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March 30, 2007

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

070232-EQ

Dear Ms. Cole:

Enclosed for official filing are an original and fifteen copies of Gulf Power Company's Petition for Approval of a New Standard Offer for Purchase of Firm Capacity and Energy From Renewable Energy Facilities or Small Qualifying Facilities and Approval of Tariff Schedule REF-1. This new rate and contract were developed pursuant to Rules 25-17.200 through 25-17.310, F.A.C. to ensure conformity with the requirements of Subsection 366.91(3) F.S.

Revised tariff sheet 9.1 and new tariff sheets 9.81 through 9.114 are enclosed.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in Microsoft Word format as prepared on a Windows NT based computer.

Upon approval, please return a copy of the approved tariff sheets to my attention. If you have any questions, please contact Terry Davis, Supervisor of Treasury and Regulatory Matters, at 850.444.6253. Thank you for your attention to this matter.

CMP _____

COM _____

CTR _____

ECR 1

GCL 1

OPC 1

RCA _____

SCR _____

SGA _____

SEC _____

OTH 1

Sincerely,

Susan D. Ritenour

lw

cc: Beggs & Lane
Jeffrey A. Stone, Esquire

*Cover of petition
only*

DOCUMENT NUMBER-DATE

02820 APR-25

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Gulf Power Company
For Approval of a Standard Offer Contract
For Purchase of Firm Capacity and Energy
From Renewable Energy Facilities or Small
Qualifying Facilities and Approval of Tariff
Schedule REF-1

Docket No.: 050805-EI
Filed: March 30, 2007

070232-EQ

-PM

**GULF POWER COMPANY'S PETITION FOR APPROVAL
OF A NEW STANDARD OFFER FOR PURCHASE OF FIRM CAPACITY
AND ENERGY FROM RENEWABLE ENERGY FACILITIES
OR SMALL QUALIFYING FACILITIES AND APPROVAL OF
TARIFF SCHEDULE REF-1**

Gulf Power Company ("Gulf Power", or "the Company"), pursuant to Section 366.91, Florida Statutes, and Rules 25-17.200-25-17.310, Florida Administrative Code, petitions the Florida Public Service Commission ("the Commission") to approve a Standard Offer Contract for Purchase of Firm Capacity and Energy from Renewable Energy Facilities or Small Qualifying Facilities ("Renewable Standard Offer Contract"). As grounds therefore, the Company says:

- 1. The name, address, telephone number and facsimile number of the petitioner are:

Gulf Power Company
500 Bayfront Parkway
One Energy Place
Pensacola, Florida 32520-0780
(850) 444-6231
(850) 444-6026 (fax)

- 2. Gulf Power is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes.

- 3. All notices, pleadings and correspondence required to be served on the Petitioner should be directed to:

Jeffrey A. Stone
Russell A. Badders
Steven R. Griffin
Beggs & Lane
P.O. Box 12950
Pensacola, Florida 32591
(850) 432-2451

Susan D. Ritenour
Secretary and Treasurer
Gulf Power Company
One Energy Place
Pensacola, Florida 32520-0780
(850) 444-6231
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02820 APR-25

FPSC-COMMISSION CLERK

4. On February 22, 2007, the Commission adopted amendments to Rule 25-17.0832, F.A.C. and new Rules 25-17.200 - 25-17.310, F.A.C., relating to renewable generating facilities. The new rules require, *inter alia*, that each investor-owned utility file with the Commission, by April 1 of each year, a standard offer contract or contracts for the purchase of firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kW or less.

5. The Renewable Standard Offer Contract and accompanying rate schedule REF-1 submitted herewith are consistent with all of the Commission's rules governing standard offers and tariffs including Rules 25-17.200 - 25-17.310, F.A.C..

6. Gulf Power has designated a 600 MW combined cycle generating facility as the appropriate unit to serve as its avoided unit for use in connection with its Renewable Standard Offer.

7. According to Rule 25-17.290, F.A.C., "[a]n investor-owned utility shall not impose any imputed debt equivalent adjustments (equity adjustments) to reduce the avoided costs paid to a renewable generating facility unless the utility has demonstrated the need for the adjustment and obtained the prior approval of the Commission." Gulf Power continues to believe equity adjustments are necessary and appropriate in some instances. Gulf Power is not seeking approval of an equity adjustment at this time. In the event that Gulf Power determines an equity adjustment is necessary in the future, Gulf will return to the Commission for approval pursuant to Rule 25-17.290.

8. Attached hereto is composite Exhibit "A" containing Gulf Power's Renewable Standard Offer Contract and rate schedule REF-1, tariff sheets 9.81 through 9.114. Also included in composite Exhibit "A" is revised tariff sheet 9.1, entitled "Index to Schedules." Sheet 9.1 has been

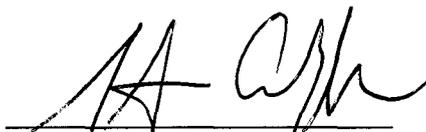
revised to account for the addition of tariff sheets 9.81 through 9.114 and reservation of sheets 9.47-9.80.

9. Gulf Power's existing Standard Offer Contract and tariff will expire upon the filing of the attached tariff in accordance with Order No. PSC-07-0196-PAA-EQ and the existing tariff sheets 9.47 through 9.80 will be marked as "Reserved for Future Use."

