~1998~~: The QF shall be paid at the avoided energy rate for all energy delivered to the Company during periods in which the Company has requested the QF to operate ~~as though it were part of the Company's Designated Avoided Unit. During all other hours of QF operation, the QF will be paid for the energy which it delivers to the Company~~ at the Company's as-available energy rate as described in Schedule COG-1, Sheet 9.3.

All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

(2) Payments Prior To June 1, 2006~~1998~~: The as-available energy rate will apply to all energy delivered by the QF to the Company prior to June 1, 2006~~1998~~.

The calculation of as-available payments to the Qualifying Facility shall be based on the sum, over all hours of the billing period in which the QF is not called on by the Company, of the product of each hour's avoided energy cost times the purchases by the Company for that hour as described in Schedule COG-1, Sheet 9.3.

All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

ISSUED BY: Travis~~T. J.~~ Bowden EFFECTIVE: ~~October 10, 1994~~

GULF POWER COMPANY

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 a test in which the Qualifying Facility maintains an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Qualifying Facility's Committed Capacity under its "Standard Offer Contract" for an entire test period. A Qualifying Facility shall coordinate the selection of the test period with the Company to ensure that the performance of its facility during this period is reflective of the anticipated day to day operation of the Qualifying Facility during a period the Company is likely to call upon the Qualifying Facility to operate as though it were part of the Company's Designated Avoided Unit.

(B) QF Availability Requirement

Payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the Q~~q~~ualifying F~~f~~acility, subject to the condition that, beginning June 1, 2006~~1998~~ and continuing through the remainder of the contract term, the qualifying facility maintains a minimum availability factor of 98% during the requested operation periods for each 12 month period ending August 31. Failure to satisfy this availability requirement shall result in a obligation for repayment by the Q~~q~~ualifying F~~f~~acility to the Company. The amount of such repayment shall be equal to the payments received for firm capacity during that 12 month period, plus interest. For the year 2006~~1998~~, the repayment obligation shall be determined as above except that the period for which the availability requirement applies and which is subject to repayment shall be the three months ending August, 2006~~1998~~.

In addition to the foregoing, when early capacity payments have been elected and received, the failure of the qualifying facility to satisfy the availability requirement set forth above shall also result in a obligation for additional repayments by the Q~~q~~ualifying F~~f~~acility to the Company. The amount of such additional repayment shall be equal to the difference between: (1) what the Q~~q~~ualifying F~~f~~acility would have been paid during the previous twelve months ending August 31 had it elected the normal payment option; and (2) what it was paid pursuant to the payment option selected. The latter amount is the amount the Q~~q~~ualifying F~~f~~acility would have been entitled to retain for the previous twelve months ending August 31 had it satisfied the minimum availability factor performance criteria. For the year 2006~~1998~~, the additional repayment obligation shall be determined as above except that the period for which the availability requirement applies and which is subject to repayment shall be the three months ending August, 2006~~1998~~.

DETERMINATION OF THE AVAILABILITY FACTOR

In October of each year of this Contract, the Company will calculate the availability of the QF over the most recent twelve month period ending August 31. For purposes of this Schedule, availability means the ratio of "average capacity from the facility delivered during the period of requested operation(s)" to "Committed Capacity". The term "requested operation(s)" refers to a specific request by the Company that the QF operate its generation constituting the Committed Capacity for a particular period. So long as the availability of the QF is equal to or greater than 98%, then the QF will be entitled to the capacity payments due under this S~~s~~tandard O~~o~~ffer R~~r~~ate S~~s~~chedule. When there have been requested operations, if the QF fails to perform at an availability factor of 98% or higher, then the Company may deem the QF to be in non-performance of its commitment and thereby invoke the provisions of Section 8 of the S~~s~~tandard O~~o~~ffer C~~c~~ontract.

