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June 28, 1996

E. DIXIE BEGGS
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VIA Hand Delivery

**ORIGINAL
FILE COPY**

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Drive
Tallahassee, Florida 32399

Re: Gulf Power Company's petition for authority to implement Gulf's proposed
Commercial/Industrial Service Rider on a pilot/experimental basis

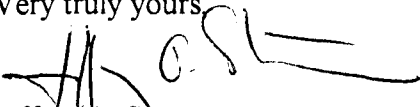
960789-EL

Dear Ms. Bayo:

The original and fifteen copies of Gulf Power Company's petition and its motion for expedited consideration are enclosed for official filing in the matter that is referred to above. A 3.5 inch double sided, high density computer diskette containing the documents in WordPerfect for Windows 6.1 format is also enclosed.

An extra copy of this letter is also enclosed. Please mark this letter to indicate the date that the enclosed material was accepted for filing and return same to the undersigned. Thank you for your assistance.

Very truly yours


Jeffrey A. Stone
For the Firm

- cc: FPSC Staff (via hand delivery)
 - Mr. Willam D. Talbott
 - Dr. Mary Bane
 - Mr. Timothy Devlin
 - Mr. Joseph Jenkins
 - Mr. Robert Trapp
 - Mr. Roland Floyd
 - Ms. Connie Kummer

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EPSC-RECORDS/REPORTING

Petition
DOCUMENT NUMBER-DATE

06984 JUN 28 96

FPSC-RECORDS/REPORTING

Motion
DOCUMENT NUMBER-DATE
06985 JUN 28 96
FPSC-RECORDS/REPORTING

Blanca Bayo
June 28, 1996
Page 2

cc (continued):

Assistants to Commissioners

Mr. Braulio Baez
Ms. Catherine Bedell
Mr. Charles Rehwinkel
Mr. Billy Stiles
Mr. Curtis Williams

Gulf Power Company

S. D. Cranmer
J. T. Kilgore, Jr.
G. E. Holland, Jr.
R. G. Livingston
A. E. Scarbrough

Others

See Certificate of Service

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for authority) Docket No. 96 0789 -EI
to implement Gulf's proposed Commercial/Industrial) Filed: June 28, 1996
Service Rider on a pilot/experimental basis.)
_____)

**ORIGINAL
FILE COPY**

**PETITION FOR AUTHORITY TO IMPLEMENT
PROPOSED COMMERCIAL/INDUSTRIAL SERVICE RIDER
ON A PILOT/EXPERIMENTAL BASIS**

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby petitions the Florida Public Service Commission ("the Commission") for authority to implement Gulf's proposed optional Commercial/Industrial Service Rider on a pilot/experimental basis¹. This petition along with the information and proposed tariff sheets set forth in the attachments hereto is intended to meet the requirements of Rule 25-9.005(4)-(5) of the Florida Administrative Code.

In support of this petition, the Company states:

1. Notices and communications with respect to this petition and docket should be addressed to:

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

Susan D. Cranmer
Assistant Secretary/Assistant Treasurer
Gulf Power Company
P. O. Box 13470
Pensacola, FL 32591-3470

2. Gulf Power is an investor-owned electric utility providing retail electric service to customers within northwest Florida and, pursuant to the provisions of Chapter 366 of the Florida Statutes, is subject to economic regulation by the Commission. The Company's principal offices are located at 500 Bayfront Parkway, Pensacola, Florida 32501.

¹The Commission's authority to grant Gulf the relief requested is found specifically in 366.075 F.S. (1995) and generally in sections 366.04, 366.05, and 366.06 F.S. (1995).

06984 JUN 28 1996

FFSD-REGULATORY/REPORTING

3. On September 27, 1995, Gulf filed its petition for approval of Company's proposed new optional Commercial/Industrial Service Rider ("CIS Rider"), Original Sheet Nos. 6.44 through 6.45, and the related form of Contract Service Agreement ("CSA"), Original Sheet Nos. 7.49 through 7.53. Exhibit A to this petition is a copy of the original petition and its attachments. As originally proposed, Gulf's CIS Rider and CSA would be applied in conjunction with the Company's existing rate schedules applicable to loads of 500 kilowatts or greater. Gulf's September 27, 1995 petition resulted in the opening of Docket No. 951161-EI. On November 7, 1995, the Commission voted to suspend the proposed optional rate schedule pursuant to Section 366.06(3) of the Florida Statutes.

4. On June 11, 1996, the Commission voted to disapprove Gulf's CIS Rider as it had then been proposed by the Company. Although the Commission rejected the rate schedule as it had then been proposed, several members of the Commission expressed support for the concept of implementing a similar rate schedule on an experimental or pilot basis in order to immediately address the needs of Gulf Power and its customers that led the Company to propose the CIS Rider in the first place.² Gulf is now faced with the fact that other states, in the southeast as well as in other regions of the nation, have similar programs in place. The existing mechanism for dealing with special contracts with its requirement of pre-approval injects too much uncertainty and delay into the negotiating process. The process for obtaining Commission approval of special contracts has taken from five to fourteen months in previous filings by Gulf Power and

²See paragraphs 5 through 10 of Gulf's original petition attached hereto as Exhibit A.

approximately five months for a recent City of Tallahassee contract.³ Given the alternatives available to customers with eligible loads, the uncertainty and delay associated with the only mechanism currently available to Gulf Power for special contracts may compel those customers to choose their alternative that is not subject to this Commission's regulatory oversight. Under those circumstances, the load and its associated benefits would be completely lost to Gulf and its general body of customers. Gulf was explicitly encouraged to quickly work with staff to address specifically identified problems or concerns regarding the previous filing and refile the tariff.⁴

5. On June 20, 1996, representatives of Gulf Power Company met with the Commission's staff and other interested parties in an effort to gain an understanding of the staff's specific problems with Gulf's previous proposal. One of the reasons for having the meeting was to avoid forcing the utility to engage in a trial and error approach involving multiple tariff filings

³Gulf is aware of four special contracts by electric utilities that have been presented to the Commission for approval under the special contract rule, Rule 25-9.034 F.A.C., three of which were approved as being in the best interests of the electric utility's general body of customers. Gulf's existing Air Products contract was filed for approval on May 1, 1987 and was approved by an order issued July 5, 1988, over fourteen months later. FP&L's proposed Union Carbide contract was filed for approval on October 2, 1987 and was denied approval by an order issued April 26, 1988. Gulf's Monsanto contract was filed for approval on May 5, 1988 and was approved by an order issued October 17, 1988, over five months later. The City of Tallahassee's contract regarding service to the magnetic laboratory was filed for approval on November 30, 1994 and approved by an order issued April 12, 1995, approximately five months later.

⁴From the discussion at the June 11, 1996 agenda conference:

COMMISSIONER DEASON: . . . But what I was hoping is, after the discussion today we could identify what was wrong with this tariff, send it back, and say, "Gulf, this is what was wrong. Work with our staff and see if these problems can be addressed, refile your tariff. See how quickly we can get it done so we can give you the tool that you need."

CHAIRMAN CLARK: Well, I would suggest that even opening a generic investigation doesn't prevent them from doing just that.

COMMISSIONER GARCIA: Absolutely.

Agenda Transcript at pages 56-57.

in an effort to “hit a moving target”. The target in this case is an approach to flexible contracting that both meets the needs of Gulf’s customers and is acceptable to the Commission and the Company. Following that meeting, Gulf developed a Pilot Study Implementation Plan in an attempt to address the concerns identified in the June 20, 1996 meeting as well as concerns raised by the Commission at the June 11, 1996 agenda conference. A second meeting with the Commission’s staff was held on June 27, 1996. During this second meeting, Gulf Power representatives distributed copies of the Company’s draft Commercial/Industrial Service Rider Pilot Study Implementation Plan (“Pilot Study Implementation Plan” or “Implementation Plan”) and draft revised tariff sheets for the CIS Rider. Discussion of Gulf’s revised proposal was held in an effort to develop consensus in support of the planned filing.

6. Notwithstanding the effort to develop consensus in support of the planned filing, a concern was raised at the meeting over which agreement could not be reached. That concern, which was described as a fundamental or fatal flaw in Gulf’s proposal, is that the Commission staff is unable to make judgments about what a customer with alternatives to taking electric service from Gulf Power might choose to do under its particular circumstances. In particular, the concern relates to the fact that these decisions will be made by customers operating in industries over which the Commission has no regulatory oversight and hence little or no experience with their decision-making criteria. Gulf’s proposal contemplates that the Commission will, in the exercise of the regulatory oversight provided for under Gulf’s Pilot Study Implementation Plan, be called upon to make judgments regarding whether Gulf has acted reasonably both in determining whether a particular load is at risk and in determining how to respond to that “at-risk” determination. Although this determination may be difficult, this difficulty should not be

used as an excuse to do nothing. As the Commission has recognized in other industries subject to its regulatory oversight, the potential benefits for the general body of customers are too great to ignore. The Commission and the Company share a common goal which is to secure benefits for the general body of customers that would otherwise be lost. In order to achieve this goal, both the Company and the Commission must make the effort to determine what a customer with load that is potentially at risk would reasonably do given the customer's available alternatives to taking service from Gulf under ordinarily available tariff rates.⁵

7. Exhibit B to this petition contains the Company's revised proposed tariff sheets setting forth a new optional CIS Rider, Original Sheet Nos. 6.44 through 6.45. As would have been the case under the Company's original proposal, Gulf's newly proposed experimental CIS Rider and the related form Contract Service Agreement ("CSA") would be applied in conjunction with the Company's existing rate schedules applicable to loads of 500 kilowatts or greater.⁶

⁵From the discussion at the June 11, 1996 agenda conference:

COMMISSIONER DEASON: . . . But there was some discussion if it is even included in the description of the position recommendation, and that is that it's difficult for the Commission and the staff to make judgments about other industries who are customers of Gulf, about other industries because they are not industries because they are not industries we regulate or we know a lot about. I guess factually that's correct, but it seems to me that that's probably going to be something we are going to have to deal with. If there is going to be a tariff of this nature that is determined to be acceptable at some point some judgments are going to have to be made about whether a certain customer is at risk and how do you address their at risk status to benefit all the customers that remain on the system. And so I just don't want this to be interpreted that because it may necessitate some judgment upon the Commission to look at how other industries operate, that that is a fatal flaw, and we would say, "Well, we can never approve one of these tariff filings."

