

One Energy Place  
Pensacola, Florida 32520

Tel 850.444.6111

ORIGINAL

RECEIVED  
APR 19 9 04 AM '99  
ADMINISTRATION  
MAIL ROOM



April 16, 1999

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 990167-EI

As requested by Bob Elias, Gulf Power files the signed Communication Services Agreement. Subject to approval by the Florida Public Service Commission, the agreement has an effective date of May 4, 1999.

Sincerely,

*Susan D. Ritenour*

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw

AFA 2 Enclosures  
APP \_\_\_\_\_  
CAF \_\_\_\_\_

CMI cc: Beggs and Lane  
CTR \_\_\_\_\_  
EAG 2 J. A. Stone, Esquire  
LEG 1 Florida Public Service Commission  
MAS \_\_\_\_\_ Bob Elias  
OPC \_\_\_\_\_ Southern Company Services  
RRR \_\_\_\_\_ Jim Ucci  
SEC 1  
WAW \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

04945 APR 19 99

FPSC-RECORDS/REPORTING

**COMMUNICATIONS SERVICES AGREEMENT**

THIS AGREEMENT is made as of May 4, 1999 ("Effective Date") between Gulf Power Company, a Maine corporation ("Customer"), and Southern Telecom, Inc., a Delaware corporation ("Contractor").

**PREMISES**

Both parties are Southern Company subsidiaries.

Contractor is an Exempt Telecommunications Company pursuant to Section 34 of the Public Utility Holding Company Act of 1935, as amended (the "PUHCA").

Contractor is authorized, pursuant to 15 U.S.C. § 79z-5c, to engage in the business of providing telecommunications and information services, as defined in the Communications Act of 1934, as amended, other services or products subject to the jurisdiction of the Federal Communications Commission, and other products or services related or incidental to the provision of those products or services (collectively, "Telecommunications Services").

Subject to the terms and conditions of this Agreement, Contractor is willing, upon Customer's request, to provide Telecommunications Services to Customer at costs determined in accordance with the applicable rules, regulations and orders of the Securities and Exchange Commission under the PUHCA.

Accordingly, the parties agree as follows:

**TERMS AND CONDITIONS****1. Telecommunications Services.**

1.1. (a) Subject to the terms and conditions of this Agreement, Contractor will provide Customer Telecommunications Services at such times, for such periods and in such manner as Customer may from time to time request and as Contractor may agree to provide. The price for such services shall be agreed upon by the parties at the time of each specific request and agreement to provide, subject to the limitation set forth in Section 2 of this agreement. Nothing contained herein imposes on Customer any obligation to purchase or request from Contractor Telecommunications Services.

(b) Contractor intends initially to offer Customer Telecommunications Services which include point-to-point transport of voice and data communications and call center services for such periods and in such manner as Customer may from time to time request and as Contractor may agree to provide. Contractor will notify the appropriate state and federal agencies as necessary when it intends to offer Customer additional Telecommunications Services.

1.2. Contractor will provide Customer Telecommunications Services after Contractor receives and accepts Customer's work order or other service request. Customer will give Contractor access without charge to Customer's premises and facilities to the extent Contractor needs that access to efficiently and reliably provide Telecommunications Services.

1.3. The Telecommunications Services Contractor provides under this Agreement are subject to all limitations contained in authorizations, rules and regulations of governmental agencies having jurisdiction over Contractor, Customer or the Telecommunications Services provided hereunder.

2. Costs.

2.1. As consideration for the Telecommunications Services Contractor provides hereunder, Customer will pay to Contractor an amount that is agreed upon for each specific request for Telecommunication Services subject to the limitation that such agreed upon compensation shall not be more than Contractor's fully distributed costs ("Costs") for those Telecommunications Services. Costs will be determined in accordance with standard Southern Company accounting procedures for inter-affiliate transactions. Contractor will invoice Customer for those Telecommunications Services on or before the 10<sup>th</sup> day of the succeeding month and Customer will pay those invoices on or before the 20<sup>th</sup> day of that month.