(C) Availability Factor Calculation

Each October during the term of this contract the Company will calculate the QF's availability factor during the previous twelve month period ending August 31. The formula to be used for this calculation is as follows:

Availability = (Sum [PH_i * AC_i]) / (PH_{total} * CC) where,

i = particular Requested Operation event

AC_i = Achieved Capacity
Actual average capacity delivered from the facility during hours of Requested Operation calculated by summing the lesser of CC or the actual integrated one hour~~15-minute~~ KW output for each one hour~~15-minute~~ metering interval occurring during a Requested Operation event, and dividing the result by the total number of one hour~~15-minute~~ metering intervals occurring during the Requested Operation event.

PH_i = Period Hours
Number of hours for each Requested Operation event (including fractions thereof) the facility was called upon for service by the Company (Requested Operation).

PH_{total} = Total Period Hours
The total number of hours (including fractions thereof) the facility was called upon for service by the Company (Requested Operations) during the 12 month period ending August 31.

CC = Committed Capacity
The capacity from the facility committed by the QF for the purposes of this Agreement as set forth in Section 4.2.2.

"Integrated one hour~~15-minute~~ KW output" means the kilowatthours per hour of electric energy or load flow from the facility, as measured at the point of interconnection with the Company, averaged over a period of one hour~~15 minutes~~.

(D) 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.
(6) The Qualifying Facility must promptly notify the Company of its inability to supply any portion of its full Committed Capacity from the facility. Failure of the QF to notify the Company of a known derating or inability to meet its Committed Capacity obligation from the facility may, at the sole discretion of the Company, result in a determination of non-performance.

GULF POWER COMPANY

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to Qualifying Facilities within the Company's service territory shall be adjusted according to the delivery voltage by dividing the energy delivered at that voltage by the following factors~~multipliers~~:

Transmission Voltage Delivery	1.01801#
Substation Voltage Delivery	1.03208##
Primary Voltage Delivery	1.05862###
Secondary Voltage Delivery	1.08576####

Any Qualifying Facility interconnected at a voltage of 46 KV or above.

Any Qualifying Facility interconnected at a voltage on the low side of a substation below 46 KV and above 4 KV. This substation, where the Qualifying Facility takes electricity on the low side, shall have transmission voltage on the high side (115, 69, or 46 KV) and distribution voltage on the low side (25, 12, or 4 KV).

Any Qualifying Facility interconnected at a distribution voltage, 4 to 25 KV inclusive.

Any Qualifying Facility interconnected at a voltage below 4 KV.

METERING REQUIREMENTS

Qualifying Facilities within the territory served by the company shall pay the Company for meters required hereunder. Hourly demand recording meters shall be required for each individual generator unit comprising a facility with a total installed capacity of 100 KW or more. Where the total installed capacity of the facility is less than 100 KW, the Qualifying Facility may select from either hourly demand recording meters, dual kilowatt-hour register time-of-day meters or standard kilowatt-hour meters. Meters shall be installed to measure the energy production from each generating unit of the facility as well as net delivered energy at the point of interconnection. 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 utility delivering firm capacity and energy to the Company.

BILLING OPTIONS

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

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

Energy delivered to the Company shall be adjusted before delivery to another utility.

~~The following estimate of charges intended to allow the Company to recover the cost of displaced capacity for wheeling service based on capacity cost for service normally supplied by the Company, are set forth herein for informational purposes only:~~

~~Interstate Wheeling~~	~~Estimated Charge ($/KW-Month)~~
~~Transmission Voltage Delivery~~	~~0.99~~
~~Substation Voltage Delivery~~	~~1.71~~
~~Primary Distribution Voltage Delivery~~	~~2.51~~

Interstate transactions are defined as those determined to be in the jurisdiction of the Federal Energy Regulatory Commission.

Capacity delivered to the Company shall be adjusted before delivery to another utility. The following estimated adjustment factors are supplied for informational purposes only:

Qualifying Facility Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	0.96758
Substation Voltage Delivery	0.94103
Primary Distribution Voltage Delivery	0.91001

All charges and adjustments for wheeling will be determined on a case-by-case basis.

Where wheeling power produced by a Qualifying Facility for delivery within the Company's territory or to another utility will impair the Company's ability to give adequate service to the rest of the Company's customers or place an undue burden on the Company, the Company may petition the FPSC for a waiver of this Special provision No. 2 or require the QF to pay for the necessary transmission system improvements in accordance with the National Energy Policy Act of 1992.