COMMISSIONER KIESLING: And I completely agree. . . .

Agenda Transcript at page 22. (Emphasis added)

⁶Exhibit B also includes the related form CSA, Original Sheet Nos. 7.49 through 7.53, and four revised index pages to Gulf's Retail Tariff, Seventeenth Revised Sheet No. ii, Eighth Revised Sheet No. iii, Twenty-Fourth Revised Sheet No. 6.1 and Tenth Revised Sheet No. 7.1. The form CSA has not been changed from that attached to the Company's original petition in Docket No. 951161-EI except for the correction of one minor typographical error in section 9 on Sheet 7.51. The proposed revisions to the existing sheets 6.1 and 7.1 merely reflect the addition of the new CIS Rider and the form CSA.

8. Attached to this petition as Exhibit C is Gulf Power's Pilot Study Implementation Plan for the revised CIS Rider. This document sets out: (1) the parameters of the pilot study period; (2) an additional limitation on availability intended to address the Commission's concerns about potential misuse of the proposed rate schedule to facilitate retail wheeling; (3) the approval level at the Company for proposed CSAs along with the standards both for approval and the identification and quantification of incremental costs on which each CSA is evaluated; (4) additional reporting requirements; and (5) a new provision specifying the process of regulatory oversight for CSAs executed by the Company. Under the framework for regulatory oversight proposed by the Company, the shareholders bear 100% of the burden associated the contracts negotiated under the authority granted by Gulf's rate proposal unless and until there is a rate case or other base rate adjustment proceeding. Furthermore, the shareholders bear the risk that Gulf will be able to successfully demonstrate to the Commission's satisfaction that the Company's decision to enter into a particular CSA was a prudent choice made in the best interests of Gulf's general body of customers. If the Company fails in this burden, the shareholders will bear the burden of making the ratepayers whole via consideration imputed revenues in regards to any adjustment in the Company's base rates. Although the Implementation Plan contains program standards and guidelines that are not included in the proposed rate schedule itself, it is the intent and expectation of the Company that compliance with the proposed standards outlined in this document be adopted by the Commission as a condition for approval of the proposed rate schedule.

9. As a result of the meetings with the Commission's staff and the Company's subsequent review of the tariff sheets previously filed in the earlier docket, Gulf has concluded that although the previous petition was denied, the concerns expressed by the Commission and its

staff were not related to the tariff sheets themselves. Rather, the concerns and problems with the previous filing had more to do with the standards for implementation and application of the proposed rate schedule in regards to the Company's internal evaluation process and approval level, the definition of incremental costs and regulatory oversight. Gulf has attempted to address each of these concerns through language set forth in the Pilot Study Implementation Plan. Where appropriate, the proposed rate schedule incorporates information that is also set forth in the Implementation Plan.⁷ Where the Implementation Plan contains information that is not specifically addressed in the revised tariff sheets,⁸ it is the Company's expectation and intention that the Commission reflect the approval of these standards in the Commission's order approving the proposed rate schedule and related tariff sheets. In the event modifications to the standards contained in the Implementation Plan proposed by Gulf are necessary to gain Commission approval of Gulf's rate schedule, the Company expects and intends that such modifications be reflected in the Commission's order approving the proposed rate schedule and related tariff sheets.⁹

10. Exhibit D to this petition consists of three stipulations that were filed of record in Docket No. 951161-EI. By this reference, it is Gulf's intent to reaffirm its commitment to the

⁷The revised tariff sheets have incorporated changes set forth on the Implementation Plan under the headings "Sunset provision" and "Availability." These changes are reflected in the title of the rate schedule and the section of the rate schedule entitled "Availability."

⁸For example, the specific limiting conditions defining the pilot study period found in the section of the Implementation Plan entitled "Sunset provision." Other examples include the sections of the Implementation Plan entitled "Approval level", "Required reports", and "Regulatory review".

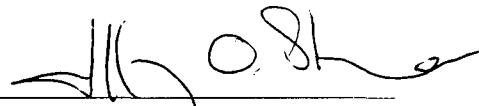
⁹In the event that the Commission's vote indicates that it approves implementation of the experimental rate schedule subject to either revised or added elements to Gulf's proposed Implementation Plan, the Company will submit a revised Implementation Plan that conforms to the Commission vote.

other parties to these stipulations that the agreements made therein are applicable to and will govern Gulf's implementation of the revised rate schedule and pilot study implementation plan which is the subject of this petition. Gulf asks the Commission to accept and approve these stipulations as part of its order approving this petition as though said stipulations were made in this docket.

11. Consistent with the direction received from the Commission from its discussion of the CIS Rider at the June 11, 1996 agenda conference, Gulf has expedited its development of the revised tariff sheets and Pilot Study Implementation Plan. The Company respectfully requests that this matter be brought before the Commission for its consideration at the earliest possible date. If at all possible, Gulf would like to have this matter considered as part of the Commission's agenda conference scheduled for July 16, 1996. Towards that end, Gulf has also filed a separate motion for expedited consideration of this petition.

WHEREFORE, Gulf Power Company respectfully requests that the Florida Public Service Commission authorize the Company to implement its proposed Commercial/Industrial Service Rider on a pilot/experimental basis subject to the limitations and procedures set forth in this petition and the attached Pilot Study Implementation Plan or grant such other reasonable relief as the Commission deems appropriate.

Respectfully submitted the 28th day of June, 1996.



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

Beggs & Lane

P. O. Box 12950

Pensacola, Florida 32576-2950

(904) 432-2451

Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for authority) Docket No. 96 _____-EI
to implement Gulf's proposed Commercial/Industrial) Filed: June 28, 1996
Service Rider on a pilot/experimental basis.)
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery
(or U.S. Mail as noted) this 28th day of June, 1996 on the following:

Vicki D. Johnson, Esquire
Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0863

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Gail Kamaras, Esquire
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JEFFREY A. STONE
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RUSSELL A. BADDERS
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(904) 432-2451
Attorneys for Gulf Power Company

Exhibit A

Gulf Power Company's original petition with attachments in Docket No. 951161-EI

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for approval of its proposed Commercial/Industrial Service Rider.) Docket No. 95 _____-EI
) Filed: September 27, 1995
)

PETITION

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby petitions the Florida Public Service Commission ("the Commission") for approval of the Company's proposed optional Commercial/Industrial Service Rider. This petition along with the information and proposed tariff sheets set forth in the attachments hereto is intended to meet the requirements of Rule 25-9.005(4)-(5) of the Florida Administrative Code

In support of this petition, the Company states:

1 Notices and communications with respect to this petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
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Pensacola, FL 32576-2950

Jack L. Haskins, Manager
Rates & Regulatory Matters
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Pensacola, FL 32591-3470

2 Gulf Power is an investor-owned electric utility providing retail electric service to customers within northwest Florida and, pursuant to the provisions of Chapter 366 of the Florida Statutes, is subject to economic regulation by the Commission. The Company's principal offices are located at 500 Bayfront Parkway, Pensacola, Florida 32501.

3 Attachment A to this petition is the Company's proposed new optional Commercial/Industrial Service Rider ("CIS Rider"), Original Sheet Nos. 6.44 through 6.45, and the related form of Contract Service Agreement ("CSA"), Original Sheet Nos. 7.49 through 7.53.

Gulf's CIS Rider and CSA would be applied in conjunction with the Company's existing rate schedules applicable to loads of 500 kilowatts or greater.¹

4. This petition follows the petition of Tampa Electric Company ("TECO") for approval of a substantially similar optional electric service rider and attendant form of contract to be applied to certain of TECO's electric service customers. By this petition, Gulf seeks approval of the original and revised tariff sheets set forth in Attachment A to this petition. Gulf, like TECO, seeks authority to offer a new optional Commercial/Industrial Service Rider ("CIS Rider") with the attendant form of Contract Service Arrangement ("CSA").

5. The electric utility industry in general and Gulf Power in particular has been facing and continues to face rising pressure to competitively price electric service for existing and new customers. This pressure is in response to alternatives such customers have to taking electric service from traditional electric utilities. The type of customer for whom the risk to the electric utility of losing the load is particularly significant are large commercial and industrial customers. As noted in TECO's petition, such customers, frequently being large in size and/or national in scope, have significant experience with many electric utilities in different regulatory jurisdictions. Their size and character make them particularly attractive targets for non-traditional electricity suppliers including self-service generation. As a result, these customers have an heightened awareness of varying price levels and alternative pricing arrangement for electricity and other energy alternatives. The price/cost of energy to the customer is a significant factor in the

¹ Attachment A also includes four revised index pages to Gulf's Retail Tariff, Seventeenth Revised Sheet No. ii, Eighth Revised Sheet No. iii, Twenty-Fourth Revised Sheet No. 6.1 and Tenth Revised Sheet No. 7.1. The proposed revisions to the existing sheets merely reflect the addition of the new CIS Rider and the form CSA.

inevitable comparison shopping that these generally sophisticated customers engage in when considering new or expanded business sites. Many of these customers on Gulf's system, by virtue of owning established plant sites in other jurisdictions, have the ability to shift production capability to other plants in order to take advantage of more competitive offerings for electricity. Given the extreme importance of controlling their overall costs in order to maintain or improve their competitive position in the world marketplace, such customers must continue to explore mechanisms for controlling their energy costs including the possibility of utility bypass through various self-generation or other supply options without regard to the potential adverse impacts such bypass will have on the customers remaining on the utility's system.

