

**Susan D. Ritenour**  
Secretary and Treasurer  
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One Energy Place  
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March 31, 2009

090163-EQ

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

RECEIVED-FPSC  
09 APR - 1 PM 12: 13  
COMMISSION  
CLERK

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 filing is made pursuant to Section 366.91, Florida Statutes, and Rules 25-17.200-25-17.310, Florida Administrative Code.

Also enclosed is a CD containing the Petition in Microsoft Word format as prepared on a Windows NT based computer.

Sincerely,

*Susan D. Ritenour (lw)*

COM  
ECR CD *forwarded*  
SCL 2  
OPC 1 Enclosures  
RCP 1  
SSC 1 cc w/encl.: Beggs & Lane  
SGA 1 Jeffrey A. Stone, Esq.  
ADM \_\_\_\_\_  
CLK \_\_\_\_\_

DOCUMENT NUMBER-DATE  
02879 APR-1 8  
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**

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**Docket No.:** 090163  
**Filed:** March 31, 2009

**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  
(850) 444-6026 (fax)

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. In Order No. PSC-08-0546-TRF-EQ, the Commission approved Gulf Power Company's Renewable Standard Offer Contract and accompanying rate schedule REF-1 which was filed with the Commission on April 2, 2008, (the "existing Standard Offer Contract"). Gulf Power's existing Standard Offer Contract designates an 840 MW combined cycle generating facility with an in-service date of June 1, 2014, as the appropriate unit for purposes of calculating energy and capacity payments under the contract. Like its 2008 Ten-Year Site Plan, Gulf Power's 2009 Ten-Year Site Plan designates a single 840 MW combined cycle generating facility with an in-service date of June 1, 2014, as the Company's next planned generating unit.

6. Consistent with Rule 25-17.250(1), F.A.C., Gulf Power has designated an 840 MW combined cycle generating facility with an in-service date of June 1, 2014, as the appropriate unit to serve as its avoided unit for use in connection with the new Renewable Standard Offer Contract. Attached to this Petition as Composite Exhibit "A" are clean copies of Second Revised Sheets 9.85 and 9.103. Attached to this Petition as Composite Exhibit "B" are

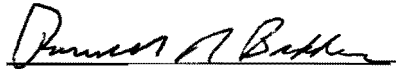
copies of the same documents in legislative format. The revisions included in Composite Exhibit “A” are intended to reflect current economic and financial assumptions for the avoided unit. The revisions are consistent with all of the Commission’s rules governing standard offers and tariffs including Rules 25-17.200 - 25-17.310, F.A.C. The revisions included in Composite Exhibit A,” along with existing Sheets numbered 9.81-9.84, 9.86-9.102 and 9.104-9.114, constitute Gulf Power’s new Renewable Standard Offer Contract and rate schedule REF-1.

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. 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 rate schedule REF-1.

Respectfully submitted this 31<sup>st</sup> day of March, 2009.



**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 Sheet**

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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**

<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>
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	5.35	0.00	6.16
2012 to 2013	0.00	5.51	0.00	6.18
2013 to 2014	0.00	5.68	0.00	6.19
2014 to 2015	8.28	5.86	9.24	6.20
2015 to 2016	8.53	6.03	9.26	6.22
2016 to 2017	8.79	6.22	9.28	6.23
2017 to 2018	9.06	6.41	9.30	6.25
2018 to 2019	9.34	6.60	9.33	6.27
2019 to 2020	9.62	6.80	9.35	6.28
2020 to 2021	9.92	7.01	9.37	6.30
2021 to 2022	10.22	7.23	9.40	6.32
2022 to 2023	10.53	7.45	9.42	6.33
2023 to 2024	10.85	7.67	9.45	6.35

PAGE	EFFECTIVE DATE
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(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: 840 MW total	Installed Costs (2014): \$1,132/kw
Discount Rate: 8.44%	AFUDC Rate: 9.71%
Annual Inflation: 3.05%	K-factor: 1.4092
Annual Capacity Factor: 65%	Fixed O & M: \$8.11/kw-yr
Equivalent Availability: 89%	Unit Life: 40 years



# **Legislative Format**



Section No. IX  
~~Second First Revised Sheet No. 9.85~~  
 Canceling ~~First Revised Original~~ Sheet No. 9.85

PAGE 5 of 16	EFFECTIVE DATE July 20, 2008
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(Continued from Schedule REF-1, Sheet No. 9.84)

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

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

**MONTHLY CAPACITY PAYMENT RATE (MCR)  
 BASED ON GULF'S CURRENTLY SPECIFIED  
 AVOIDED UNIT OR RESOURCE**

June - May Contract Period	Option 1 Normal \$/KW-MO	Option 2 Early \$/KW-MO	Option 3 Levelized \$/KW-MO	Option 4 Early Levelized \$/KW-MO
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	4.665.35	0.00	5.076.16
2012 to 2013	0.00	4.745.51	0.00	5.086.18
2013 to 2014	0.00	4.835.68	0.00	5.096.19
2014 to 2015	7.138.28	4.935.86	7.629.24	5.106.20
2015 to 2016	7.278.53	5.026.03	7.649.26	5.116.22
2016 to 2017	7.408.79	5.126.22	7.659.28	5.126.23
2017 to 2018	7.549.06	5.216.41	7.669.30	5.126.25
2018 to 2019	7.699.34	5.316.60	7.679.33	5.136.27
2019 to 2020	7.839.62	5.416.80	7.699.35	5.146.28
2020 to 2021	7.989.92	5.527.01	7.709.37	5.156.30
2021 to 2022	8.1310.22	5.627.23	7.729.40	5.166.32
2022 to 2023	8.2910.53	5.737.45	7.739.42	5.176.33
2023 to 2024	8.4510.85	5.847.67	7.749.45	5.186.35

**ISSUED BY:** Susan Story

PAGE	EFFECTIVE DATE
7 of 18	July 20, 2008

(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: 840 MW total  
Discount Rate: ~~8.61~~ 8.44%  
Annual Inflation: ~~4.903~~ 0.05%  
Annual Capacity Factor: 65%  
Equivalent Availability: 89%

Installed Costs (2014): ~~\$806~~ \$1,132/kw  
AFUDC Rate: ~~40.009~~ 9.71%  
K-factor: ~~4.436~~ 61.4092  
Fixed O & M: ~~\$7.958~~ 1.11/kw-yr  
Unit Life: 40 years