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March 29, 2013

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

RECEIVED-FPSC
13 APR - 1 AM 8:53
COMMISSION
CLERK

130070-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. Also enclosed for approval are an original and fifteen copies of the Revised Tariff Schedule REF-1. This filing is made pursuant to Section 366.91, Florida Statutes, and Rules 25-17.200 through 25-17.310, Florida Administrative Code.

Accompanying the hard copies of the Petition is a CD containing the document in Microsoft Word format as prepared on a Windows based computer.

Sincerely,

Robert L. McGee, Jr.
Regulatory and Pricing Manager

COM _____
AFD _____
APA _____
ECO _____
ENG 13+0 _____
GCL _____
IDM _____
TEL _____
CLK _____

md
Enclosures

cc w/ encl:

Beggs and Lane
Jeffery A. Stone, Esquire
Florida Public Service Commission
Patti Daniel

DOCUMENT NUMBER 130070

01555 APR-1 2013

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.: 130070-EQ
Filed: March 29, 2013

**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
REVISED 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 new Standard Offer Contract for Purchase of Firm Capacity and Energy from Renewable Energy Facilities or Small Qualifying Facilities ("Renewable Standard Offer Contract") and associated revised tariff schedule REF-1. As grounds therefore, the Company says:

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

Gulf Power Company
One Energy Place
Pensacola, Florida 32520-0780
(850) 444-6530
(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
501 Commendencia Street
Pensacola, Florida 32502
(850) 432-2451

Robert L. McGee, Jr.
Regulatory and Pricing Manager
Gulf Power Company
One Energy Place
Pensacola, Florida 32520-0780
(850) 444-6530
(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 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. Rule 25-17.250(1), F.A.C, requires investor-owned utilities to file a separate standard offer contract based on the next avoidable fossil fueled generating unit of each technology type identified in the utility's Ten-Year Site Plan. The rule further provides that "[e]ach investor-owned utility with no planned generating unit identified in its Ten-Year Site Plan shall submit a standard offer based on avoiding or deferring a planned purchase." Rule 25-17.250(1), F.A.C.

6. In Order No. PSC-12-0332-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, 2012. (the "2012 Standard Offer Contract"). As explained in Order No. PSC-12-0332-TRF-EQ, Gulf Power's 2012 Ten-Year Site Plan did not include any avoidable fossil fueled generating units during the 2012-2021 planning period . Nor were there any planned purchases to be avoided or deferred during that period. Consequently, in

an effort to promote renewable generation, Gulf proposed to use a 349 MW combustion turbine (“CT”) generating facility with an assumed in-service date of June 1, 2022, as the basis for pricing the Company’s 2012 Renewable Standard Offer Contract. While the assumed in-service date for the designated CT facility did not fall within the 2012-2021 planning period, CT capacity was the next potential resource need for Gulf identified through its normal generation planning process.

7. Like Gulf Power’s 2012 Ten-Year Site Plan, Gulf’s 2013 Ten-Year Site Plan does not include any avoidable fossil fueled generating units, nor are there any planned purchases to be avoided or deferred during the 2013-2022 planning period.

8. Notwithstanding the absence of planned fossil fueled generating units or avoidable planned purchases of generation during the 2013-2022 planning period, section 366.91(3), Florida Statutes, requires that public utilities “continuously offer a purchase contract to producers of renewable energy.” Therefore, in order to provide a continuous offer as required by statute,¹ Gulf Power proposes to use a 803 MW gas-fired combined cycle (“CC”) generating facility with an assumed in-service date of June 1, 2023, as the basis for pricing the Company’s proposed 2013 Renewable Standard Offer Contract. While the assumed in-service date for the designated CC facility does not fall within the 2013-2022 planning period, CC capacity is the next potential resource need for Gulf identified through its normal generation planning process.

9. Attached to this petition as Composite Exhibit “A” are clean copies of Revised Sheets 9.82, 9.85, 9.88, 9.89, 9.99, 9.100, 9.102, 9.103, 9.104, 9.106, 9.107, 9.108, and 9.109.

¹ In Order No. PSC-12-0332-TRF-EQ, the Commission recognized that, “[G]ulf has the option of offering an energy-only standard offer contract , but to encourage renewable generation, Gulf has identified the next avoidable unit. The unit will be a 349 megawatt (MW) natural gas-fired combustion turbine with a projected in-service date of June 1, 2022.” Id. at 2. As was true in 2012, Gulf continues its desire to promote renewable generation and has therefore decided to propose a standard offer contract that offers both energy and capacity payments.

Attached to this petition as Composite Exhibit “B” are copies of the same documents in legislative format. Attached to this petition as Exhibit “C” are economic/financial assumptions associated with the CC capacity proposed as the basis for Gulf’s 2013 Renewable Standard Offer Contract (“avoided unit”). The revisions included in Composite Exhibit “A” are intended to reflect current economic and financial assumptions for the avoided unit. The proposed revisions conform to 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, 9.83-9.84, 9.86-9.87, 9.90-9.99, 9.101, 9.105 and 9.110-9.114 constitute Gulf Power’s new Renewable Standard Offer Contract and rate schedule REF-1.