6. Also as noted in TECO's petition, the ultimate relocation or expansion of such at-risk customers has many impacts on the other customers of the host traditional electric utility such as Gulf. These impacts take several forms. For example: (1) there are utility rate impacts due to loss of the at-risk load's contribution to the Company's fixed costs; (2) there are direct impacts through employment levels and tax base; (3) there are indirect impacts through economic multiplier impacts of income received by local employees and local supplier networks.

7. Gulf and other similarly situated electric utilities need the flexibility to be able to make adjustments in standard electric service and pricing arrangements when required by circumstances presented by particular customers, whether existing or potential. This flexibility is required in order for the Company to retain and attract businesses so as to maintain and improve the economic performance of the Company and the economy of the communities it serves when and where it is in their best interests to do so. In considering its best interests, the Company must necessarily balance the best interests of two groups: the utility's shareholders and the utility's

general body of customers.

8. By this petition, Gulf seeks authority to include a new CIS rider that would be optional to the customer and could be utilized in the sound discretion of the Company to meet and respond to needs of the Company's largest and most at-risk customers and potential customers. As in TECO's case, the CIS rider would provide the Company with the flexibility needed to enable Gulf to provide a custom tailored arrangement with customers (both existing and potential) who can show they have viable economic alternatives for electric power supply. This rider will give Gulf the ability, within parameters specified in the rider, to seek and offer alternative pricing solutions which, when economic for the Company and the customer, would result in the customer being served (or continuing to be served) by Gulf. In this way, such customers would provide a contribution to fixed cost recovery and a positive impact for the other customers of the Company.

9. Flexible pricing arrangements are not novel concepts for the Commission. As noted in significant detail in TECO's petition, the Commission has approved the use of flexible pricing arrangements within other industries subject to economic regulation by the Commission. See, for example, Order No. 12765, issued December 9, 1983; Order No. 13603, issued August 20, 1984; and Order No. 23988, issued January 15, 1991. See also, Order No. 14414, issued May 24, 1985; Order No. 14965, issued September 17, 1985; Order No. 20529, issued December 27, 1988; and Order No. 25236, issued October 21, 1991. The common thread behind the Commission's policy supporting flexible pricing in these other regulated industries is the threat of uneconomic bypass. The Commission recognized that the loss of a customer because of the lack of flexibility in pricing could result in greater revenue loss than would result if the utility provided service at a price that was below tariff rates based on embedded cost. The Commission further

The optional rider includes eligibility provisions calling for a minimum level of new connected demand and sliding scale of minimum level of applicable billing demand for existing service. As in TECO's case, these minimums are intended to assure that when this rider is deemed applicable to a partial load, such load will be of sufficient size to be significant to the customer and to the Company.

12. In order for a customer to receive service under an agreement negotiated pursuant to the optional rider, certain requirements must be met. First, the customer's demand or load must meet the eligibility requirements described in the previous paragraph. In addition, the customer must demonstrate to Gulf's satisfaction that but for the negotiated pricing arrangement, the customer's electric service requirements would be provided by a source other than Gulf Power. This demonstration must include an affidavit legally attesting to that fact and such other documentation requested by the Company to show to Gulf's satisfaction that there is a viable economic alternative to the customer taking electric service from Gulf Power. Finally, in addition to these requirements, existing customers of Gulf Power must provide the Company with a recent energy audit of the customer's physical facility (or request that Gulf conduct such an audit) providing sufficient detail to provide reliable cost and benefit information on energy efficiency improvements which could be made to reduce the customer's cost of energy in addition to (or in lieu of) any discounted pricing provided under the optional rider. As in TECO's case, these requirements are intended to provide sufficient information to the Company to determine whether there is a basis and need for price negotiation under the rider.

13. In return for the negotiated pricing arrangement, the customer would be required to execute a custom tailored CSA substantially in the form as shown in Attachment A to this

recognized that when the utility's custom tailored pricing arrangement results in more revenues than the incremental cost of serving (or continuing to serve) the at-risk customer, the remaining customers continue to benefit from the retention of the load on the utility's system.

10. Customers currently seek the lowest price alternative under the Company's existing tariffs. If the existing lowest price alternative is not economic when compared to the customer's alternative, the customer will seek and achieve the alternative and thereby bypass the Company's system. This bypass can take many forms, including relocation, self-service generation, etc. In 1993, Gulf lost its single largest industrial customer to self-service generation. Gulf was and continues to be severely constrained in its ability to respond to the need for pricing flexibility when confronted with potential bypass situations. These constraints come in the form of customer needs for: confidential negotiations and agreements; prompt and binding responses to proposals, etc. As noted in TECO's petition, a better approach would be to allow for flexible negotiated contract pricing to meet these customer requirements, thereby providing Gulf with the tool and the opportunity to avoid or reduce the loss of revenues which are needed to support the Company's total system requirements. The Company's objective in negotiating the prices, terms and conditions under this rider will be to maximize the contribution to the Company's fixed costs through the retention of the qualifying existing load or the attraction of new load at prices that will at least cover the incremental cost of serving the qualifying load. As a result, the Company's starting point will be the prices available under its standard rate schedules.

11. As in TECO's case, Gulf's proposed optional CIS rider would allow (but not require) the Company to negotiate customer specific pricing arrangements with customers eligible for service under Gulf's regular rate schedules applicable to loads of 500 kilowatts or greater.

petition. The negotiated CSA would set forth the specific agreement which has been negotiated with the customer including the minimum term, etc. Minimum contract terms and other provisions required by the Company in negotiations will ensure that the benefits to the customer projected to accrue under the negotiated pricing arrangement are realized over a term that is long enough to ensure that sufficient benefits to Gulf Power and its other customers are also projected to occur in sufficient amounts to offset any "costs" associated with the negotiated arrangement.

14. Given the nature of the custom tailored arrangement, the negotiated CSA will need to be treated as confidential and proprietary business information belonging to the Company and its customer that is not subject to public disclosure by requiring that it be made part of the public record. By their very nature, such documents and the negotiations leading to them are of such a sensitive nature that public disclosure could impede the ability of both the customer and the Company to negotiate favorable arrangements with other suppliers and customers. In addition, public disclosure of such pricing arrangements would potentially allow competitors of the customers affected to obtain sensitive information about the customer's operations which would impact the customers ability to compete in the applicable markets. The certainty of confidentiality is in most (if not all) cases an essential component of the ability to negotiate these type of arrangements for the ultimate benefit of Gulf Power and its other customers.

15. In order to avoid the administrative burden associated with reviewing every CSA agreement, especially given the confidential nature of the resulting agreement, Gulf supports and joins in TECO's recommendation/request that the Commission follow its own precedent established in the telecommunications industry. By requiring only periodic reporting of the same type of information required of telecommunications companies in reporting telecommunications

CSAs, the Commission could limit the amount of administrative time and expense associated with the review of confidential and proprietary business information. Individual CSA's between Gulf and the participating customers would be subject to review for compliance with the terms and conditions of the CIS rider if specifically requested by the Commission, thus limiting the number of confidential filings to those cases where the Commission and/or its staff specifically desire review. Again, this is consistent with the telecommunications model, in which this Commission does not require the filing or specific approval of individual CSAs but instead requires periodic reporting of general information. As noted by TECO in its petition, the telecommunications model only requires quarterly reporting of the following information:

- the number of CSA's requested;
- the number of CSA prices quoted;
- the number of CSA requests terminated by the customer before a price quotation;
- the number of CSA offers accepted;
- the number of CSA offers rejected; and
- the number of CSA offers awaiting decision by the customer.

See, Order No. 15317, issued October 31, 1985.

WHEREFORE, Gulf Power Company respectfully requests that the Florida Public Service Commission authorize the Company to implement its proposed Commercial/Industrial Service Rider as set forth in Attachment A to this petition.

Respectfully submitted the 26th day of September, 1995.



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

Beggs & Lane

P. O. Box 12950

Pensacola, Florida 32576-2950

(904) 432-2451

Attorneys for Gulf Power Company

ATTACHMENT A

New and Revised Tariff Sheets

<u>Identification</u>	<u>Revised Sheet No.</u>	<u>Canceled Sheet No.</u>
Index	Seventeenth Rev. Sheet No. ii Eighth Rev. Sheet No. iii Twenty-Fourth Rev. Sheet No. 6.1 Tenth Rev. Sheet No. 7.1	Sixteenth Rev. Sheet No. ii Seventh Rev. Sheet No. ii Twenty-Third Rev. Sheet No. 6.1 Ninth Rev. Sheet No. 7.1
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GULF POWER COMPANY

RATE SCHEDULE CIS Commercial/Industrial Service

(Optional Rider)

AVAILABILITY - Available, at the Company's option, to non-residential customers currently taking service, or qualified to take service, under the Company's Rate Schedules applicable to loads of 500 KW or greater. Customers desiring to take service under this rider must make a written request. Such request shall be subject to the Company's approval, with the Company under no obligation to grant service under this rider.

APPLICABILITY - Service provided under this optional rider shall be applicable to all, or a portion of, the Customer's existing or projected electric service requirements which would not be served by the Company but for the application of this rider and which would otherwise qualify for such service under the terms and conditions set forth herein. Such load (Qualifying Load) shall be determined by the Customer and the Company. Service furnished hereunder shall not be shared with or resold to others.