10. Gulf Power is not aware of any disputed issues of material fact relative to the subject matter of this petition.

WHEREFORE, Gulf Power respectfully requests that the Commission grant this Petition for Approval of its Renewable Standard Offer Contract and REF-1 tariff as reflected in the tariff sheets contained in Exhibit "A".

DATED this 30th day of March, 2007.



JEFFREY A. STONE

Florida Bar No.: 325953

RUSSELL A. BADDERS

Florida Bar No.: 007455

STEVEN R. GRIFFIN

Florida Bar No.: 0627569

Beggs & Lane

P.O. Box 12950

Pensacola, Florida 32591

(850) 432-2451

Attorneys for Gulf Power Company

Exhibit A

Tariff Sheets

INDEX TO SCHEDULES

PAGE 1 of 1	EFFECTIVE DATE
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<u>CLASSIFICATION</u>	<u>SHEET NO.</u>
Schedule COG-1 – Standard Rate For Purchase of As-Available Energy From Qualifying Cogeneration and Small Power Production Facilities (Qualifying Facilities)	9.2
Schedule COG-2 – Standard Offer Contract Rate For Purchase of Firm Capacity and Energy From Small Qualifying Facilities (less than 75 MW) or From Solid Waste Facilities	9.8
Standard Offer Contract For the Purchase of Firm Energy and Capacity From a Qualifying Facility	9.19
Form 12 – Application for Interconnection of Customer-Owned Generation	9.33
Standard Interconnection Agreement	9.35
Standard Interconnection Agreement for Small Photovoltaic Systems	9.41
Schedule REF-1 – Standard Offer Contract Rate For Purchase of Firm Capacity and Energy From Renewable Energy Facilities	9.81
Renewable Standard Offer Contract For Purchase of Firm Capacity and Energy From a Renewable Energy Facility	9.97



A SOUTHERN COMPANY

Section No. IX
Original Sheet No. 9.81

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR SMALL QUALIFYING FACILITY (Schedule REF-1)

PAGE	EFFECTIVE DATE
1 of 16	

For purposes of this Rate Schedule the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.). Also, the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080 (3), F.A.C. Both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility".

AVAILABILITY:

Gulf Power Company (Company) will purchase firm capacity and energy under this schedule from any Facility that produces electrical energy for delivery to the Company, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The offer to purchase such capacity and energy is continuously available to any Facility and will remain open until revised by the Company upon approval of the FPSC or until closed pursuant to FPSC Rule 25-17.250 (2), F.A.C. The Company may negotiate and contract with any Facility, irrespective of its location, which is either directly or indirect interconnected with the Company for the purchase of firm capacity and energy pursuant to FPSC Rules 25-17.240 and 25-17.0832, F.A.C.

APPLICABILITY:

This offer is applicable to any Facility meeting the requirements of FPSC Rules 25-17.210, 25-17.220, and/or 25-17.0832, F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Renewable Standard Offer Contract." Firm capacity and energy are described by the FPSC in its Rule 25-17.0832, F.A.C., and are produced and sold by a Facility pursuant to a negotiated or Renewable Standard Offer Contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery.

CHARACTER OF SERVICE:

The character of service for purchases 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 Facility.

ISSUED BY: Susan Story

PAGE 2 of 16	EFFECTIVE DATE
-----------------	----------------

(Continued from Schedule REF-1, Sheet No. 9.81)

LIMITATIONS:

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Facilities that:

- A. Beginning upon the date, as prescribed by the FPSC, that a Renewable Standard Offer is deemed available, execute the Company's Renewable Standard Offer Contract for the purchase of firm capacity and energy; and
- B. Commit to commence deliveries of firm capacity and energy no later than the date specified by the Facility's owner or representative, or the anticipated in-service date of the Company's generating facility or purchased power resource ("Avoided Unit or Resource") that is designated herein. Such deliveries will continue for a minimum of ten (10) years from the anticipated in-service date of the Company's Avoided Unit or Resource up to a maximum of the life of the Company's Avoided Unit or Resource.

DETERMINATION OF FACILITY'S COMMITTED CAPACITY VALUE

Prior to execution of a Renewable Standard Offer Contract, or negotiated contract, between the Company and a Facility, the Company will determine the Facility's capacity value in relation to the Company's Avoided Unit or Resource during the term of the contract as provided in FPSC Rules 25-17.240 (2), 25-17.250 (1), and 25-17.0832 (3) and (4) F.A.C. If it is determined by the Company that the Facility will provide capacity value, then this capacity amount will be designated as the "Committed Capacity" and will be used as the basis for capacity payments to be received by the Facility from the Company during the term of the Renewable Standard Offer Contract.

RATES FOR PURCHASES BY THE COMPANY

Firm capacity is purchased in accordance with the provisions of paragraph A below at a unit cost, in dollars per kilowatt per month, based on the value of the Avoided Unit or Resource that Gulf has designated below for purposes of the Renewable Standard Offer. The Avoided Unit is currently designated as 600 MWs of Combined Cycle generation with a June 1, 2014 anticipated in-service date. Energy is purchased at a unit cost, in cents per kilowatt-hour, at the Company's energy rates in accordance with the provisions of paragraph B below.