In order to establish the appropriate transmission service arrangements, the QF must contact:

John Lucas
Manager Transmission Services
Southern Company Services
Post Office Box 2625
Birmingham AL 35202

(3) As a means of protecting the Company's ratepayers from the possibility of a QF project not coming on line as provided for under an executed S~~s~~tandard O~~o~~ffer C~~c~~ontract and in order to provide the Company with additional and immediately available funds for its use to secure replacement and reserve power in the event that the QF fails to successfully complete construction and come on line in accord with the executed standard offer contract, the Company requires that a cash completion security deposit equal to $20 per kw of Anticipated Committed Capacity be delivered to the Company at the time the Company's S~~s~~tandard O~~o~~ffer C~~c~~ontract is executed by the QF. At the election of the QF, the completion security deposit may be phased in such that one half of the total deposit due is paid at contract execution and the remainder within 12 months after contract execution.

Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's S~~s~~tandard O~~o~~ffer C~~c~~ontract, one of the following, at the Company's discretion, may be used as an alternative to a cash deposit as a means of securing the completion of the QF's project in accord with the executed S~~s~~tandard O~~o~~ffer C~~c~~ontract:

(a) an unconditional, irrevocable direct pay letter; or

(b) surety bond; or

(c) other means acceptable to the Company.

The Company will cooperate with each QF seeking an alternative to a cash security deposit as an acceptable means of securing the completion of the QF's facilities in accord with an executed S~~s~~tandard O~~o~~ffer C~~c~~ontract. The Company will endeavor in good faith to accommodate an equivalent to a cash security deposit which is in the best interests of both the QF and the Company's ratepayers.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company:

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

(4) The Company, in evaluating the viability of any particular offer may exercise its rights under FPSC Rule 25-17.0832(4)(c)(2b), F.A.C.

GULF POWER COMPANY

GULF POWER COMPANY

STANDARD OFFER CONTRACT FOR THE PURCHASE OF

FIRM CAPACITY AND ENERGY FROM A SMALL QUALIFYING FACILITY (LESS THAN 100 KW~~75 MW~~)

OR FROM A SOLID WASTE FACILITY

THIS AGREEMENT is made and entered into this _____ day of ______________, ______ by and between ________________________________, hereinafter referred to as the "QF"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The QF and the Company shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, the QF desires to sell, and the Company desires to purchase, electricity to be generated by the QF, such sale and purchase to be consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.091 and Order No. PSC-96-1548-FOF-EQ~~23623~~, Docket No. 931186-EQ~~891049-EU~~; and

WHEREAS, the QF, in accordance with Rule 25-17.087, F.A.C., has entered into an interconnection agreement with (or signed and submitted the substantial equivalent of the Company's Form 12 -- Application for Interconnection of Customer-Owned Generation to) 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 use in connection with the acceptance of the Company's standard offer for the purchase of firm capacity and energy from small qualifying facilities (less than 100 kilowatts~~75 megawatts~~) or from solid waste facilities as defined in Rule 25-17.091, F.A.C.;

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

1. Facility

The QF either contemplates installing and operating or has installed and is operating a facility comprised in whole or in part of the following generator units located at ____
____;

GULF POWER COMPANY

Unit	Description (Type)	Initial In-Service Date	KVA Nameplate Rating	KW Output Rating	Fuel Source Primary	Fuel Source Secondary

The entire facility, whether comprised in whole or in part of the generator units set forth above, is designed to produce a maximum of __________ kilowatts (KW) (total amount not to equal or exceed 30,000~~75,000~~ kilowatts) of electric power at an 85% power factor. Hereinafter, the designated generator units listed above and related equipment will be collectively referred to as "facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution and the contemporaneous payment by the QF to the Company of a security deposit in the amount of $20.00 times each KW of anticipated Committed Capacity as described in Section 4.2.1 of this Agreement. This Agreement shall end at 12:01 A.M., ________________, 20_____ (date specified shall be no earlier than May 31, 2016~~June 1, 2008~~).

