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Pensacola, Florida 32520

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ORIGINAL



A SOUTHERN COMPANY

August 20, 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:

991183-ED

RE: FPSC Order No. PSC-99-1091-PAA-EI

Pursuant to Florida Public Service Commission Order No. PSC-99-1091-PAA-EI, issued on May 29, 1999, Gulf hereby files its standard offer contract for the purchase of firm capacity and energy from certain small qualifying facilities. This contact is based on a combined cycle unit with an in-service date of June 2002. The amount of capacity subject to this standard offer is comprised of two bands the first of which is capacity between 0 KW and 10,000 KW, and the second band being capacity in the amount of 385,000 KW to 574,000 KW. As required by the above-referenced order, the standard offer contract provides for a two-week open solicitation period to commence on the effective date of the standard offer contract.

Enclosed are an original and fifteen copies of Gulf Power Company's revised tariff sheets that apply to the Standard Offer Contract. A detailed list is attached. When approved, please return two conformed copies to Susan Ritenour.

Sincerely,

*Linda G. Malone*

Linda G. Malone  
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire  
Gulf Power Company  
Susan D. Ritenour

- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- MAS \_\_\_\_\_
- OPC \_\_\_\_\_
- PAI \_\_\_\_\_
- SEC \_\_\_\_\_
- WAW \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

09997 AUG 23 99

FPSC-RECORDS/REPORTING

# GULF POWER COMPANY

## List of Tariff Sheets

<u>Identification</u>	<u>Canceling Old Sheet</u>	<u>New Sheet</u>
Standard Offer Contract	Third Rev. Sheet No. 9.8 Third Rev. Sheet No. 9.9 Fifth Rev. Sheet No. 9.10 Seventeenth Rev. Sheet No. 9.11 Third Rev. Sheet No. 9.12 Fourth Rev. Sheet No. 9.13 Fifth Rev. Sheet No. 9.14 Third Rev. Sheet No. 9.17 Third Rev. Sheet No. 9.18 Third Rev. Sheet No. 9.19 Third Rev. Sheet No. 9.20 Third Rev. Sheet No. 9.22 Third Rev. Sheet No. 9.23 Fourth Rev. Sheet No. 9.2 Third Rev. Sheet No. 9.25 Third Rev. Sheet No. 9.27 Third Rev. Sheet No. 9.28 Third Rev. Sheet No. 9.29 Fourth Rev. Sheet No. 9.32 Original Sheet No. 9.32.1 Original Sheet No. 9.32.2 Original Sheet No. 9.32.3	Fourth Rev. Sheet No. 9.8 Fourth Rev. Sheet No. 9.9 Sixth Rev. Sheet No. 9.10 Eighteenth Rev. Sheet No. 9.11 Fourth Rev. Sheet No. 9.12 Fifth Rev. Sheet No. 9.13 Sixth Rev. Sheet No. 9.14 Fourth Rev. Sheet No. 9.17 Fourth Rev. Sheet No. 9.18 Fourth Rev. Sheet No. 9.19 Fourth Rev. Sheet No. 9.20 Fourth Rev. Sheet No. 9.22 Fourth Rev. Sheet No. 9.23 Third Rev. Sheet No. 9.24 Fourth Rev. Sheet No. 9.25 Fourth Rev. Sheet No. 9.27 Fourth Rev. Sheet No. 9.28 Fourth Rev. Sheet No. 9.29 Third Rev. Sheet No. 9.32 First Rev. Sheet No. 9.32.1 First Rev. Sheet No. 9.32.2 First Rev. Sheet No. 9.32.3

### Sheets that did not change:

Original Sheet No. 9.10.1  
Fourth Rev. Sheet No. 9.15  
Fifth Rev. Sheet No. 9.16  
Third Rev. Sheet No. 9.21  
Third Rev. Sheet No. 9.26  
Third Rev. Sheet No. 9.30  
Third Rev. Sheet No. 9.31

DOCUMENT NUMBER-DATE

09997 AUG 23 88

FPSC-RECORDS/REPORTING

# **Tariff Sheets**

# GULF POWER COMPANY

**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF  
FIRM CAPACITY AND ENERGY FROM SMALL  
QUALIFYING FACILITIES (Less Than 100 KW)  
OR FROM SOLID WASTE FACILITIES  
(Schedule COG-2)**

## AVAILABILITY

The Company will purchase firm capacity and energy offered by any small power producer as stated in FPSC Rule 25-17.0832(4)(a)(1), small Qualifying Facility (less than 100 kilowatts), or by any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The Company will negotiate and may contract with any Qualifying Facility, irrespective of its location, which is either directly or indirect interconnected with the Company for the purchase of firm capacity and energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers. The capacity available under this standard offer shall be between 0 and 10,000 KW or between 385,000 KW and 574,000 KW.

## APPLICABILITY

Applicable to any cogeneration or small power production Qualifying Facility (less than 100 kilowatts) or to any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract." Firm capacity and energy are described by the Florida Public Service Commission (FPSC) in Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard offer contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery. The terms QF or facility will be used interchangeably throughout this schedule to refer to all facilities eligible under Rule 25-17.0832(4)(a), F.A.C.

## CHARACTER OF SERVICE

The character of service for purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage. The character of service for purchases from outside the territory served by the Company shall be three phase, 60 hertz, alternating current at the voltage level available at the interchange point between the Company and the utility delivering firm capacity and energy from the Qualifying Facility.