PAGE 3 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.82)

A. Firm Capacity Rates

Four options, 1, 2, 3, and 4, as set forth in this paragraph, are available to calculate payments for firm capacity that is produced by the Facility and delivered to the Company. The capacity payment will be the product of the Facility's Committed Capacity and the applicable rate from the Facility's chosen capacity payment option. Once selected, an option shall remain in effect for the term of the contract with the Company. Tariff Sheet 9.85 contains the monthly rate per kilowatt in accordance with Options 1 through 4, of firm capacity the Facility has contractually committed to deliver to the Company and is based on the minimum contract term for an agreement pursuant to this Rate Schedule which extends ten (10) years after the anticipated in-service date of the Company's Avoided Unit or Resource. Payment schedules for other options specified within will be made available by the Company within thirty days (30) days if requested by a Facility. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Avoided Unit or Resource, commencing with the anticipated in-service date of the Avoided Unit or Resource.

In addition to capacity payment Options 1 through 4 below, the Facility may elect a payment stream for the capital component of the Company's Avoided Unit or Resource, including front-end loaded capacity payments, that best meets the Facility's financing requirements. Early capacity payments consisting of the capital component of the Company's Avoided Unit or Resource may, at the election of the Facility, commence any time after the actual in-service date of the Facility and before the anticipated in-service date of the Company's Avoided Unit or Resource. Regardless of the payment stream elected by the Facility, the cumulative present value (CPV) of the capital cost payments made to the Facility over the term of the Renewable Standard Offer Contract shall not exceed the CPV of the capital cost payments which would have been made to the Facility pursuant to FPSC Rule 25-17.0832 (4)(g)(1), F.A.C. Fixed operation and maintenance expense shall be calculated in accordance with FPSC Rule 25-17.0832 (6) F.A.C.

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on the anticipated in-service date of the Company's Avoided Unit or Resource, provided the Facility is delivering firm capacity and energy to the Company. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Avoided Unit or Resource, and shall be equal to the value of the year-by-year deferral of the Avoided Unit or Resource, calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(1), F.A.C.

Option 2 - Early Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Company's Avoided Unit or Resource with an in-service date specified above. The Facility shall select

PAGE	EFFECTIVE DATE
4 of 16	

(Continued from Schedule REF-1, Sheet No. 9.83)

the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Avoided Unit or Resource. Avoided capacity payments shall be calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(2), F.A.C. At the option of the Facility, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Company's Avoided Unit or Resource provided the Facility is delivering firm capacity and energy to the Company. Where Early Capacity Payments are elected, the cumulative present value of the capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.

Option 3 - Levelized Capacity Payments - Levelized Capacity Payments shall commence on the anticipated in-service date of the Company's Avoided Unit or Resource, provided the Facility is delivering firm capacity and energy to the Company. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(3), F.A.C. The fixed operation and maintenance portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit or Resource. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payment been made pursuant to Option 1.

Option 4 - Early Levelized Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Company's Avoided Unit or Resource with an in-service date specified above. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(4), F.A.C. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit or Resource. At the option of the Facility, Early Levelized Capacity Payments shall commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Company's Avoided Unit or Resource provided the Facility is delivering firm capacity and energy to the Company. The Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the

PAGE 5 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.84)

capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.

All capacity payments made by the Company prior to the anticipated in-service date of the Company's Avoided Unit or Resource are considered "Early Payments". The owner, owner's representative, or operator of the Facility, as designated by the Company, shall secure its obligation to repay, with interest, the accumulated amount of Early Payments to the extent that the cumulative present value of the capacity payments made to the Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1, or to the extent that annual firm capacity payments made to the Facility in any year exceed that year's annual value of deferring the Company's Avoided Unit or Resource in the event the Facility defaults under the terms of its Renewable Standard Offer Contract with the Company. The Company will provide to the Facility monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is set forth in Paragraph C of the SPECIAL PROVISIONS Section below.

**MONTHLY CAPACITY PAYMENT RATE (MCR)
BASED ON GULF'S CURRENTLY SPECIFIED
AVOIDED UNIT OR RESOURCE
\$/KW/MONTH**

<u>June - May Contract Period</u>	<u>Option 1 Normal \$/KW-MO</u>	<u>Option 2 Early \$/KW-MO</u>	<u>Option 3 Levelized \$/KW-MO</u>	<u>Option 4 Early Levelized \$/KW-MO</u>
2007 to 2008	0.00	0.00	0.00	0.00
2008 to 2009	0.00	0.00	0.00	0.00
2009 to 2010	0.00	0.00	0.00	0.00
2010 to 2011	0.00	0.00	0.00	0.00
2011 to 2012	0.00	4.38	0.00	4.76
2012 to 2013	0.00	4.46	0.00	4.77
2013 to 2014	0.00	4.55	0.00	4.78
2014 to 2015	6.71	4.63	7.16	4.79
2015 to 2016	6.84	4.72	7.17	4.80
2016 to 2017	6.97	4.81	7.19	4.81
2017 to 2018	7.10	4.90	7.21	4.82
2018 to 2019	7.23	5.00	7.22	4.83
2019 to 2020	7.37	5.09	7.24	4.85
2020 to 2021	7.51	5.19	7.26	4.86
2021 to 2022	7.65	5.29	7.27	4.87
2022 to 2023	7.80	5.39	7.29	4.88
2023 to 2024	7.95	5.49	7.31	4.89

PAGE 6 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.85)

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

B. Energy Rates

1. Payments Starting On In-Service Date of Avoided Unit or Resource: The Facility shall be paid at the Avoided Unit or Resource's energy rate for all energy delivered to the Company during each hour of the monthly billing period in which the Avoided Unit or Resource would have operated had the unit been installed. For each hour of the monthly billing period in which the Avoided Unit or Resource would not have operated, the Facility shall be paid for all energy delivered to the Company during that hour at the lesser of the Company's As-Available energy rate as described in its Rate Schedule COG-1, Sheet 9.3 or the Avoided Unit or Resource's energy rate.