Notwithstanding the foregoing, if construction and commercial operation of the facility are not accomplished by the QF before June 1, 2006~~1998~~, the Company's obligations to the QF under this Agreement shall be considered to be of no force and effect. The Company shall be entitled to retain and use the funds required by the Company as a completion security deposit under this section of the Agreement.

At the election of the QF, the security deposit may be phased in such that one half of the total deposit due is paid upon contract execution and the remainder is to be paid within 12 months after contract execution. If the QF elects to phase in payment of the security deposit due under this paragraph, the effective date of the contract shall be the date of execution; provided however, that the Company shall have no further obligation to the QF if either installment of the security deposit is not timely received by the Company.

The billing methodology chosen above may not be changed except in accordance with and subject to the following provisions of Rules 25-17.082 and 25-17.0832 F.A.C.:

(a) when a Q~~q~~ualifying F~~f~~acility selling as-available energy enters into a negotiated contract or standard offer contract for the sale of firm capacity and energy; or

(b) when a firm capacity and energy contract expires or is lawfully terminated by either the Q~~q~~ualifying F~~f~~acility or the purchasing utility; or

(c) when the Q~~q~~ualifying F~~f~~acility is selling as-available energy and has not changed billing methods within the last twelve months; and

(d) upon at least thirty days advance written notice to the Company;

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

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

(g) where the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or the tariff under which the facility receives electrical service, or any previously agreed upon contractual provision between the QF and the Company.

4. Payment for Electricity Produced by the QF

4.1 Energy

The Company agrees to pay the QF for energy produced by the facility and delivered for sale to the Company by the QF. The purchase and sale of energy pursuant to this Agreement shall be in accordance with the rates and procedures contained in Schedule COG-2 as it exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer. ~~The QF will be paid for energy it delivers to the Company from the facility based on the Company's avoided energy costs associated with the Company's avoided capacity at those times that the QF is called on by the Company to operate as if it were part of the Company's avoided capacity (combustion turbine with an initial in-service date of June 1, 1998.)~~

For all ~~other energy~~ delivered by the QF to the Company, the QF shall be paid pursuant to the Company's as-available energy rate as outlined in the Company's Schedule COG-1<u>, Sheet 9.3,</u> contained in the Company's Tariff for Retail Electric Service on file with the Florida Public Service Commission, as said schedule may be amended from time to time with Commission approval. All purchases of energy by the Company shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of as-available payments due to the QF shall be based on the sum, over all hours of the billing periods during which the QF is not called on by the Company to operate the facility, of the product of each hour's as-available energy price <u>in conjunction with Gulf's participation in the Southern electric system's economic dispatch,</u> times the quantity of energy delivered to the Company for that hour.

4.2 <u>Capacity</u>

4.2.1 <u>Anticipated Committed Capacity</u>. The QF expects to sell approximately ______ kilowatts of capacity, beginning on or about ______________, 19_____. (Amount specified may not exceed <u>30,000</u>~~40,000~~ KW. Date specified may not be later than June 1, <u>2006</u>~~1998~~.)

The QF may finalize its Committed Capacity (CC) after initial facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a date subsequent to the execution of this Agreement by the parties. However, the QF must complete Paragraph 4.2.2 before June 1, <u>2006</u>~~1998~~ in order to be entitled to any capacity payments pursuant to this Agreement. The final Committed Capacity set forth in Paragraph 4.2.2 shall not exceed plus or minus ten percent of the above estimate. The date specified in Paragraph 4.2.2 as the date on which capacity payments shall begin shall be no earlier than the date specified above, nor any later than June 1, <u>2006</u>~~1998~~.

4.2.2 <u>Actual Committed Capacity</u>. The capacity committed by the QF (Committed Capacity or CC) for the purposes of this Agreement is ______ kilowatts beginning ________________, _______. The QF is committing this amount of capacity based on its agreement and commitment that this capacity will be available at least 98% of the time when called for service by the Company (Requested Operation.) The requested operations will be based on the economic dispatch of a combustion turbine fueled by natural gas and/or oil pursuant to the Company's participation in economic dispatch of the Southern electric system. The 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 the date specified in this paragraph as the date on which capacity sales under this Agreement will begin.