10. 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.

11. 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 29th day of March, 2013.



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



Section No. IX
Fifth Revised Sheet No. 9.82
Canceling Fourth Revised Sheet No. 9.82

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(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 803 MWs of Combined Cycle generation with a June 1, 2023 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.

ISSUED BY: S. W. Connally, Jr.

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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>
2018 to 2019	0.00	4.90	0.00	5.46
2019 to 2020	0.00	5.02	0.00	5.49
2020 to 2021	0.00	5.15	0.00	5.53
2021 to 2022	0.00	5.28	0.00	5.57
2022 to 2023	0.00	5.41	0.00	5.61
2023 to 2024	9.21	5.55	9.90	5.66
2024 to 2025	9.45	5.69	9.97	5.70
2025 to 2026	9.69	5.83	10.05	5.74
2026 to 2027	9.93	5.98	10.12	5.79
2027 to 2028	10.18	6.13	10.20	5.83
2028 to 2029	10.44	6.29	10.28	5.88
2029 to 2030	10.70	6.45	10.36	5.93
2030 to 2031	10.97	6.61	10.44	5.98
2031 to 2032	11.25	6.78	10.53	6.03
2032 to 2033	11.54	6.95	10.61	6.08

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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 90% 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.

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

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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 90%, then;
Capacity Repayment (CR) = 0
2. If EAF is less than 90% but equal to or greater than 60%, then;
$$CR = [\text{Monthly Capacity Rate (MCR)} \times \text{Committed Capacity (CC)} \times \text{Months in Performance Period (MPP)} \times ((90 - \text{EAF}) / 90)]$$
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

ISSUED BY: S. W. Connally, Jr.

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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 completion 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, 2033).

Notwithstanding the foregoing, if construction and commercial operation of the Facility are not accomplished before June 1, 2023, 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 completion 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 completion 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 completion security deposit is not timely received by the Company.



Section No. IX
Third Revised Sheet No. 9.100
Canceling Second Revised Sheet No. 9.100

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(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, 2023.

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.

ISSUED BY: S. W. Connally, Jr.



Section No. IX
Third Revised Sheet No. 9.102
Canceling Second Revised Sheet No. 9.102

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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, 2023.)

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, 2023 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, 2023.

ISSUED BY: S. W. Connally, Jr.

(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 90%. The EAF will be based on the economic operation of a combustion turbine 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 gas-fired Combined Cycle generating facility with the following economic assumptions:

Size: 803 MW total	Installed Costs (2023): \$1146/kw
Discount Rate: 6.46%	AFUDC Rate: 7.44%
Annual Inflation: 2.50%	K-factor: 1.3881
Annual Capacity Factor: 70%	Fixed O & M: \$33.53/kw-yr
Equivalent Availability: 90%	Unit Life: 40 years

ISSUED BY: S. W. Connally, Jr.

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(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, 2033; 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 0.90 (90%), 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.

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(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, 2023. The parties recognize that capacity payments received for any period through May 31, 2023, 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 2023, 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, 2023, 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

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(Continued from Standard Offer Contract, Sheet No. 9.106)

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, 2023 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, 2023 and that said

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(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, 2023. 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, 2023 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, 2023.

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.

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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, 2023 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, 2023; 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.

EXHIBIT B

Legislative Format



Section No. IX
~~Fourth~~^{Fifth} Revised Sheet No. 9.82
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(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 ~~349~~ 803 MWs of ~~Combustion-Turbine- Combined Cycle~~ generation with a June 1, ~~2022~~ 2023 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.



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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
2018 to 2019	0.00	<u>3.634.90</u>	0.00	<u>4.005.46</u>
2019 to 2020	0.00	<u>3.715.02</u>	0.00	<u>4.015.49</u>
2020 to 2021	0.00	<u>3.785.15</u>	0.00	<u>4.025.53</u>
2021 to 2022	0.00	<u>3.855.28</u>	0.00	<u>4.035.57</u>
2022 to 2023	<u>6.150.00</u>	<u>3.935.41</u>	<u>6.600.00</u>	<u>4.035.61</u>
2023 to 2024	<u>6.289.21</u>	<u>4.015.55</u>	<u>6.619.90</u>	<u>4.045.66</u>
2024 to 2025	<u>6.409.45</u>	<u>4.095.69</u>	<u>6.639.97</u>	<u>4.055.70</u>
2025 to 2026	<u>6.539.69</u>	<u>4.175.83</u>	<u>6.6410.05</u>	<u>4.065.74</u>
2026 to 2027	<u>6.669.93</u>	<u>4.255.98</u>	<u>6.6610.12</u>	<u>4.075.79</u>
2027 to 2028	<u>6.7910.18</u>	<u>4.336.13</u>	<u>6.6710.20</u>	<u>4.085.83</u>
2028 to 2029	<u>6.9210.44</u>	<u>4.426.29</u>	<u>6.6910.28</u>	<u>4.095.88</u>
2029 to 2030	<u>7.0610.70</u>	<u>4.516.45</u>	<u>6.7010.36</u>	<u>4.105.93</u>
2030 to 2031	<u>7.2010.97</u>	<u>4.606.61</u>	<u>6.7210.44</u>	<u>4.115.98</u>
2031 to 2032	<u>7.3411.25</u>	<u>4.696.78</u>	<u>6.7410.53</u>	<u>4.126.03</u>
2032 to 2033	11.54	6.95	10.61	6.08

ISSUED BY: ~~Mark Crosswhite~~ S. W. Connally, Jr.