Two categories of Qualifying Load shall be recognized: Retained Load (existing load at an existing location) and New Load (all other Qualifying Load). Qualifying Load must be served behind a single meter and must equal or exceed a minimum level of demand determined from the following table:

Retained Load:	For Customers whose highest metered demand in the past 12 months was less than 10,000 KW, the minimum Qualifying Load would be the greater of 500 KW or 20% of the highest metered demand in the past 12 months; or
	For Customers whose highest metered demand in the past 12 months was greater than or equal to 10,000 KW, the minimum Qualifying Load would be 2,000 KW.
New Load:	1,000 KW of installed, connected demand.

Any Customer receiving service under this rider must provide the following documentation, the sufficiency of which shall be determined by the Company:

1. Legal attestation by the Customer (through an affidavit signed by an authorized representative of the Customer) to the effect that, but for the application of this rider to the New or Retained Load, such load would not be served by the Company;
2. Other documentation, as requested by the Company, demonstrating that there is a viable economic alternative (excluding alternatives in which the Company has an ownership or operating interest) to the Customer's taking electric service from the Company; and
3. In the case of existing Customers, an agreement to provide the Company with a recent energy audit of the Customer's physical facility (the Customer may have the audit performed by the Company at no expense to the Customer) which provides sufficient detail to provide reliable cost and benefit information on energy efficiency improvements which could be made to reduce the Customer's cost of energy in addition to any discounted pricing provided under this rider.

CHARACTER OF SERVICE - This optional rider is offered in conjunction with the rates, terms, and conditions of the tariff under which the Customer takes service and affects the total bill only to the extent that the negotiated rates, terms, and conditions differ from the rates, terms, and conditions of the otherwise applicable rate schedules as provided for under this rider.

GULF POWER COMPANY

MONTHLY CHARGES - Unless specifically noted in this rider or within the Contract Service Arrangement, the charges assessed for service shall be those found within the otherwise applicable rate schedules.

Additional Customer Charge: \$250.00

Demand/Energy Charges: Any negotiated Demand and/or Energy Charges, or the procedure for calculating the negotiated charges, under this rider shall be set forth in the Contract Service Arrangement and shall recover all incremental costs the Company incurs in serving the Customer's Qualifying Load plus a contribution to the Company's fixed costs.

Provisions and/or Conditions Associated with Monthly Charges: Any negotiated provisions and/or conditions associated with the Monthly Charges shall be set forth in the Contract Service Arrangement and may be applied during all or a portion of the term of the Contract Service Arrangement. These negotiated provisions and/or conditions may include, but are not limited to, a guarantee by the Company to maintain the level of either the Demand and/or Energy Charges negotiated under this rider for a specified period, such period not to exceed the term of the Contract Service Arrangement.

SERVICE AGREEMENT - Each Customer shall enter into a Contract Service Arrangement ("CSA") with the Company to purchase the Customer's entire requirements for electric service at the service locations set forth in the CSA. For purposes of the CSA, "the entire requirements for electric service" may exclude certain electric service requirements served by the Customer's own generation as of the date shown on the CSA. The CSA shall be considered a confidential document. The pricing levels and procedures described within the CSA, as well as any information supplied by the Customer through an energy audit or as a result of negotiations or information requests by the Company and any information developed by the Company in connection therewith is considered confidential, proprietary information of the parties. If requested, such information shall be made available for review by the Florida Public Service Commission and its staff only and such review shall be made under the confidentiality rules of the Commission.

SERVICE UNDER THIS RATE SCHEDULE IS SUBJECT TO RULES AND REGULATIONS OF THE COMPANY AND THE FLORIDA PUBLIC SERVICE COMMISSION.

CONTRACT SERVICE ARRANGEMENT
FOR THE PROVISION OF SERVICE
UNDER THE COMMERCIAL/INDUSTRIAL SERVICE RIDER

Form 22

This Contract Service Arrangement ("Agreement") is made and entered into as of this _____ day of _____, 19____, by and between _____ (hereinafter called the "Customer"), and GULF POWER COMPANY, a Maine corporation (hereinafter called the "Company").

WITNESSETH:

WHEREAS, the Company is an electric utility operating under Chapter 366, Florida Statutes, subject to the jurisdiction of the Florida Public Service Commission or any successor agency thereto (hereinafter called the "Commission"); and

WHEREAS, the Customer is _____; and

WHEREAS, the Customer currently takes or is qualified to take electric service from the Company under rate schedule _____ at the service location described in Exhibit A; and

WHEREAS, there is a viable economic alternative (excluding alternatives in which the Company has an ownership or operating interest) to the present pricing under the Company's rate schedule _____ which is sufficient economic justification for the Customer to decide not to take electric service from the Company for all or a part of the Customer's needs; and

WHEREAS, the Customer has shown evidence and legal attestation that it will not take electric service from the Company to serve its New or Retained Load unless rate schedule Commercial/Industrial Service Rider (hereinafter called "CIS rider") is applied; and

WHEREAS, the Company is willing to apply the CIS rider to the Customer's New or Retained Load in exchange for a commitment by the Customer to continue or begin to purchase electric energy exclusively from the Company at agreed upon service locations (for purposes of this Agreement, the "electric energy" may exclude certain electric service requirements served by the Customer's own generation as of the date of this Agreement);

NOW THEREFORE, in consideration of the mutual covenants expressed herein, the Company and Customer agree as follows:

1. Rate Schedules - The Company agrees to furnish and the Customer agrees to take power pursuant to the terms and conditions of the Company's tariff, rate schedule _____, and the CIS rider, as currently approved by the Commission or as said tariff and rate schedules may be modified in the future and approved by the Commission (except as specifically modified in this Agreement). The Customer agrees to abide by all applicable requirements of the tariff, rate schedule _____, and the CIS rider, except to the extent specifically modified by this Agreement. Copies of the Company's currently approved rate schedule _____ and the CIS rider are attached as Exhibit B and made a part hereof.

In the event of any conflict between the terms of this Agreement and such tariff or rate schedule (other than as set out in the CIS rider) the terms of this Agreement shall control.

ISSUED BY: Travis Bowden

EFFECTIVE:

2. Term of Agreement - This Agreement shall remain in force for a term of _____ years commencing on the above date. During the last _____ year(s) of the term hereof, the parties shall meet in good faith to negotiate an extension of this Agreement beyond the initial term. During this negotiation, each party hereto shall retain the absolute discretion to reject (1) any pricing or other terms and conditions proposed by the other party hereto or (2) the continuation of any pricing or other terms and conditions as agreed upon for the initial term or any subsequent term(s).

3. Modifications to Rate Schedule -

See Exhibit C to this Agreement.

4. Exclusivity Provision - During the term hereof, the Customer agrees to purchase from the Company the Customer's entire requirements for electric capacity and energy for its facilities and equipment at the service location(s) described in Exhibit A to this Agreement. The "entire requirements for electric capacity and energy" may exclude certain electric service requirements served by the Customer's own generation as of the date of this Agreement.

5. Termination Fees -

See Exhibit D to this Agreement.

6. Entire Agreement - This Agreement supersedes all previous agreements and representations either written or oral heretofore made between the Company and the Customer with respect to the matters herein contained. This Agreement, when duly executed, constitutes the only agreement between the parties hereto relative to the matters herein described.

7. Incorporation of Tariff - This Agreement incorporates by reference the terms and conditions of rate schedule _____ and the CIS rider filed by the Company with, and approved by, the Commission, as amended from time to time. In the event of any conflict between this Agreement as approved by the Commission and such rate schedules, the terms and conditions of this Agreement shall control.

8. Notices - All notices and other communications hereunder shall be in writing and shall be delivered by hand, by prepaid first class registered or certified mail, return receipt requested, by courier or by facsimile, addressed as follows:

If to the Company: Gulf Power Company
500 Bayfront Parkway
P. O. Box 1151
Pensacola, FL 32520
Facsimile: _____
Attention: _____

with a copy to: Gulf Power Company
500 Bayfront Parkway
P. O. Box 1151
Pensacola, FL 32520
Facsimile: _____
Attention: _____

If to the Customer: _____

Facsimile: _____
Attention: _____

with a copy to: _____

Facsimile: _____
Attention: _____

Except as otherwise expressly provided in this Agreement, all notices and other communications shall be deemed effective upon receipt. Each party shall have the right to designate a different address for notices to it by notice similarly given.

9. Assignment: No Third Party Beneficiaries - This Agreement shall inure to the benefit of and shall bind the successors and assigns of the parties hereto. No assignment of any rights or delegation of any obligations hereunder shall have the effect of releasing the assigning party of any of its obligations hereunder, and the assigning party shall remain primarily liable and responsible therefore notwithstanding any such assignment or delegation. Nothing in this Agreement shall be construed to confer a benefit on any person not a signatory party hereto or such signatory party's successors and assigns.

ISSUED BY: Travis Bowden

EFFECTIVE:

10. Waiver - At its option, either party may waive any or all of the obligations of the other party contained in this Agreement, but waiver of any obligation or of any breach of this Agreement by either party shall in no event constitute a waiver as to any other obligation or breach or any future breach, whether similar or dissimilar in nature, and no such waiver shall be binding unless in writing signed by the waiving party.

11. Headings - The section and paragraph headings contained in the Agreement are for reference purposes only and shall not effect, in any way, the meaning or interpretation of this Agreement.

12. Counterparts - This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13. Dispute Resolution - All disputes arising between the Customer and the Company under this Agreement shall be finally decided by the Commission in accordance with the applicable rules and procedures of the Commission.