The Avoided Unit or Resource's energy rate, in cents per kilowatt-hour, shall be the product of the Avoided Unit or Resource's applicable fuel cost and heat rate, plus the applicable variable operation and maintenance expense. All energy purchases shall be adjusted for losses from the point of metering to the point of interconnection.

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

2. Payments Prior To In-Service Date of Avoided Unit or Resource: The Company's As-Available energy rate, as described in Rate Schedule COG-1, Sheet 9.3, will be applied to all energy delivered by the Facility to the Company prior to the Avoided Unit or Resource's in-service date. As-available energy payments to the Facility shall be based on the sum, over all hours of the monthly billing period in which the Facility delivers energy to the Company, of the product of each hour's As-Available energy rate times the energy received by the Company during that hour. All energy purchases shall be adjusted for losses from the point of metering to the point of interconnection.
3. Fixed Energy Payments: Upon request by the Facility, the Company will provide the following fixed payment options for energy delivered to the Company.
 - a. As-Available energy payments made prior to the Avoided Unit or Resource's in-service date shall be based on the Company's year-by-year projection of system incremental fuel costs, prior to hourly economy energy sales to other utilities, based on normal weather and fuel market conditions. A fuel market volatility risk premium may be added to the energy payments upon mutual agreement between Company and Facility regarding the method or mechanism for determining such risk premium.

PAGE 7 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.86)

- b. Firm Energy Payments: Subsequent to the determination of full avoided cost and subject to provisions of FPSC Rule 25.17-0832 (3) (a) through (d), a mutually agreed portion of the Avoided Unit or Resource's base energy costs shall be fixed and amortized on a present value basis over the term of the contract starting as early as the in-service date of the Facility. Base energy costs associated with the Avoided Unit or Resource shall mean the energy costs that would have resulted had the Avoided Unit or Resource been operated.

PERFORMANCE CRITERIA

Payments from the Company for firm capacity are conditioned on the Facility's ability to maintain the following performance criteria:

A. Commercial In-Service Date

Capacity payments shall not commence until the Facility has attained and demonstrated, commercial in-service status. The commercial in-service date of a Facility shall be defined as the first day of the month following the successful completion of a test in which the Facility maintains an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Facility's Committed Capacity specified in its Renewable Standard Offer Contract for an entire test period. A Facility shall coordinate the selection of the test period with the Company to ensure that the performance of the Facility during this period is reflective of day-to-day operational conditions likely to be experienced by the Company's Avoided Unit or Resource if it were to be in actual operation during a similar period.

B. Facility Capacity Availability Requirement

Payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the Facility, subject to the condition that, beginning on the Avoided Unit or Resource's in-service date and continuing through the remainder of the contract term, the Facility maintains the minimum Equivalent Availability Factor (EAF) that is defined in the ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION Section below for each 12 month performance period ending August 31. Failure to satisfy this availability requirement shall result in an obligation for repayment by the Facility of an amount calculated in accordance with the Capacity Repayment procedure contained in Paragraph A of the ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION Section below.



A SOUTHERN COMPANY

Section No. IX
Original Sheet No. 9.88

PAGE 8 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.87)

For the first performance period of the Renewable Standard Offer Contract, the repayment obligation shall be determined as below, except that the period for which the availability requirement applies and which is subject to repayment shall begin on the Avoided Unit or Resource's in-service date and end on the August 31 immediately following the Avoided Unit or Resource's in-service date.

In addition to the foregoing, when early capacity payments have been elected and received, the failure of the Facility to satisfy the availability requirement set forth below shall also result in an obligation for additional repayments by the Facility to the Company. The amount of such additional repayment shall be equal to the difference between: (1) what the Facility would have been paid during the previous twelve months ending August 31 had it elected the normal payment option; and (2) what it was paid pursuant to the payment option selected. Prior to the in-service date of the Avoided Unit or Resource, all performance requirements as listed in Paragraph B of the following Section will apply at the time initial capacity and energy deliveries from the Facility commence.

ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION

In October following each performance period, the Company will calculate the availability of the Facility over the most recent twelve month performance period ending August 31. For purposes of this Schedule, the annual capacity availability is determined using the NERC Generation Availability Data System (GADS) formula for EAF that is shown below. The Facility will be entitled to retain capacity payments received during the annual period if an EAF of 89% is maintained for each performance period. If the Facility fails to maintain this EAF, then the Facility will repay the Company a portion of the performance period capacity payments as calculated in accordance with the procedure in Paragraph A.

$$EAF = \{ [AH - (EUDH + EPDH + ESEDH)] / PH \} \times 100 (\%) \text{ where,}$$

AH = Available Hours
Sum of all SH, RSH, Pumping Hours, and Synchronous Condensing Hours.