2.2. Contractor will notify Customer of any changes in Contractor's accounting procedures and any other change or event that materially affects the Costs (collectively "Events"), no later than 10 business days after the Event. Further, within 30 days after an Event occurs, Contractor will recalculate its Costs, provide Customer with documentation supporting the recalculation, and adjust all invoices for Telecommunications Services it thereafter renders to Customer to reflect such changes in Costs. Notwithstanding any of the foregoing, Contractor and Customer will review Contractor's Cost information every year.

3. Work Orders.

Contractor will provide Telecommunications Services to Customer in accordance with work orders or requests issued or made by or on Customer's behalf and accepted by Contractor. Customer may amend, alter or rescind any work order, provided that (a) Contractor agrees to any amendment or alteration that materially changes the scope of the work it must perform or equipment it must provide; (b) the Costs covered by the work order include any expense Contractor incurs as a result of the amendment, alteration or rescission; and (c) the amendment, alteration or rescission does not release Customer from liability for any costs already incurred or contracted for pursuant to the work order, regardless of whether contractor or its agent has completed the work associated with those Costs.

4. Warranty and Limitation of Liability.

4.1. Contractor will exercise due care to assure that the Telecommunications Services are performed in a workmanlike manner, meet the standards and specifications set forth in the applicable work order or request, and comply with any applicable legal standards. Contractor makes no other warranty with respect to the Telecommunications Services provided hereunder.

4.2. If Contractor fails to perform any Telecommunications Services as warranted, then Customer's sole and exclusive remedy will be re-performance by Contractor of the Telecommunications Services to comply with the applicable work order, request or standard.

5. Term. Subject to any required regulatory approval, this Agreement becomes effective on the Effective Date and terminates on the first anniversary thereof. This Agreement will automatically renew for successive one year terms unless either party provides the other with notice of nonrenewal at least 30 days prior to the end of the then current term.

6. Regulatory Requirements. This Agreement and all services provided hereunder are only effective in accordance with all legal requirements imposed by state or federal agencies having jurisdiction over this Agreement or the parties, and will be administered in accordance with the terms of such orders, rules and regulations.

7. Miscellaneous.

7.1. Assignment. This Agreement will bind the successors and assigns of the parties hereto, but Contractor may not assign any of its obligations under this Agreement or under any purchase order or work order issued hereunder without Customer's prior approval.

7.2. Choice of Law. The laws of the state of Florida, (excluding any choice of law principle that would result in the application of the laws of any other jurisdiction) govern the validity, construction, and enforcement of this Agreement and the determination of the parties' rights and duties hereunder.

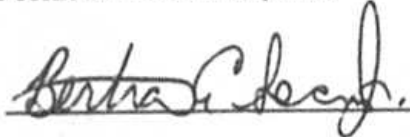
7.3. Notice. Unless otherwise provided in this Agreement, all notices, requests, demands and other communications in connection with this Agreement must be in writing and may be mailed or delivered via facsimile or by courier to the parties at the addresses shown on the signature page below (or at such other addresses as will be given in writing by the parties to one another) and will be effective when delivered.

7.4. Severability. If a court or agency of competent jurisdiction holds any one or more provisions of this Agreement or any application thereof to be invalid, illegal or unenforceable in any respect, such holding will not in any way affect or impair the validity, legality and enforceability of the remaining provisions in this Agreement and all other applications of the remaining provisions.

7.5. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes any prior statement or writing not a part of this Agreement or otherwise referenced in this Agreement.

**SIGNED AND DELIVERED.**

SOUTHERN TELECOM, INC.



By: Bertram E. Sears, Jr.

Its: President

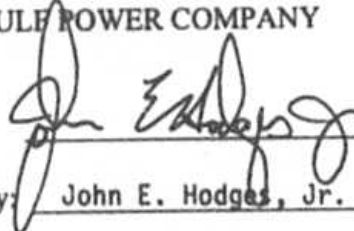
241 Ralph McGill Blvd., NE  
Atlanta, GA 30308

Facsimile No. 404-506-3090

ATTN: BERTRAM SEARS, JR.

Date: \_\_\_\_\_

GULF POWER COMPANY



By: John E. Hodges, Jr.

Its: Vice President

500 Bayfront Parkway  
Pensacola, Florida 32501

Facsimile No. 850-444-6744

ATTN: John E. Hodges, Jr.

Date: April 15, 1999