DOCKET NO. 160072-EQ

FILED APR 01, 2016
DOCUMENT NO. 01713-16
FPSC - COMMISSION CLERK

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GULF POWER
A SOUTHERN COMPANY

March 31, 2016

RECEIVED-FPSC
2016 APR -1 AM 9:59
COMMISSION CLERK

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

Dear Ms. Stauffer:

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.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

Enclosures

cc w/ encl: Beggs and Lane
Jeffery A. Stone, Esquire
Florida Public Service Commission
Patti Daniel

COM ____
AFD ____
APA ____
ECO 8+CD
ENG ____
GCL 7
IDM ____
TEL ____
CLK ____

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.:
Filed: April 1, 2016

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") 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-15-0303-PAA-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 1, 2015, (the "2015 Standard Offer Contract"). As explained in PSC-15-0303-PAA-EQ, and consistent with Gulf Power's 2015 Ten-Year Site Plan, Gulf proposed to use a 866 MW natural gas combustion turbine ("CT") generating facility with a

projected in-service date of June 1, 2023, as the appropriate unit for purposes of calculating energy and capacity payments under the contract. The Commission approved Gulf's proposal.

7. Gulf Power's most recent Ten-Year Site Plan has been revised to designate a 654 MW combustion turbine generating facility, consisting of 3 CTs, with an in-service date of June 1, 2023, as the Company's next planned generating unit. Consequently, Gulf Power has designated this facility as the appropriate facility to serve as its avoided unit for use in connection with the new Renewable Standard Offer Contract. In light of the revision to Gulf Power's Ten-Year Site Plan, Gulf Power is required by Rule 25-17.250(2)(a)3, F.A.C., to petition the Commission for approval of its new Standard Offer Contract.

8. Attached to this Petition as Composite Exhibit "A" are clean copies of Revised Sheets 9.82, 9.85, 9.86, 9.88 and 9.103. Attached to this Petition as Composite Exhibit "B" are copies of the same documents in legislative format. Attached to this Petition as Composite Exhibit "C" are the economic/financial assumptions associated with the CT capacity proposed as the basis for Gulf's new Renewable Standard Offer Contract. The revisions included in Composite Exhibit "A" 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 Original Sheets numbered 9.81, 9.83, 9.84, 9.87, 9.89, 9.90, 9.91, 9.92, 9.93, 9.94, 9.95, 9.96, 9.97, 9.98, 9.99, 9.100, 9.101, 9.102, 9.104, 9.105, 9.106, 9.107, 9.108, 9.109, 9.110, 9.111, 9.112, 9.113, and 9.114, constitute Gulf Power's new Renewable Standard Offer Contract and rate schedule REF-1.

9. 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.

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 rate schedule REF-1.

Respectfully submitted this 31st day of March, 2016.

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

(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. The "Committed Capacity" 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 654 MWs of Combustion Turbine 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.

(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
2016 to 2017	0.00	1.86	0.00	2.14
2017 to 2018	0.00	1.92	0.00	2.16
2018 to 2019	0.00	1.97	0.00	2.17
2019 to 2020	0.00	2.02	0.00	2.19
2020 to 2021	0.00	2.08	0.00	2.20
2021 to 2022	0.00	2.14	0.00	2.22
2022 to 2023	0.00	2.19	0.00	2.23
2023 to 2024	4.36	2.26	4.74	2.25
2024 to 2025	4.48	2.32	4.77	2.27
2025 to 2026	4.61	2.38	4.80	2.28
2026 to 2027	4.73	2.45	4.84	2.30
2027 to 2028	4.86	2.51	4.87	2.32
2028 to 2029	5.00	2.58	4.91	2.34
2029 to 2030	5.14	2.65	4.95	2.36
2030 to 2031	5.28	2.73	4.99	2.38
2031 to 2032	5.42	2.80	5.03	2.40
2032 to 2033	5.57	2.88	5.07	2.42

(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.

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.

(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% 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.

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 Seller is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) of 95%. 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 Seller 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 Seller 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 Seller to the Company as tendered acceptance of the Company Standard Offer. If the customized payment option is chosen by the Seller 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 Seller are based upon the Avoided Unit that the Company has designated for purposes of the Standard Offer. The Capacity Payments to the Seller are based on an avoided gas-fired Combustion Turbine generating facility with the following economic assumptions:

Size: 654 MW total	Installed Costs (2023): $598/kW
Discount Rate: 6.34%	AFUDC Rate: 7.25%
Annual Inflation: 2.72%	K-factor: 1.3775
Annual Capacity Factor: 9.7%	Fixed O & M: $14.42/kW-yr
Equivalent Availability: 95%	Unit Life: 40 years

EXHIBIT B

Legislative Format

(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. The "Committed Capacity" 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 ~~866~~654 MWs of Combustion Turbine 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.