EPDH = Equivalent Planned Derated Hours
Product of the Planned Derated Hours and the Size of Reduction, divided by the NMC.

ESEDH = Equivalent Seasonal Derated Hours
NMC less the NDC, times the Available Hours (AH), divided by the NMC.

EUDH = Equivalent Unplanned Derated Hours
Product of the Unplanned Derated Hours and the Size of Reduction, divided by the NMC.

ISSUED BY: Susan Story

PAGE 9 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.88)

- NDC = Net Dependable Capacity
NMC modified for ambient limitations.
- NMC = Capacity a unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.
- PH = Period Hours
Number of hours a unit was in the active state. A unit generally enters the active state on its commercial date.
- RSH = Reserve Shutdown Hours
Total number of hours the unit was available for service but not electrically connected to the transmission system for economic reasons.
- SH = Service Hours
Total number of hours a unit was electrically connected to the transmission system.

A. Capacity Repayment Calculation

The following conditions will determine the amount of the Facility's Capacity Repayment obligation:

1. If EAF is greater than or equal to 89%, then;
Capacity Repayment (CR) = 0
2. If EAF is less than 89% but equal to or greater than 60%, then;
$$CR = [\text{Monthly Capacity Rate (MCR)} \times \text{Committed Capacity (CC)} \times \text{Months in Performance Period (MPP)} \times [1 - ((89 - \text{EAF}) / 89)]]$$
3. If EAF is less than 60%, then;
$$CR = \text{MCR} \times \text{CC} \times \text{MPP}$$

B. Additional Performance Criteria

1. The Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
2. The Facility shall promptly update its yearly generation schedule when any changes are determined necessary; and

PAGE 10 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.89)

3. The Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
4. The Facility shall coordinate scheduled outages with the Company; and
5. The Facility shall comply with the reasonable requests of the Company regarding daily or hourly communications and;
6. The Facility must promptly notify the Company of its inability to supply any portion of its full Committed Capacity from the Facility. Failure of the Facility to notify the Company of a known derating or inability to meet its Committed Capacity obligation may, at the sole discretion of the Company, result in a determination of non-performance.

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to Facilities 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	1.01801#
Substation Voltage Delivery	1.03208##
Primary Voltage Delivery	1.05862###
Secondary Voltage Delivery	1.08576####

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

METERING REQUIREMENTS

Facilities 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 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

PAGE	EFFECTIVE DATE
11 of 16	

(Continued from Schedule REF-1, Sheet No. 9.90)

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

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

CHARGES TO THE FACILITY

A. 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	\$ 10.00		
GS	13.00		
GSD	35.00	GSDT	\$ 35.00
LP	155.00	LPT	155.00
PX	566.38	PXT	566.38

B. Interconnection Charge for Non-Variable Utility Expenses

The Facility, in accordance with Rule 25-17.087, F.A.C., shall bear the cost required for interconnection including the cost of metering and the cost of accelerating construction of any transmission or distribution system improvements required in order to accommodate the location chosen by the Facility. The Facility shall have the option of payment in full for interconnection or making equal monthly installment principle payments over a thirty-six (36) month period plus interest at the then prevailing rate for thirty (30) days dealer commercial paper as published on the first day of each month in the Wall Street Journal.

PAGE 12 of 16	EFFECTIVE DATE
------------------	----------------

(Continued from Schedule REF-1, Sheet No. 9.91)

C. Interconnection Charge for Variable Utility Expenses

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

D. Taxes and Assessments

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

TERMS OF SERVICE

- A. It shall be the Facility's responsibility to inform the Company of any change in its electric generation capability.
- B. Any electric service delivered by the Company to the Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.
- C. A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:
 - 1. In the first year of operation, the security deposit shall be based upon the singular month in which the Facility's projected purchases from the Company exceed, by the greatest

PAGE 13 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.92)

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

2. For each year thereafter, a review of the actual sales and purchases between the Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Facility exceed the actual sales to the Company in that month.
- D. The Company shall specify the point of interconnection and voltage level.
- E. Facilities within the territory served by the Company shall be required to sign the Company's filed Standard Interconnection Agreement in order to engage in parallel operations with the Company. The Facility shall recognize that its generation equipment and other related infrastructure may have unique interconnection requirements which will be separately addressed by modifications to the Company's General Standards for Safety and Interconnection where applicable.
- F. Service under this Schedule is subject to the rules and regulations of the Company and the FPSC as well as other applicable federal and state legislation or regulations.

SPECIAL PROVISIONS

- A. Special contracts deviating from the above Schedule are allowable provided they are agreed to by the Company and approved by the FPSC.
- B. A Facility 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 Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Facility located outside the Company's service territory, for delivery of the Facility's power to the purchasing utility or to an intermediate utility. In either case, where existing Company transmission capacity exists, the Company will impose a charge for wheeling Facility capacity and energy, measured at the point of delivery to the Company.

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

1. Wheeling charges;
2. Line losses incurred by the Company; and
3. Inadvertent energy flows resulting from such wheeling.

PAGE 14 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.93)

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

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

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

<u>Renewable Facility Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	0.96758
Substation Voltage Delivery	0.94103
Primary Distribution Voltage Delivery	0.91001

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

Where wheeling power produced by a Facility for delivery 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 B, or require the Facility to pay for the necessary transmission system improvements in accordance with the National Energy Policy Act of 1992, or other applicable Federal law.