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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 95.90% 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.

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

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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 9590%, then;
Capacity Repayment (CR) = 0
2. If EAF is less than 9590% but equal to or greater than 60%, then;
$$CR = [\text{Monthly Capacity Rate (MCR)} \times \text{Committed Capacity (CC)} \times \text{Months in Performance Period (MPP)} \times ((\underline{9590} - \text{EAF})/\underline{9590})$$
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



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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 completion 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, 20323).

Notwithstanding the foregoing, if construction and commercial operation of the Facility are not accomplished before June 1, 20223, 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 completion 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 completion 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 completion security deposit is not timely received by the Company.



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(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, 20223.

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.

ISSUED BY: ~~Mark Crosswhite~~ S. W. Connally, Jr.



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~~Second~~ Third Revised Sheet No. 9.102
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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, 20223.)

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, 20223 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, 20223.

ISSUED BY: ~~Mark Crosswhite~~ S. W. Connally, Jr.



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~~Fifth-Sixth~~ Revised Sheet No. 9.103
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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 950%. The EAF will be based on the economic operation of a combustion turbine 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 ~~two-unit Combustion Turbine~~ gas-fired Combined Cycle generating facility with the following economic assumptions:

Size: 349-803 MW total	Installed Costs (20223): \$871 <u>1146</u> /kw
Discount Rate: 7.076 <u>.46</u> %	AFUDC Rate: 8.387 <u>.44</u> %
Annual Inflation: 1.962 <u>.50</u> %	K-factor: 1.3355 <u>1.3881</u>
Annual Capacity Factor: 4070 <u>%</u>	Fixed O & M: \$8.5233 <u>.53</u> /kw-yr
Equivalent Availability: <u>950</u> %	Unit Life: 40 years

ISSUED BY: ~~Mark Crosswhite~~S. W. Connally, Jr.



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~~Second~~ Third Revised Sheet No. 9.104
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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, 2032~~3~~; 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 0.950 (950%), 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.

ISSUED BY: ~~Mark Crosswhite~~ S. W. Connally, Jr.

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- (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, 2022~~3~~. The parties recognize that capacity payments received for any period through May 31, 2022~~3~~, 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 2022~~3~~, 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, 2022~~3~~, 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



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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, 20223 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, 20223 and that said

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commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2022~~3~~. 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, 2022~~3~~ 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, 2022~~3~~.

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.

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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, 2022~~3~~ 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, 2022~~3~~; 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.

ECONOMIC / FINANCIAL ASSUMPTIONS
And K-FACTOR

GULF POWER COMPANY
RENEWABLE STANDARD OFFER CONTRACT
ECONOMIC ASSUMPTIONS

AFUDC RATE 7.44 %

CAPITALIZATION RATIOS:

DEBT 50.0 %
PREFERRED 5.0 %
EQUITY 45.0 %

RATE OF RETURN

DEBT 5.1 %
PREFERRED 5.6 %
EQUITY 10.25 %

INCOME TAX RATE:

STATE 5.5 %
FEDERAL 35.0 %
EFFECTIVE 38.575 %

OTHER TAX RATE: Ad Valorem 0.644 %

DISCOUNT RATE: 6.46 %

TAX DEPRECIATION RATE: See adjacent table %

Tax Depreciation Rates	
Year	CC
1	3.750%
2	7.219%
3	6.677%
4	6.177%
5	5.713%
6	5.285%
7	4.888%
8	4.522%
9	4.462%
10	4.462%
11	4.462%
12	4.462%
13	4.462%
14	4.462%
15	4.462%
16	4.462%
17	4.462%
18	4.462%
19	4.462%
20	4.462%
21	2.231%

GULF POWER COMPANY
RENEWABLE STANDARD OFFER CONTRACT
UNIT INFORMATION

PLANT TYPE:	M501G1+ Gas Combined Cycle
NET CAPACITY:	803 MW
BOOK LIFE (Years):	40
IN-SERVICE YEAR:	2023
TOTAL INSTALLED COST ('23 \$/kW):	1,146
DIRECT CONSTRUCTION COST ('13 \$/kW):	822
AFUDC AMOUNT (\$/kW):	152
ESCALATION (\$/kW):	172
FIXED O&M ('23 \$/kW - Yr):	33.53
VARIABLE O&M ('23 \$/Mwh):	1.55
K FACTOR:	1.3881