14. Governing Law - This Agreement shall be construed and enforced in accordance with the laws of the State of Florida.

15. Confidentiality - The pricing levels and procedures described within this Agreement, as well as any information supplied by the Customer through an energy audit or as a result of negotiations or information requests by the Company and any information developed by the Company in connection therewith is considered confidential, proprietary information of the parties. If requested, such information shall be made available for review by the Commission and its staff only and such review shall be made under the confidentiality rules of the Commission.

IN WITNESS WHEREOF, the Customer and the Company have executed this Agreement the day and year shown above.

CUSTOMER:

Witnesses:

By:

Its:

Attest:

COMPANY:

GULF POWER COMPANY

Witnesses:

By:

Its:

Attest:

ISSUED BY: Travis Bowden

EFFECTIVE:

Legislative Format

GULF POWER COMPANY

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No. 6.1

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Exhibit B

Gulf Power Company's proposed Rate Schedule CIS and related tariff sheets

Rate Schedule CIS -- Limited Availability Experimental Rate
Commercial/Industrial Service (Optional Rider):

Original Sheet No. 6.44

Original Sheet No. 6.45

Form Contract Service Arrangement (CSA):

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Revised index pages:

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GULF POWER COMPANY

RATE SCHEDULE CIS Limited Availability Experimental Rate Commercial/Industrial Service

(Optional Rider)

AVAILABILITY - Available, at the Company's option, to non-residential customers currently taking service, or qualified to take service, under the Company's Rate Schedules applicable to loads of 500 KW or greater. Customers desiring to take service under this rider must make a written request. Such request shall be subject to the Company's approval, with the Company under no obligation to grant service under this rider.

This rider will be closed to further subscription by eligible customers when one of three conditions outlined in the Commission's order approving this rate schedule has occurred. The period defined by these conditions is the pilot study period.

Gulf Power is not authorized by the Florida Public Service Commission to offer a CSA under this rate schedule in order to shift existing load currently being served by a Florida electric utility pursuant to a tariff rate schedule on file with the Florida Public Service Commission away from that utility to Gulf Power.

APPLICABILITY - Service provided under this optional rider shall be applicable to all, or a portion of, the Customer's existing or projected electric service requirements which would not be served by the Company but for the application of this rider and which would otherwise qualify for such service under the terms and conditions set forth herein. Such load (Qualifying Load) shall be determined by the Customer and the Company. Service furnished hereunder shall not be shared with or resold to others.

Two categories of Qualifying Load shall be recognized: Retained Load (existing load at an existing location) and New Load (all other Qualifying Load). Qualifying Load must be served behind a single meter and must equal or exceed a minimum level of demand determined from the following table:

Retained Load:	For Customers whose highest metered demand in the past 12 months was less than 10,000 KW, the minimum Qualifying Load would be the greater of 500 KW or 20% of the highest metered demand in the past 12 months; or
	For Customers whose highest metered demand in the past 12 months was greater than or equal to 10,000 KW, the minimum Qualifying Load would be 2,000 KW.
New Load:	1,000 KW of installed, connected demand.

Any Customer receiving service under this rider must provide the following documentation, the sufficiency of which shall be determined by the Company:

1. Legal attestation by the Customer (through an affidavit signed by an authorized representative of the Customer) to the effect that, but for the application of this rider to the New or Retained Load, such load would not be served by the Company;
2. Other documentation, as requested by the Company, demonstrating that there is a viable economic alternative (excluding alternatives in which the Company has an ownership or operating interest) to the Customer's taking electric service from the Company; and

GULF POWER COMPANY

3. In the case of existing Customers, an agreement to provide the Company with a recent energy audit of the Customer's physical facility (the Customer may have the audit performed by the Company at no expense to the Customer) which provides sufficient detail to provide reliable cost and benefit information on energy efficiency improvements which could be made to reduce the Customer's cost of energy in addition to any discounted pricing provided under this rider.

CHARACTER OF SERVICE - This optional rider is offered in conjunction with the rates, terms, and conditions of the tariff under which the Customer takes service and affects the total bill only to the extent that the negotiated rates, terms, and conditions differ from the rates, terms, and conditions of the otherwise applicable rate schedules as provided for under this rider.

MONTHLY CHARGES - Unless specifically noted in this rider or within the Contract Service Arrangement, the charges assessed for service shall be those found within the otherwise applicable rate schedules.

Additional Customer Charge: \$250.00

Demand/Energy Charges: Any negotiated Demand and/or Energy Charges, or the procedure for calculating the negotiated charges, under this rider shall be set forth in the Contract Service Arrangement and shall recover all incremental costs the Company incurs in serving the Customer's Qualifying Load plus a contribution to the Company's fixed costs.

Provisions and/or Conditions Associated with Monthly Charges: Any negotiated provisions and/or conditions associated with the Monthly Charges shall be set forth in the Contract Service Arrangement and may be applied during all or a portion of the term of the Contract Service Arrangement. These negotiated provisions and/or conditions may include, but are not limited to, a guarantee by the Company to maintain the level of either the Demand and/or Energy Charges negotiated under this rider for a specified period, such period not to exceed the term of the Contract Service Arrangement.

SERVICE AGREEMENT - Each Customer shall enter into a Contract Service Arrangement ("CSA") with the Company to purchase the Customer's entire requirements for electric service at the service locations set forth in the CSA. For purposes of the CSA, "the entire requirements for electric service" may exclude certain electric service requirements served by the Customer's own generation as of the date shown on the CSA. The CSA shall be considered a confidential document. The pricing levels and procedures described within the CSA, as well as any information supplied by the Customer through an energy audit or as a result of negotiations or information requests by the Company and any information developed by the Company in connection therewith is considered confidential, proprietary information of the parties. If requested, such information shall be made available for review by the Florida Public Service Commission and its staff only and such review shall be made under the confidentiality rules of the Commission.

SERVICE UNDER THIS RATE SCHEDULE IS SUBJECT TO RULES AND REGULATIONS OF THE COMPANY AND THE FLORIDA PUBLIC SERVICE COMMISSION.

CONTRACT SERVICE ARRANGEMENT
FOR THE PROVISION OF SERVICE
UNDER THE COMMERCIAL/INDUSTRIAL SERVICE RIDER

Form 22

This Contract Service Arrangement ("Agreement") is made and entered into as of this _____ day of _____, 19____, by and between _____ (hereinafter called the "Customer"), and GULF POWER COMPANY, a Maine corporation (hereinafter called the "Company")

WITNESSETH:

WHEREAS, the Company is an electric utility operating under Chapter 366, Florida Statutes, subject to the jurisdiction of the Florida Public Service Commission or any successor agency thereto (hereinafter called the "Commission"); and

WHEREAS, the Customer is _____; and

WHEREAS, the Customer currently takes or is qualified to take electric service from the Company under rate schedule _____ at the service location described in Exhibit A; and

WHEREAS, there is a viable economic alternative (excluding alternatives in which the Company has an ownership or operating interest) to the present pricing under the Company's rate schedule _____ which is sufficient economic justification for the Customer to decide not to take electric service from the Company for all or a part of the Customer's needs; and

WHEREAS, the Customer has shown evidence and legal attestation that it will not take electric service from the Company to serve its New or Retained Load unless rate schedule Commercial/Industrial Service Rider (hereinafter called "CIS rider") is applied; and

WHEREAS, the Company is willing to apply the CIS rider to the Customer's New or Retained Load in exchange for a commitment by the Customer to continue or begin to purchase electric energy exclusively from the Company at agreed upon service locations (for purposes of this Agreement, the "electric energy" may exclude certain electric service requirements served by the Customer's own generation as of the date of this Agreement);

NOW THEREFORE, in consideration of the mutual covenants expressed herein, the Company and Customer agree as follows:

1. Rate Schedules - The Company agrees to furnish and the Customer agrees to take power pursuant to the terms and conditions of the Company's tariff, rate schedule _____, and the CIS rider, as currently approved by the Commission or as said tariff and rate schedules may be modified in the future and approved by the Commission (except as specifically modified in this Agreement). The Customer agrees to abide by all applicable requirements of the tariff, rate schedule _____, and the CIS rider, except to the extent specifically modified by this Agreement. Copies of the Company's currently approved rate schedule _____ and the CIS rider are attached as Exhibit B and made a part hereof.

In the event of any conflict between the terms of this Agreement and such tariff or rate schedule (other than as set out in the CIS rider) the terms of this Agreement shall control.

ISSUED BY: Travis Bowden

EFFECTIVE:

2. Term of Agreement - This Agreement shall remain in force for a term of _____ years commencing on the above date. During the last _____ year(s) of the term hereof, the parties shall meet in good faith to negotiate an extension of this Agreement beyond the initial term. During this negotiation, each party hereto shall retain the absolute discretion to reject (1) any pricing or other terms and conditions proposed by the other party hereto or (2) the continuation of any pricing or other terms and conditions as agreed upon for the initial term or any subsequent term(s).

3. Modifications to Rate Schedule -

See Exhibit C to this Agreement.

4. Exclusivity Provision - During the term hereof, the Customer agrees to purchase from the Company the Customer's entire requirements for electric capacity and energy for its facilities and equipment at the service location(s) described in Exhibit A to this Agreement. The "entire requirements for electric capacity and energy" may exclude certain electric service requirements served by the Customer's own generation as of the date of this Agreement.

5. Termination Fees -

See Exhibit D to this Agreement.

6. Entire Agreement - This Agreement supersedes all previous agreements and representations either written or oral heretofore made between the Company and the Customer with respect to the matters herein contained. This Agreement, when duly executed, constitutes the only agreement between the parties hereto relative to the matters herein described.