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

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

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

PAGE	EFFECTIVE DATE
15 of 16	

(Continued from Schedule REF-1, Sheet No. 9.94)

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

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

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

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

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

- D. Election of Early Capacity Payments under an Option other than (1) through (4) above, and/or election of the Fixed Energy Payments will result in the Company's immediate re-evaluation of the completion security requirements as addressed above in order to determine the adequacy of such security instruments. Given the terms and conditions ultimately set in the Renewable Standard Offer Contract, additional security requirements may be specified by the Company.

PAGE 16 of 16	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.95)

- E. The Company, in evaluating the viability of any particular offer may exercise its rights under FPSC Rule 25-17.0832(4)(c)(2)(b), F.A.C.
- F. The Company will have the right of first refusal regarding the acquisition of any and all Renewable Energy Certificates, Green Tags, or other tradable environmental interests that result from the electric generation of the Facility during the term of an executed Renewable Standard Offer Contract or negotiated contract with the Company. The Company agrees to exercise its right of first refusal, if at all, within thirty (30) days of receiving written notice from the Facility.
- G. All Renewable Standard Offer Contracts for the purchase of capacity and energy from a Facility shall include a provision to reopen the contract, at the election of either party, limited to changes affecting the Company's full avoided costs of the unit on which the Renewable Standard Offer Contract is based as a result of new environmental or other regulatory requirements enacted during the term of the contract.



**STANDARD OFFER CONTRACT FOR PURCHASE OF FIRM
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY
FACILITY OR SMALL QUALIFYING FACILITY
("RENEWABLE STANDARD OFFER CONTRACT")**

PAGE 1 of 18	EFFECTIVE DATE
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THIS AGREEMENT is made and entered into this ____ day of _____, ____ by and between _____, hereinafter referred to as the "Facility"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The Facility and the Company shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, for purposes of this contract, the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.), and the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080 (3), F.A.C., thus, both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility"; and

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

WHEREAS, the Facility, 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) the utility in whose service territory the Facility '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 facilities.

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

(Continued from Standard Offer Contract, Sheet No. 9.97)

1. Facility

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

_____:

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

PAGE 3 of 18	EFFECTIVE DATE
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(Continued from Standard Offer Contract, Sheet No. 9.98)

The entire Facility, whether comprised in whole or in part of the generator units set forth above, is designed to produce a maximum of _____ kilowatts (KW) of electric power at an 85% power factor. 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 Facility to the Company of a security deposit in the amount of \$20.00 times each KW of nameplate capacity of the Facility's generator unit(s). This Agreement shall end at 12:01 A.M., _____, 20____ (date specified shall be no earlier than May 31, 2024).

Notwithstanding the foregoing, if construction and commercial operation of the Facility are not accomplished before June 1, 2014, the Company's obligations to the Facility 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 Facility, 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 Facility 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 Facility if either installment of the security deposit is not timely received by the Company.

PAGE 4 of 18	EFFECTIVE DATE
-----------------	----------------

(Continued from Standard Offer Contract, Sheet No. 9.99)

Depending on the nature of the Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of this Agreement, one of the following, at the Company's discretion in accordance with the provisions of Schedule REF-1, may be used as an alternative to a cash deposit as a means of securing the completion of the Facility'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, 2014.

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 FACILITY OTHER THAN A GOVERNMENTAL SOLID WASTE FACILITY, THE ABOVE LINE MUST SPECIFY CASH DEPOSIT IN THE APPROPRIATE AMOUNT UNLESS THE FACILITY HAS SECURED THE PRIOR WRITTEN CONSENT FROM THE COMPANY TO AN ALTERNATIVE COMPLETION SECURITY VEHICLE.)

3. Sale of Electricity by the Facility

The Company agrees to purchase electric power generated at the Facility and transmitted to the Company by the Facility. 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.

PAGE 5 of 18	EFFECTIVE DATE
-----------------	----------------

(Continued from Standard Offer Contract, Sheet No. 9.100)

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

- (a) when a Facility selling as-available energy enters into a negotiated contract or standard offer contract for the sale of firm capacity and energy; or
- (b) when a firm capacity and energy contract expires or is lawfully terminated by either the Facility or the purchasing utility; or
- (c) when the Facility is selling as-available energy and has not changed billing methods within the last twelve months; and
- (d) upon at least thirty days advance written notice to the Company;
- (e) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Facility for such metering equipment and its installation;
- (f) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the Facility for such alterations; and
- (g) where the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or the tariff under which the Facility receives electrical service, or any previously agreed upon contractual provision between the Facility and the Company.

4. Payment for Electricity Produced by the Facility

4.1 Energy

The Company agrees to pay the Facility for energy it produces and delivers for sale to the Company. The purchase and sale of energy pursuant to this Agreement shall be in accordance with the rates and procedures contained in Paragraph B of the **RATES FOR PURCHASES BY THE COMPANY** section of Schedule REF-1 as it exists at the time this Agreement is properly submitted by the Facility to the Company as tendered acceptance of the Company's Standard Offer.