GULF POWER COMPANY

The formula to be used for the availability calculation is as follows:

Availability = (Sum [PH_i * AC_i]) / (PH_{total} * CC) where,

i = particular Requested Operation event

AC_i = Achieved Capacity
Actual average capacity delivered from the facility during hours of Requested Operation calculated by summing the lesser of CC or the actual integrated one hour~~15-minute~~ KW output for each one hour~~15-minute~~ metering interval occurring during a Requested Operation event, and dividing the result by the total number of one hour~~15-minute~~ metering intervals occurring during the Requested Operation event.

PH_i = Period Hours
Number of hours for each Requested Operation event (including fractions thereof) the facility was called upon for service by the Company (Requested Operation).

PH_{total} = Total Period Hours
The total number of hours (including fractions thereof) the facility was called upon for service by the Company (Requested Operations) during the 12 month period ending August 31.

CC = Committed Capacity
The capacity from the facility committed by the QF for the purposes of this Agreement as set forth in Section 4.2.2

"Integrated one hour~~15-minute~~ KW output" means the kilowatthours per hour of electric energy or load flow from the facility, as measured at the point of interconnection with the Company, averaged over a period of one hour~~15 minutes~~.

5. Metering Requirements

Hourly demand recording meters shall be required for each individual generator unit comprising a facility with a total installed capacity of 100 kilowatts or more. Where the total installed capacity of the facility is less than 100 kilowatts, the QF may select any one of the following options (choose one):

( ) hourly demand recording meter(s);

( ) dual kilowatt-hour register time-of-day meter(s); or

( ) standard kilowatt-hour meter(s).

Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

7. The QF's Obligation if the 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 June 1, 2006~~1998~~. The parties recognize that capacity payments received for any period through May 31, 2006~~1998~~, 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 added to the Capacity Account for each month through May, 2006~~1998~~, in the amount of the Company's capacity payments made to the QF pursuant to the QF's chosen payment option from Schedule COG-2 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, 2006~~1998~~, there shall be deducted from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which the Company would have paid for capacity in that month if the capacity payment had been calculated pursuant to Option 1 in Schedule COG-2 and the QF had elected to begin receiving payment on June 1, 2006~~1998~~ minus the monthly capacity payment the Company makes to the QF pursuant to the capacity payment option chosen by the QF in paragraph 4.2.3.

The QF shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the QF monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the QF shall execute a promise to repay any outstanding 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 Schedule COG-2. The specific repayment assurance selected for purposes of this Agreement is: ____

____________________________. Any outstanding balance in the Capacity Account shall immediately become due and payable, in full, in the event of default by the QF or at the conclusion of the term of this Agreement. The QF's obligation to pay the balance in the Capacity Account shall survive termination of this Agreement.

8. Non-Performance Provisions

The QF shall be entitled to receive a complete refund of the security deposit described in Section 2 of this contract (or in the event an alternative completion security vehicle is in effect, release of that completion security) upon achieving commercial in-service status (which, for purposes of this Agreement, shall include the demonstration of capability to perform by actual delivery of electricity to the Company), provided that this occurs prior to June 1, 2006~~1998~~ and that said commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2006~~1998~~. The QF shall not be entitled to any of its security deposit if it fails to achieve commercial in-service status prior to June 1, 2006~~1998~~ and maintain that status to, through and including said date. Additionally, once construction ~~has commenced,~~ of the facility or any additions necessary for the QF to have the capability to deliver the anticipated committed capacity and energy to the Company from the facility has commenced, the QF will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the QF will be capable of delivering the anticipated committed capacity from the facility on or before June 1, 2006~~1998~~.