7. Incorporation of Tariff - This Agreement incorporates by reference the terms and conditions of rate schedule _____ and the CIS rider filed by the Company with, and approved by, the Commission, as amended from time to time. In the event of any conflict between this Agreement as approved by the Commission and such rate schedules, the terms and conditions of this Agreement shall control.

8. Notices - All notices and other communications hereunder shall be in writing and shall be delivered by hand, by prepaid first class registered or certified mail, return receipt requested, by courier or by facsimile, addressed as follows:

If to the Company: Gulf Power Company
500 Bayfront Parkway
P. O. Box 1151
Pensacola, FL 32520
Facsimile: _____
Attention: _____

with a copy to: Gulf Power Company
500 Bayfront Parkway
P. O. Box 1151
Pensacola, FL 32520
Facsimile: _____
Attention: _____

If to the Customer: _____

Facsimile: _____
Attention: _____

with a copy to: _____

Facsimile: _____
Attention: _____

Except as otherwise expressly provided in this Agreement, all notices and other communications shall be deemed effective upon receipt. Each party shall have the right to designate a different address for notices to it by notice similarly given.

9. Assignment: No Third Party Beneficiaries - This Agreement shall inure to the benefit of and shall bind the successors and assigns of the parties hereto. No assignment of any rights or delegation of any obligations hereunder shall have the effect of releasing the assigning party of any of its obligations hereunder, and the assigning party shall remain primarily liable and responsible therefore notwithstanding any such assignment or delegation. Nothing in this Agreement shall be construed to confer a benefit on any person not a signatory party hereto or such non-signatory party's successors and assigns.

10. Waiver - At its option, either party may waive any or all of the obligations of the other party contained in this Agreement, but waiver of any obligation or of any breach of this Agreement by either party shall in no event constitute a waiver as to any other obligation or breach or any future breach, whether similar or dissimilar in nature, and no such waiver shall be binding unless in writing signed by the waiving party.

11. Headings - The section and paragraph headings contained in the Agreement are for reference purposes only and shall not effect, in any way, the meaning or interpretation of this Agreement.

12. Counterparts - This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13. Dispute Resolution - All disputes arising between the Customer and the Company under this Agreement shall be finally decided by the Commission in accordance with the applicable rules and procedures of the Commission.

14. Governing Law - This Agreement shall be construed and enforced in accordance with the laws of the State of Florida.

15. Confidentiality - The pricing levels and procedures described within this Agreement, as well as any information supplied by the Customer through an energy audit or as a result of negotiations or information requests by the Company and any information developed by the Company in connection therewith is considered confidential, proprietary information of the parties. If requested, such information shall be made available for review by the Commission and its staff only and such review shall be made under the confidentiality rules of the Commission.

IN WITNESS WHEREOF, the Customer and the Company have executed this Agreement the day and year shown above.

CUSTOMER:

Witnesses:

By:

Its:

Attest:

COMPANY:

GULF POWER COMPANY

Witnesses:

By:

Its:

Attest:

Legislative Format

GULF POWER COMPANY

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Section II	Miscellaneous
Section III	Technical Terms and Abbreviations
Section IV	Rules and Regulations
Section V	List of Communities Served
Section VI	Rate Schedules
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	GS - General Service - Non-Demand
	GSD - General Service - Demand
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	PX - Large High Load Factor Power Service
	OS - Outdoor Service
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	LB - Levelized Billing (Optional Rider)
	CR - Cost Recovery Clause - Fossil Fuel & Purchased Power
	PPCC - Purchased Power Capacity Cost Recovery Clause
	ECR - Environmental Cost Recovery Clause
	-- - Billing Adjustments and Payment of Bills
	ECC - Cost Recovery Clause - Energy Conservation
	RST - Residential Service - Time-of-Use Conservation (Optional)
	GST - General Service - Non-Demand - Time-of-Use Conservation (Optional)
	GSDT - General Service - Demand - Time-of-Use Conservation (Optional)
	LPT - Large Power Service - Time-of-Use Conservation (Optional)
	PXT - Large High Load Factor Power Service - Time-of-Use Conservation (Optional)
	SBS - Standby and Supplementary Service
	ISS - Interruptible Standby Service
	RSVP - Residential Service Variable Pricing
	EPQ - Enhanced Power Quality
	RTP - Real Time Pricing
	CIS - Commercial/Industrial Service Rider (Optional)

GULF POWER COMPANY

<u>Section</u>	<u>Description</u>
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GULF POWER COMPANY

No. 6.1

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ECR		Environmental Cost Recovery Clause	6.15.2
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ECC		Cost Recovery Clause - Energy Conservation	6.16.1
RST	RST	Residential Service - Time-of-Use Conservation (Optional)	6.17
GST	GST	General Service - Non-Demand Time-of-Use Conservation (Optional)	6.19
GSDT	GSDT	General Service - Demand Time-of-Use Conservation (Optional)	6.21
LPT	GSLDT	Large Power Service - Time-of-Use Conservation (Optional)	6.24
PXT	GSLDT1	Large High Load Factor Power Service - Time-of-Use Conservation (Optional)	6.27
SBS		Standby and Supplementary Service	6.29
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Exhibit C

Gulf Power Company's Commercial/Industrial Service Rider
Pilot Study Implementation Plan

**Gulf Power Company
Commercial/Industrial Service Rider
Pilot Study Implementation Plan**

[Page 1 of 2]

In order to give the Florida Public Service Commission and Gulf Power Company the opportunity to study the impacts and effects of a trial implementation of the Company's proposed Commercial and Industrial Service ("CIS") Rider under "real world" conditions, the following conditions are suggested for a Pilot Study Implementation Plan:

Sunset provision: The CIS Rider would initially be scheduled to be closed to further subscription by eligible customers when one of three conditions has occurred: (1) The total capacity subject to executed Contract Service Arrangements ("CSAs") reaches 200 megawatts of connected load; (2) The Company has executed twelve CSAs with eligible customers under the CIS Rider; or (3) Forty-eight months has passed from the initial effective date. The period defined by these conditions is the pilot study period.

This sunset provision can be removed by the Commission at any time upon good cause having been shown by the Company based on data achieved during the pilot study period.

Availability: In addition to the other limitations on availability contained in the Company's original proposed CIS Rider, Gulf would limit its use of the rider so that a CSA will not be offered to a customer in order to shift existing load currently being served by a Florida electric utility pursuant to a tariff rate schedule on file with the FPSC away from that utility to Gulf Power.

Approval level: Before any CSA can be executed by the Company, it must first be reviewed and approved by the members of Gulf Power's executive management council (the Company's president and vice presidents). Prior to execution, each CSA must be expected to produce a positive contribution to the Company's fixed costs. The incremental costs on which each CSA is evaluated shall be determined in a manner consistent with the method for identification and quantification of such costs both for use in the Company's evaluation of conservation and demand side management programs for cost effectiveness and the Company's selection of cost-effective supply side resources.

Required reports: In addition to the information described in paragraph 15 of Gulf's original petition in Docket No. 951161-EI, the Company would be required to file the following information with the Commission in accordance with the Commission's procedures for handling confidential information:

- a brief description of all CSAs executed during the quarter, including the applicable rates, charges, and contract period involved
- for each CSA executed during the quarter, a summary of the justification for the offering.
- on an annual basis, the cumulative total of revenues associated with all CSAs executed by the Company.

**Gulf Power Company
Commercial/Industrial Service Rider
Pilot Study Implementation Plan**

[Page 2 of 2]

Regulatory review: Each executed CSA shall be fully reviewed by the Commission under conditions that protect the confidentiality of proprietary information, when either of two triggering events occur. The first possible triggering event is a request by Gulf for a base rate increase. The second possible triggering event would result from conditions identified through the Commission's monthly surveillance reporting system discussed more fully in the following paragraph. This Commission review is to commence immediately following the occurrence of the triggering event. The period for review shall be as long as necessary for the Commission's staff to conduct all reasonable discovery needed to evaluate the prudence of Gulf's decision to execute each CSA then in existence. For this review by the Commission, Gulf will continue to have the burden of proof. At the conclusion of this regulatory review, if Gulf has not demonstrated to the Commission's satisfaction that Gulf's decision to enter into any particular CSA under review was a prudent choice made in the best interests of Gulf's general body of customers, then the difference between the revenues that would have been produced by Gulf's standard tariff rates and the revenues that will be produced by the CSA will be imputed to the Company as though this amount was actually received by Gulf from the CSA customer and will be taken into account by the Commission in regards to any adjustment in the Company's base rates, whether in a rate case or in an over earnings review as noted below.

Upon the execution of a CSA, the Commission's monthly surveillance reporting system will be enhanced to include a requirement that Gulf shall identify and report, for all executed CSAs, the difference between the revenues that would have been produced by Gulf's standard tariff rates and the revenues that are produced by each executed CSA. This additional information would be set forth on a separate page so that the information can be filed subject to the Commission's procedures for handling confidential and proprietary information. If the difference so reported, when added to the Company's actual revenues, would cause Gulf's achieved jurisdictional return on equity ("ROE") to exceed the top of the Company's authorized range, the full review of the Commission discussed above will be triggered. The amount of such identified difference that would cause Gulf's achieved jurisdictional return on equity ("ROE") to exceed the top of the Company's authorized range will be held subject to refund as possible over earnings pending completion of the Commission's review.