PAGE 6 of 18	EFFECTIVE DATE
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(Continued from Standard Offer Contract, Sheet No. 9.101)

For all energy delivered by the Facility to the Company, the Facility elects to be paid pursuant to the method described in:

- Paragraph B (1), or
 Paragraph B (3)(b),
and (if applicable);
 Paragraph B (2), or
 Paragraph B (3)(a)

of the **RATES FOR PURCHASES BY THE COMPANY** section of Schedule REF-1. If the Facility elects any payment method under Paragraph B (3), the details underlying the derivation of the associated energy payments will be described in an exhibit to this Standard Offer Contract. The Company will provide the Facility an energy payment schedule for the elected payment method within thirty (30) days after receipt of a Facility's request for such information.

4.2 Capacity

4.2.1 Anticipated Committed Capacity. As discussed in Schedule REF-1, if the Company determines that the Facility's generator unit(s) provides capacity value to the Company, the Facility is expected to sell approximately _____ kilowatts of capacity, beginning on or about _____, 20____. (Date specified may not be later than June 1, 2014.)

The Facility may finalize its Committed Capacity (CC) after initial facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a date subsequent to the execution of this Agreement by the parties. However, the Facility must complete Paragraph 4.2.2 before June 1, 2014 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, 2014.

PAGE 7 of 18	EFFECTIVE DATE
-----------------	----------------

(Continued from Standard Offer Contract, Sheet No. 9.102)

4.2.2 Actual Committed Capacity. The capacity committed by the Facility (Committed Capacity or CC) for the purposes of this Agreement is _____ kilowatts beginning _____, _____. The Facility is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) of 89%. The EAF will be based on the economic operation of a combined cycle generating facility (Avoided Unit) that Gulf has designated as the Avoided Unit for purposes of the Standard Offer. The Facility 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 Facility chooses to receive capacity payments from the Company under Option _____ or _____ a customized payment stream as described in the Company's Schedule REF-1 of the Company Tariff for Retail Electric Service as it exists at the time this Agreement is properly submitted by the Facility to the Company as tendered acceptance of the Company Standard Offer. If the customized payment option is chosen by the Facility as the preferred capacity payment option, the details underlying the derivation of such payment stream will be described in an exhibit to this Standard Offer Contract.

The Capacity Payments to be made by the Company to the Facility are based upon the Avoided Unit that the Company has designated for purposes of the Standard Offer. The Capacity Payments to the Facility are based on a Combined Cycle Unit with the following economic assumptions:

Size: 600 MW total
Discount Rate: 8.63%
Annual Inflation: 1.90%
Annual Capacity Factor: 50%
Equivalent Availability: 89%

Installed Costs (2014): \$700/kw
AFUDC Rate: 10.02%
K-factor: 1.5049
Fixed O & M: \$9.75/kw-yr
Unit Life: 40 years

PAGE 8 of 18	EFFECTIVE DATE
-----------------	----------------

(Continued from Standard Offer Contract, Sheet No. 9.103)

The Company agrees it will pay the Facility a capacity payment. This capacity payment will be the product of the Facility's Committed Capacity and the applicable rate from the Facility's chosen capacity payment option in accordance with the Company's Schedule REF-1, as it exists at the time this Agreement is properly submitted by the Facility 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, 2024; or (2) the date specified in Paragraph 4.2.2 as the date capacity payments are to begin is one other than the dates shown in Schedule REF-1, a payment schedule will be calculated by the Company and attached to this agreement as Exhibit D. Under those circumstances, the payment schedule set forth in Exhibit D will be used in the calculation of capacity payments pursuant to this paragraph. The Company will provide the Facility a capacity payment schedule for the chosen payment method within thirty (30) days after receipt of a Facility's request for such information. The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the Facility as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

In October following each performance period, the Company will calculate the availability of the Facility over the most recent twelve month period ending August 31. For purposes of this Agreement, availability means Equivalent Availability Factor (EAF) as defined by the North American Electric Reliability Council Generating Availability Data System (NERC GADS) or its successor's indice. If the availability (EAF) of the Facility is not equal to or greater than 0.89 (89%), then the Facility will repay the Company a portion of the performance period capacity payments as calculated in accordance with the procedure detailed in the **ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION** section of Rate Schedule REF-1.

PAGE 9 of 18	EFFECTIVE DATE
-----------------	----------------

(Continued from Standard Offer Contract, Sheet No. 9.104)

Repayment under this paragraph shall not be construed as a limitation of the Company's right to pursue a claim against the Facility in any appropriate court or forum for the actual damages the Company incurs as a result of the Facility's non-performance or default.

5. Metering Requirements

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

- hourly demand recording meter(s);
- dual kilowatt-hour register time-of-day meter(s); or
- standard kilowatt-hour meter(s).

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

6. Electricity Production Schedule

During the term of this Agreement, the Facility 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;

PAGE	EFFECTIVE DATE
10 of 18	

(Continued from Standard Offer Contract, Sheet No. 9.105)

- (e) Comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement; and
- (f) Promptly notify the Company of the Facility's inability to supply any portion of its Committed Capacity from the facility. (Failure of the Facility to notify the Company of a known derating or inability to supply its full Committed Capacity from the facility may, at the sole discretion of the Company, result in a determination of non-performance.)