The QF shall not be entitled to receive or retain capacity payments during any twelve month period ending August 31 during the existence of this contract that its availability over that same period calculated pursuant to the provisions of Paragraph 4.2.3 of this Agreement, does not equal or exceed 98%. To the extent that capacity payments may have already been made to the QF during a period when its minimum availability requirement was not met, the QF shall refund such payments, plus interest, to the Company for that entire twelve month period within 30 days of notice and request for said repayment made by the Company. Interest for each month's capacity repayment will be charged at the rate prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company contemporaneous with the request for repayment.

In addition to the foregoing, beginning with the 12 month period ending August 31, 2006~~1998~~, if the QF fails to achieve its minimum availability requirement during any twelve month period ending August 31, and the QF has received capacity payments for periods prior to June 1, 2006~~1998~~, the QF shall be liable for and shall pay the Company an amount equal to the Early Payment Offset Amount for that period. Any payments thus required of the QF shall be separately invoiced by the Company to the QF after such determinants of non-performance for which such repayment is due and shall be paid by the QF within 20 days after receipt of such invoice by the QF. Repayment under this paragraph shall not be construed as a limitation of the Company's right to pursue a claim against the QF in any appropriate court or forum for the actual damages the Company incurs as a result of the QF's non-performance or default.

Failure of the QF to notify the Company of a known derating or inability to supply its full Committed Capacity from the facility may, at the sole discretion of the Company, result in a determination of non-performance. Upon such determination by the Company, capacity payments to the QF shall be suspended for a period of time equal to the time of the known derating or inability to supply the full Committed Capacity from the facility or six months, whichever shall be longer.

9. Default

9.1 Mandatory Default. The QF shall be in default under this Agreement if: (1) QF either voluntarily declares bankruptcy or becomes subject to involuntary bankruptcy proceedings; or (2) QF ceases all electric generation for either of the Company's peak generation planning periods (summer or winter) occurring in a consecutive 12 month period. For purposes of this Agreement, the Company's summer peak generation planning period shall be May through September and the Company's winter peak generation planning period shall be December through February. The months included in the Company's peak generation planning periods may be changed, at the sole discretion of the Company, upon 12 months prior notice to the QF.

9.2 Optional Default. The Company may declare the QF to be in default if: (1) at any time prior to June 1, 2006~~1998~~ and after capacity payments have begun, the Company has sufficient reason to believe that the QF is unable to deliver its Committed Capacity from the facility; (2) after June 1, 2006~~1998~~, the QF fails to maintain a 98% availability factor over any twenty-four consecutive month period; (3) because of a QF's refusal, inability or anticipatory breach of obligation to deliver its Committed Capacity after June 1, 2006~~1998~~; or (4) the Company has made three or more determinations of non-performance due to the failure of the QF to notify the Company of a known derating or inability to supply Committed Capacity during any eighteen month period.

~~10.4 Renegotiation Due to Regulatory Changes. [The following provision is included within this Agreement pending the ultimate outcome of the case pending on appeal to the Florida Supreme Court under case number 79,338. If the Florida Public Service Commission's decision not to allow "regulatory out" provisions in standard offer contracts is not reversed by the courts or changed by the Commission, the following provision shall have no force or effect.]~~

~~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 authorization of the Florida Public Service Commission, 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 the 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 this 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 Contract or any amendment hereto are conditioned upon the Company 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 or other regulatory body and charged back to the Company may be offset or credited against subsequent payments made for purchases from the QF, or alternatively, shall be repaid by the QF.~~

10.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea, 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. The 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 the 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.

10.5 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.

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

GULF POWER COMPANY

~~10.5 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 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. The 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 the 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.~~

~~10.6 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.~~

~~10.7 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 the QF or any assignee of this Agreement.~~

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

For QF:	For Gulf Power Company:
______________________	Susan D. Cranmer
______________________	Assistant Secretary and Assistant Treasurer
______________________	Gulf Power Company
______________________	One Energy Place
______________________	Pensacola FL 32520-0780
______________________	

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

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

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

10.11 Incorporation of Schedule. The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Schedule COG-2 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer.

ATTEST:	GULF POWER COMPANY
	BY
	Vice President
	TITLE
Secretary	
	DATE

ATTEST:	QF
	BY
	TITLE
Witness as to QF	Official Capacity
	DATE
Witness as to QF	