Exhibit D

Three Stipulations filed of record in Docket No. 951161-EI

Stipulation of Gulf Power Company and the Florida Industrial Power Users Group
(Filed February 6, 1996)

Stipulation of Gulf Power Company and Legal Environmental Assistance Foundation, Inc.
(Filed February 29, 1996)

Supplemental Stipulation of Gulf Power Company and the Florida Industrial Power Users Group
(Filed March 21, 1996)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for approval) Docket No. 951161-EI
of its proposed Commercial/Industrial Service Rider.) Filed: February 6, 1996
_____)

**STIPULATION OF GULF POWER COMPANY
AND THE FLORIDA INDUSTRIAL POWER USERS GROUP**

This stipulation is entered into by Gulf Power Company ("Gulf Power", "Gulf" or "the Company") and the Florida Industrial Power Users Group ("FIPUG") pursuant to Section 120.57(3), Florida Statutes, for the purpose of an informal disposition of FIPUG's Petition for Leave to Intervene in Docket No. 951161-EI and reflects a settlement of all issues between Gulf and FIPUG in this docket. Gulf and FIPUG wish to avoid the time, expense and uncertainty associated with adversarial litigation in this docket, in keeping with the Florida Public Service Commission's ("Commission") encouragement to settle disputes. Accordingly, without prejudice as to either Gulf's or FIPUG's position in any other proceeding before this Commission, Gulf and FIPUG agree and stipulate as follows:

1. FIPUG recognizes the Company's efforts to obtain needed regulatory flexibility to allow Gulf Power to retain existing load and to attract potential commercial/industrial customers by negotiating individual contracts when it is mutually beneficial to the Company and all customers. In this regard, FIPUG wishes to clarify for the Commission that the purpose behind FIPUG's intervention in this proceeding was to establish a dialogue through which FIPUG could seek clarification of the Company's proposal to assure that an appropriate

framework for negotiations is established and that there will be no “cost shifting”¹ to other customers as a result of the individual negotiated contracts.

2. Through their respective authorized representatives, FIPUG and Gulf have discussed the issues of concern to FIPUG. Through this dialogue, and based on representations set forth below, FIPUG is now able to advise the Commission that it supports Gulf’s proposal as filed by the Company and as clarified by this stipulation. This stipulation does not preclude either the Company or FIPUG from opposing modifications or additions to Gulf’s proposal that might be sought by others.

3. Gulf Power specifically acknowledges that the Company’s proposal does not contemplate, nor does the Company intend, that costs be shifted to other customers on Gulf’s system from the customers who are served through arrangements negotiated under the CIS Rider. To the contrary, the intent of the Company’s filing is to achieve sufficient regulatory flexibility to allow Gulf to negotiate arrangements that secure and serve loads of commercial/industrial customers which would otherwise not be served by the Company in the absence of such negotiated arrangements and that the negotiated price set forth in such arrangements would be as close as possible to the Company’s otherwise applicable tariff rate but in no case less than the

¹The references to “cost shifting” or to “costs being shifted” as used in this document are handy, although not totally accurate, abbreviations for a wordier concept. The concept actually involves the potential impact on the “rate” or “price” as seen by the customer rather than the cost allocation which is generally internal to the utility. The real issue is not how costs are defined, allocated, accounted for, or how costs may be shifted. Instead, the issue is whether there would be any adverse rate or price impacts on non-CIS customers resulting from the application of the CIS rider. This stipulation is intended to provide the Company’s assurance that there will not be any adverse rate or price impacts on the non-CIS customers projected to occur as a result of any CSA agreement entered into by the Company if the CIS rider is approved as proposed by Gulf Power.

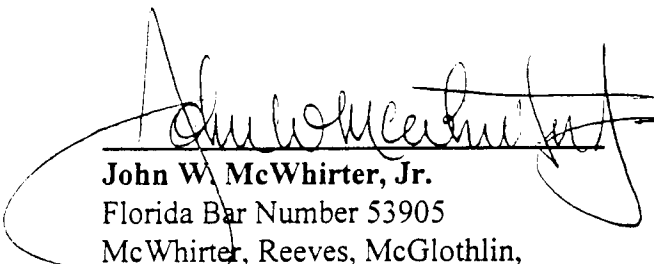
projected incremental cost of serving such loads. In this manner, the incremental revenues derived via the loads served under the CIS Rider would more than cover the incremental costs and therefore allow Gulf to spread its fixed costs across a larger number of sales than would otherwise be possible. Gulf contends that its proposal therefore provides a mechanism whereby the Company has the means to mitigate the risk of stranded investment and secure the benefits of increased efficiency in the use of its electric system for all of its customers. Gulf agrees that the premise of its proposed CIS rider is consistent with a final order of approval that prohibits cost shifting to other customers. The parties to this stipulation jointly request that the Commission include language adopting this premise in its final order approving Gulf's proposed CIS rider. Gulf further agrees that, in the event that the Company files a general rate case during a period when any CSA's developed pursuant to its proposed CIS rider are in effect, Gulf will ensure that a discovery mechanism is available to appropriate representatives of interested customers of the Company that will allow such representatives to review the allocation of costs and the tracking of aggregate revenue to determine whether any cost responsibility has been shifted to non-CIS customers in violation of the Company's statements within this stipulation. Such discovery shall be conducted under conditions that protect the confidentiality of individual agreements.

4. Given the design and intent of Gulf Power's proposed CIS Rider as discussed above and in the Company's petition, it is not now, nor has it been, the intent of Gulf Power to seek to explicitly recover any differential between the otherwise applicable tariff rate and the negotiated price that results from any contract negotiated by the Company through the operation of its CIS Rider. This statement of the Company's intent applies to any of the existing cost-specific cost recovery clauses.

WHEREFORE, the Florida Industrial Power Users Group and Gulf Power Company request that the Florida Public Service Commission accept and approve this stipulation and proceed to approve the Company's proposed Commercial/Industrial Service Rider, as filed, with the express prohibition against cost shifting and the requirement of an appropriate ~~audit~~ ^{discovery} _{full} _{fact} mechanism to enable the enforcement of this prohibition.

Dated this 1st day of February 1996.

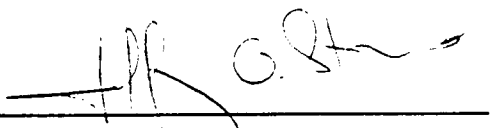
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for approval) Docket No. 951161-EI
of its proposed Commercial/Industrial Service Rider.)
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the individuals named below by U. S. Mail this 5th day of February, 1996:

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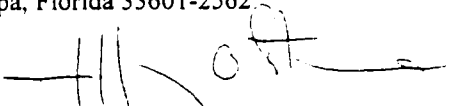
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for approval) Docket No. 951161-EI
of its proposed Commercial/Industrial Service Rider.) Filed: February 29, 1996
_____)

**STIPULATION OF GULF POWER COMPANY
AND LEGAL ENVIRONMENTAL ASSISTANCE FOUNDATION, INC.**

This stipulation is entered into by Gulf Power Company ("Gulf Power", "Gulf" or "the Company") and Legal Environmental Assistance Foundation, Inc. ("LEAF")¹ pursuant to Section 120.57(3), Florida Statutes, for the purpose of an informal disposition of LEAF's petition for leave to intervene in Docket No. 951161-EI and reflects a settlement of all issues between Gulf and LEAF in this docket. Gulf and LEAF wish to avoid the time, expense and uncertainty associated with adversarial litigation in this docket, in keeping with the Florida Public Service Commission's ("Commission") encouragement to settle disputes. Accordingly, without prejudice as to either Gulf's or LEAF's position in any other proceeding before this Commission except as specifically stated herein, Gulf and LEAF agree and stipulate as follows:

1. Gulf and LEAF recognize that increased competitive pressures affecting electricity markets are at hand and that Gulf's proposed Commercial/Industrial Service ("CIS") rider as clarified in this stipulation is a reasonable and timely response to such competition. Gulf and LEAF agree that utility energy efficiency programs will continue to play a valuable role in reducing market barriers in certain market segments, reducing customer costs and mitigating environmental impacts; and that the costs associated with these programs should be recovered in a non-discriminatory, non-avoidable manner. Gulf affirms that it will support these principles

¹All references to LEAF in this stipulation shall be construed to include Candis Harbison who was also a party to the petition to intervene filed on November 16, 1995.

before the PSC. LEAF believes that the Company should affirm that its commitment to energy efficiency will be a significant component of the Company's negotiations with CIS Rider-eligible customers. Through their respective authorized representatives, LEAF and Gulf have discussed the issues of concern to LEAF. Through this dialogue, and based on representations set forth herein, LEAF is now able to advise the Commission that it supports Gulf's proposal as filed by the Company and as clarified by this stipulation. This stipulation does not preclude either the Company or LEAF from opposing modifications or additions to Gulf's proposal that might be sought by others.

2. Gulf and LEAF agree that the identification and successful pursuit of cost effective energy efficiency is an important goal. To that end, Gulf agrees that the potential for cost-effective energy conservation investments will form an integral part of its negotiations with CIS Rider-eligible customers. Gulf also agrees that it will develop a plan for negotiations with potential CIS Rider customers that will include the provision of energy audits and appropriate incentives to facilitate cost-effective solutions to any energy inefficiencies that are revealed by those audits. Gulf further agrees that customers having CIS Rider-eligible "at risk" load, in order to be considered for a Contract Service Arrangement ("CSA"), must receive a comprehensive energy audit or have received such an audit within one year provided that the customer's facilities or processes have not materially changed since that audit other than through the adoption of cost-effective energy efficiency improvements. If such audit is not performed by or under the direction of Gulf Power, the results must be made available to Gulf in order to initiate discussions towards a customer-specific CSA. The confidentiality of any proprietary subject matter contained within the audit results received by Gulf will be maintained. Gulf also agrees

that all costs and benefits associated with energy efficiency investments that are part of the executed CSA will be accounted for.