7. The Facility's Obligation if the Facility Receives Early Capacity Payments

The Facility's payment option choice pursuant to paragraph 4.2.3 may result in payment by the Company for capacity delivered prior to June 1, 2014. The parties recognize that capacity payments received for any period through May 31, 2014, 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 Facility 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 2014, in the amount of the Company's capacity payments made to the Facility pursuant to the Facility's chosen payment option from Schedule REF-1 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, 2014, 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

PAGE	EFFECTIVE DATE
11 of 18	

(Continued from Standard Offer Contract, Sheet No. 9.107)

capacity in that month if the capacity payment had been calculated pursuant to Option 1 in Schedule REF-1 and the Facility had elected to begin receiving payment on June 1, 2014 minus the monthly capacity payment the Company makes to the Facility pursuant to the capacity payment option chosen by the Facility in paragraph 4.2.3.

The Facility shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the Facility monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the Facility shall execute a promise to repay any outstanding balance in the Capacity Account in the event the Facility 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 REF-1.

The specific repayment assurance selected for purposes of this Agreement is:

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

8. Non-Performance Provisions

The Facility 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, 2014 and that said

(Continued from Standard Offer Contract, Sheet No. 9.107)

commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2014. The Facility shall not be entitled to any of its security deposit if it fails to achieve commercial in-service status prior to June 1, 2014 and maintain that status to, through and including said date. Additionally, once construction of the facility or any additions necessary for the Facility to have the capability to deliver the anticipated committed capacity and energy to the Company from the facility has commenced, the Facility will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the Facility will be capable of delivering the anticipated committed capacity from the facility on or before June 1, 2014.

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

PAGE 13 of 18	EFFECTIVE DATE
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(Continued from Standard Offer Contract, Sheet No. 9.108)

9.2 Optional Default. The Company may declare the Facility to be in default if: (1) at any time prior to June 1, 2014 and after capacity payments have begun, the Company has sufficient reason to believe that the Facility is unable to deliver its Committed Capacity from the facility; (2) because of a Facility's refusal, inability or anticipatory breach of obligation to deliver its Committed Capacity after June 1, 2014; or (3) the Company has made three or more determinations of non-performance due to the failure of the Facility to notify the Company of a known derating or inability to supply Committed Capacity during any eighteen month period.

10. General Provisions

10.1 Permits. The Facility hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority the Facility 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 Facility 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 Facility in performing its obligations pursuant to this Agreement or the Facility's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the Facility against any and all liability, loss, damage, cost or expense which the Facility 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 Facility agrees to include the Company as an additional named insured in any liability insurance policy or policies the Facility obtains to protect the Facility's interests with respect to the Facility's indemnity and hold harmless assurances to parties contained in this Section.

PAGE 14 of 18	EFFECTIVE DATE
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(Continued from Standard Offer Contract, Sheet No. 9.109)

The Facility 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 Facility's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida, protecting and indemnifying the Facility 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 Facility's performance under or failure to abide by the terms of this Agreement, including without limitation any claims, damages or injuries caused by operation of any of the Facility's equipment or by the Facility's failure to maintain the facility's equipment in satisfactory and safe operating conditions, or otherwise arising out of the performance by the Facility 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 Facility 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 Facility hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy or capacity from the Facility in lieu of other energy or capacity and that any savings in regards to taxes or assessments be included in the avoided cost payments made to the Facility to the extent

PAGE	EFFECTIVE DATE
15 of 18	

(Continued from Standard Offer Contract, Sheet No. 9.110)

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

10.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. The Facility 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

PAGE 16 of 18	EFFECTIVE DATE
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(Continued from Standard Offer Contract, Sheet No. 9.111)

due to actions of the Facility, 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 Facility shall have the right to assign its benefits under this Agreement, but the Facility 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 Facility 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 Facility:

For Gulf Power Company:

Susan D. Ritenour
 Secretary and 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 public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

(Continued from Standard Offer Contract, Sheet No. 9.112)

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

10.11 Incorporation of Schedule. The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Schedule REF-1 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the Facility to the Company as tendered acceptance of the Company's standard offer.

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

11. Environmental Interests

The Company will have the right of first refusal regarding the acquisition of any and all Energy Certificates, Green Tags, or other tradable environmental interests that result from the electric generation of the Facility during the term of an executed Standard Offer Contract or negotiated contract with the Company. The Company agrees to exercise its right of first refusal, if at all, within thirty (30) days of receiving written notice from the Facility.

12. Changes in Environmental and Governmental Regulations

This contract may be reopened at the election of either party in the event that environmental or other regulatory requirements are enacted during the term of this contract which either (a) increase or (b) decrease the full avoided costs of the Avoided Unit. The parties may negotiate a threshold amount of change below which this reopener will not apply.

PAGE 18 of 18	EFFECTIVE DATE
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(Continued from Standard Offer Contract, Sheet No. 9.113)

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

ATTEST:

GULF POWER COMPANY

BY _____
Vice President

Secretary

TITLE _____

DATE _____

ATTEST:

Facility

BY _____

Witness as to Facility

TITLE _____
Official Capacity

Witness as to Facility

DATE _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for approval of new standard offer for)
purchase of firm capacity and energy from renewable)
energy or small Qualifying Facilities and approval of tariff)
schedule REF-1 by Gulf Power Company)

Docket No. 050805-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this 30th day of March, 2007, on the following:

Lorena Holley
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

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Tallahassee FL 3299-1400

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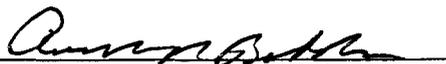
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