(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
~~2015 to 2016~~	~~0.00~~	~~1.75~~	~~0.00~~	~~2.01~~
2016 to 2017	0.00	~~1.80~~1.86	0.00	~~2.02~~2.14
2017 to 2018	0.00	~~1.84~~1.92	0.00	~~2.03~~2.16
2018 to 2019	0.00	~~1.89~~1.97	0.00	~~2.04~~2.17
2019 to 2020	0.00	~~1.94~~2.02	0.00	~~2.05~~2.19
2020 to 2021	0.00	~~1.99~~2.08	0.00	~~2.07~~2.20
2021 to 2022	0.00	~~2.04~~2.14	0.00	~~2.08~~2.22
2022 to 2023	0.00	~~2.09~~2.19	0.00	~~2.09~~2.23
2023 to 2024	~~4.59~~4.36	~~2.14~~2.26	~~4.96~~4.74	~~2.11~~2.25
2024 to 2025	~~4.71~~4.48	~~2.20~~2.32	~~4.99~~4.77	~~2.12~~2.27
2025 to 2026	~~4.83~~4.61	~~2.25~~2.38	~~5.02~~4.80	~~2.13~~2.28
2026 to 2027	~~4.95~~4.73	~~2.31~~2.45	~~5.05~~4.84	~~2.15~~2.30
2027 to 2028	~~5.07~~4.86	~~2.37~~2.51	~~5.08~~4.87	~~2.16~~2.32
2028 to 2029	~~5.20~~5.00	~~2.43~~2.58	~~5.11~~4.91	~~2.18~~2.34
2029 to 2030	~~5.33~~5.14	~~2.49~~2.65	~~5.15~~4.95	~~2.20~~2.36
2030 to 2031	~~5.47~~5.28	~~2.55~~2.73	~~5.18~~4.99	~~2.21~~2.38
2031 to 2032	~~5.61~~5.42	~~2.61~~2.80	~~5.22~~5.03	~~2.23~~2.40
2032 to 2033	~~5.75~~5.57	~~2.68~~2.88	~~5.26~~5.07	~~2.25~~2.42

(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.

(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% 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.

(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 Seller is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) of 95%. 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 Seller 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 Seller 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 Seller to the Company as tendered acceptance of the Company Standard Offer. If the customized payment option is chosen by the Seller 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 Seller are based upon the Avoided Unit that the Company has designated for purposes of the Standard Offer. The Capacity Payments to the Seller are based on an avoided gas-fired Combustion Turbine generating facility with the following economic assumptions:

Size: ~~866~~654 MW total	Installed Costs (2023): ~~$608/kw~~$598/kW
Discount Rate: ~~6.72%~~6.34%	AFUDC Rate: ~~7.84%~~7.25%
Annual Inflation: ~~2.50%~~2.72%	K-factor: ~~1.3436~~1.3775
Annual Capacity Factor: ~~10.5%~~9.7%	Fixed O & M: ~~$14.17/kw-yr~~$14.42/kW-yr
Equivalent Availability: 95%	Unit Life: 40 years

EXHIBIT C

ECONOMIC / FINANCIAL ASSUMPTIONS

And K-FACTOR

GULF POWER COMPANY
RENEWABLE STANDARD OFFER CONTRACT
ECONOMIC ASSUMPTIONS

Financial Assumptions
Base Case

AFUDC RATE		7.25	%
CAPITALIZATION RATIOS:			
	DEBT	50.0	%
	PREFERRED	5.0	%
	EQUITY	45.0	%
RATE OF RETURN			
	DEBT	4.70	%
	PREFERRED	5.70	%
	EQUITY	10.25	%
INCOME TAX RATE:			
	STATE	5.5	%
	FEDERAL	35.0	%
	EFFECTIVE	38.575	%
OTHER TAX RATE	Ad Valorem	0.705	%
DISCOUNT RATE:		6.34	%
TAX DEPRECIATION RATE:		See adjacent table	%

Tax Depreciation Rates

Year	CT
1	5.000%
2	9.500%
3	8.550%
4	7.695%
5	6.926%
6	6.233%
7	5.905%
8	5.905%
9	5.905%
10	5.905%
11	5.905%
12	5.905%
13	5.905%
14	5.904%
15	5.905%
16	2.952%

GULF POWER COMPANY
RENEWABLE STANDARD OFFER CONTRACT
UNIT INFORMATION

PLANT TYPE:	F5 Dual-Fuel Simple Cycle Combustion Turbines
NET CAPACITY:	654 MW
BOOK LIFE (Years):	40
IN-SERVICE YEAR:	2023
TOTAL INSTALLED COST ('23 $/kW):	598
DIRECT CONSTRUCTION COST ('16 $/kW):	461
AFUDC AMOUNT ($/kW):	62
ESCALATION ($/kW):	75
FIXED O&M ('23 $/kW - Yr):	14.42
VARIABLE O&M ('23 $/MWh):	4.92
K FACTOR:	1.3775