3. Gulf Power will provide customers with comprehensive technical audits of the cost-effective energy efficiency potential available in their facilities performed by individuals experienced as specialists in commercial/industrial energy efficiency auditing, including building energy efficiency. When dealing with a customer that uses an industrial process, Gulf will provide a technical audit, including a process audit performed by a team comprised of the specialist as stated above and a process design engineer with experience in the particular manufacturing process involved. If a comprehensive audit of the customer's facilities requires specialized technical knowledge that Gulf does not possess, Gulf will obtain the outside expertise required to assess cost-effective energy efficiency opportunities. To the extent that outside expertise is obtained by Gulf for any audit, such personnel shall be contractually bound to protect the confidentiality of the customer's proprietary information that may be discovered in the course of the audit. The goal of the audit will be to identify all significant and cost-effective energy efficiency opportunities. Estimates of the level of utility-provided financial assistance (if any) needed to make the improvement cost-effective from the customer's perspective and from the perspective of Gulf's general body of customers, considering the then-current tariff rate and considering rates that may be available under the CIS Rider, will be made as an integral part of the CSA negotiation with the customer.

Gulf agrees that each such audit will include an analysis of process usage, lighting and HVAC requirements, and the capital requirements and maintenance expenses that may be associated with any energy efficiency investment. Gulf will provide the customer with

information on all efficiency improvements identified in the audit and include advice on the energy and bill savings that could be achieved with the identified actions. Gulf will develop, with the customer, a plan to implement energy efficiency improvements that will assist the customer.

4. LEAF and Gulf Power agree that the CIS Rider negotiations offer an important opportunity to use cost-effective energy efficiency improvements to help meet the energy service needs of CIS Rider-eligible customers at the lowest cost. Gulf will offer CIS Rider-eligible customers the results and advice obtained through the comprehensive technical and process energy audits as well as financing services and/or other incentives when necessary and appropriate. In addition, when an energy efficiency investment is a component of the least cost approach to gaining or retaining the “at-risk” load, Gulf may assist the CIS Rider customer with the purchase of energy efficiency measures to assure their implementation. In such instances, Gulf’s financial contributions toward the energy efficiency investments will be a component of the offer that Gulf will negotiate with CIS Rider-eligible customers.

Gulf Power will employ the least cost approach to gaining or retaining the “at-risk” load and will negotiate with a goal to minimize the cost of serving that “at-risk” load and maximize the contribution from that “at-risk” load to the Company and its customers. Energy efficiency is a component of the least cost approach when the per kWh cost of energy efficiency is less than the per kWh incremental cost of serving the “at-risk” load. The cost of energy efficiency is the incremental cost of the measure installed. Gulf agrees that the difference between the incremental cost of serving the “at-risk” load and the incremental cost of energy efficiency provides a resource from which financial contributions may be made when the incremental cost

of serving the "at-risk" load exceeds the incremental cost of energy efficiency.

5. Gulf agrees that it will maintain its efforts to implement cost-effective energy efficiency programs and to employ the least cost approach to the provision of energy and demand services with the goal of minimizing customer costs while allowing the company a fair return on investment. Gulf and LEAF agree to revisit the agreement set forth in this paragraph within five years.

6. Gulf will include information on the energy efficiency potential identified in CIS Rider audits in its quarterly reports to the Commission on the implementation of the CIS Rider. These reports will present information on the energy efficiency opportunities identified in the audits of "at risk" customers and will present a summary report of the actual investments made and energy reductions estimated to be achieved. These reports will be designed to provide the Commission and others with sufficient information to assess the extent to which CIS Rider participants are taking advantage of energy efficiency opportunities, while providing individual customers with protection from the public disclosure of information about their specific facilities and actions.

For the first several customers agreeing to a CSA (who also consent to LEAF's review as stated below), under all necessary confidentiality agreements and within 90 days of contract execution, and if the participating CSA customer consents, Gulf agrees to provide the Commission, LEAF (and/or a consultant chosen and paid by LEAF): the audit results including conservation investments identified and level of utility-provided financing assistance required to make each investment cost-effective from the customer's perspective, the conservation investments agreed to be implemented pursuant to the contract, including any financial assistance

(Gulf agreed to provide, the rate agreed upon and other contract terms. Gulf will endeavor in good faith to secure the customer's consent to LEAF's review as stated above. Commission staff and LEAF may make appropriate recommendations as to how to better effecuate energy conservation investments by CIS Rider-eligible customers (which may in part be subject to confidentiality limitations) to the Commission within one year of the date the first CSA to which LEAF has access as contemplated herein is executed.

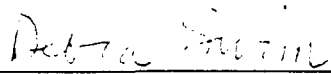
7. Gulf further agrees that, in the event that the Company files a general rate case during a period when any CSAs developed pursuant to its proposed CIS rider are in effect, Gulf will ensure that a discovery mechanism is available to appropriate representatives of interested customers of the Company that will allow such representatives to review the allocation of costs and the tracking of aggregate revenue to determine whether any cost responsibility has been shifted to non-CIS customers in violation of the Company's statements within the stipulation of Gulf Power Company and the Florida Industrial Power Users Group filed in this docket on February 6, 1996. Such discovery shall be conducted under conditions that protect the confidentiality of individual agreements.

WHEREFORE, Legal Environmental Assistance Foundation, Inc., Candis Harbison and Gulf Power Company request that the Florida Public Service Commission accept and approve this stipulation and proceed to approve the Company's proposed Commercial/Industrial Service Rider, as filed and clarified by this stipulation.

Dated this 27th day of February 1996.

**Legal Environmental Assistance
Foundation, Inc.**

Gulf Power Company





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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for approval) Docket No. 951161-EI
of its proposed Commercial/Industrial Service Rider.)
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 29th day of February, 1996 on the following:

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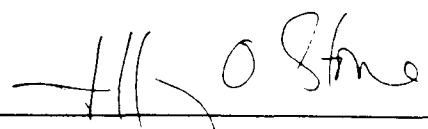
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for approval of its proposed Commercial/Industrial Service Rider.) Docket No. 951161-EI
) Filed: March 21, 1996

**SUPPLEMENTAL STIPULATION OF GULF POWER COMPANY
AND THE FLORIDA INDUSTRIAL POWER USERS GROUP**

This stipulation supplements that certain stipulation that was entered into by Gulf Power Company ("Gulf Power", "Gulf" or "the Company") and the Florida Industrial Power Users Group ("FIPUG") pursuant to Section 120.57(3), Florida Statutes, for the purpose of an informal disposition of FIPUG's Petition for Leave to Intervene in Docket No. 951161-EI. The original stipulation and this supplemental stipulation, taken together, reflect a settlement of all issues between Gulf and FIPUG in this docket. As stated in the original stipulation, Gulf and FIPUG wish to avoid the time, expense and uncertainty associated with adversarial litigation in this docket, in keeping with the Florida Public Service Commission's ("Commission") encouragement to settle disputes. Accordingly, without prejudice as to either Gulf's or FIPUG's position in any other proceeding before this Commission, Gulf and FIPUG agree and stipulate as follows:

1. FIPUG and the Company reaffirm their commitment to the original stipulation.

Furthermore, in the interest of avoiding premature debate of an issue that is not relevant until a general rate case, the parties to this supplemental stipulation agree to reserve until that time any further debate regarding the proper allocation of costs associated with customers who may be taking service pursuant to a Contract Service Arrangement ("CSA") entered into under the authority of Gulf Power's proposed Commercial/Industrial Service ("CIS") rider.

2. FIPUG does not dispute or otherwise question the Company's ability to make an appropriate "at risk" determination with regard to the proper application of Gulf's CIS rider as proposed.

3. Gulf has committed that there will not be any adverse rate or price impacts on non-CIS customers projected to occur as a result of any CSA agreement entered into by the Company if the CIS rider is approved as proposed by Gulf Power. FIPUG understands and the Company agrees that Gulf Power has further committed that it will not seek to recover any differential that is calculated specifically between an otherwise applicable tariff rate and the negotiated price that results from any CSA agreement entered into by the Company if the CIS rider is approved as proposed by Gulf Power. FIPUG believes that these commitments by the Company provide sufficient protection to the non-CIS customers until there is an adjustment to the Company's base rates in the context of a general rate case during a period when any CSAs developed pursuant to Gulf's proposed CIS rider are in effect.

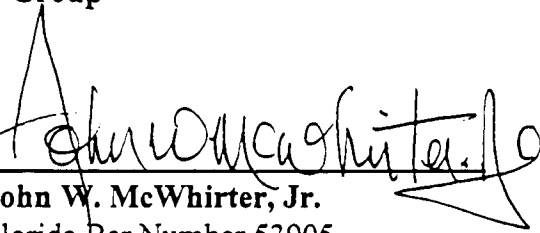
4. FIPUG believes that in the event of a general rate case, the proper allocation of costs for those CSAs Gulf has entered into prudently should be open to further discussion. Gulf agrees that the debate regarding the proper allocation of costs for those CSAs the Company has entered into prudently is an appropriate subject for the next general rate case filed by the Company during a period when any CSAs developed pursuant to Gulf's proposed CIS rider are in effect.

5. Based upon the agreement of the Company to request approval of this stipulation and the mutual desire of FIPUG and Gulf to have the CIS rider approved as filed, FIPUG agrees that it will not be filing a post hearing brief in this matter.

WHEREFORE, the Florida Industrial Power Users Group and Gulf Power Company request that the Florida Public Service Commission accept and approve both the original stipulation and this supplemental stipulation. The parties hereto respectfully request that the Commission proceed to approve the Company's proposed Commercial/Industrial Service rider, as filed and as clarified by the stipulations filed of record in this proceeding.

Dated this 18th day of March 1996.


**The Florida Industrial Power Users
Group**


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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for approval) Docket No. 951161-EI
of its proposed Commercial/Industrial Service Rider.)
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the individuals named below by U. S. Mail this 21st day of March, 1996:

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