## LIMITATIONS

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

- A. Beginning upon the date, as prescribed by the Florida Public Service Commission (FPSC), that this standard offer is deemed available and ending 14 days thereafter, executes the Company's "Standard Offer Contract" for the purchase of firm capacity and energy; and
- B. Commit to commence deliveries of firm capacity and energy no later than June 1, 2002 and to continue such deliveries through at least May 31, 2012.

# GULF POWER COMPANY

## RATES FOR PURCHASES BY THE COMPANY

Firm capacity and energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of Gulf's Designated Avoided Unit as described herein.

### A. Firm Capacity Rates

Four options, 1, 2, 3, and 4, as set forth below, are available concerning payment for firm capacity which is produced by the Qualifying Facility (QF) or Solid Waste Facility and delivered to the Company. The capacity payment will be the product of the QF's Committed Capacity and the applicable rate from the QF's chosen capacity payment option. Once selected, an option shall remain in effect for the term of the contract with the Company. Tariff Sheet 9.11 contains the monthly rate per kilowatt in accordance with Option 1, of firm capacity the Qualifying Facility or Solid Waste Facility has contractually committed to deliver to the Company and is based on the minimum contract term for an agreement pursuant to this standard offer rate schedule which extends ten (10) years beyond the anticipated in-service date of the Designated Avoided Unit (i.e., through May 31, 2012). Payment schedules for other options and longer contract terms will be made available by the Company to a Qualifying Facility or Solid Waste Facility upon request. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Designated Avoided Unit, commencing with the anticipated in-service date of the Designated Avoided Unit.

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on June 1, 2006, the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C.

Option 2 - Early Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of June 1, 2002. The Qualifying Facility or Solid Waste Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit. Avoided capacity payments shall be calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. At the option of the Qualifying Facility or Solid Waste Facility, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Designated Avoided Unit provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Where Early Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payments been made pursuant to Option 1.

## GULF POWER COMPANY

Option 3 - Levelized Capacity Payments - Levelized Capacity Payments shall commence on the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. The fixed operation and maintenance portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Designated Avoided Unit. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payment been made pursuant to Option 1.

Option 4 - Early Levelized Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of June 1, 2002. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Designate Avoided Unit. At the option of the Qualifying Facility or Solid Waste Facility, Early Levelized Capacity Payments shall commence a any time after the specified earliest capacity payment date and before the anticipated in-service date of the Designated Avoided Unit provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. The Qualifying Facility or Solid Waste Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payments been made pursuant to Option 1.

All capacity payments made by the Company prior to June 1, 2002 are considered "Early Payments". The owner or operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with interest, the accumulated amount of Early Payments to the extent that the cumulative present value of the capacity payments made to the Qualifying Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Qualifying Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Qualifying Facility in any year exceed that year's annual value of deferring the Designated Avoided Unit in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide to the QF monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is set forth below.

**GULF POWER COMPANY**

MONTHLY CAPACITY PAYMENTS RATE \$/KW/MONTH

<u>Contract Period</u>	<u>Avoided Capital Cost \$/KW-MO</u>	<u>Avoided O&amp;M Cost \$/KW-MO</u>	<u>Total Avoided Capacity Cost \$/KW-MO</u>
06/01/1999 to 05/31/2000	0.00	0.00	0.00
06/01/2000 to 05/31/2001	0.00	0.00	0.00
06/01/2001 to 05/31/2002	0.00	0.00	0.00
06/01/2002 to 05/31/2003	2.80	0.39	3.18
06/01/2003 to 05/31/2004	2.88	0.40	3.28
06/01/2004 to 05/31/2005	2.96	0.41	3.37
06/01/2005 to 05/31/2006	3.05	0.42	3.47
06/01/2006 to 05/31/2007	3.14	0.43	3.57
06/01/2007 to 05/31/2008	3.23	0.44	3.67
06/01/2008 to 05/31/2009	3.32	0.46	3.78
06/01/2009 to 05/31/2010	3.41	0.47	3.88
06/01/2010 to 05/31/2011	3.51	0.48	4.00
06/01/2011 to 05/31/2012	3.61	0.50	4.11

The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

**B. Energy Rates**

- (1) Payments Starting On June 1, 2002: The QF shall be paid at the avoided energy rate for all energy delivered to the Company during periods in which the Company has requested the QF to operate at the Company's as-available energy rate as described in Schedule COG-1, Sheet 9.3.

All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

- (2) Payments Prior To June 1, 2002: The as-available energy rate will apply to all energy delivered by the QF to the Company prior to June 1, 2002.

The calculation of as-available payments to the Qualifying Facility shall be based on the sum, over all hours of the billing period in which the QF is not called on by the Company, of the product of each hour's avoided energy cost times the purchases by the Company for that hour as described in Schedule COG-1, Sheet 9.3.

All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

# GULF POWER COMPANY

## PERFORMANCE CRITERIA

Payments for firm capacity are conditioned on the Qualifying Facility's ability to maintain the following performance criteria:

(A) Commercial In-Service Date

Capacity payments shall not commence until the Qualifying Facility has attained and demonstrated, commercial in-service status. The commercial in-service date of a Qualifying Facility shall be defined as the first day of the month following the successful completion of a test in which the Qualifying Facility maintains an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Qualifying Facility's Committed Capacity under its "Standard Offer Contract" for an entire test period. A Qualifying Facility shall coordinate the selection of the test period with the Company to ensure that the performance of its facility during this period is reflective of the anticipated day to day operation of the Qualifying Facility during a period the Company is likely to call upon the Qualifying Facility to operate as though it were part of the Company's Designated Avoided Unit.

(B) QF Availability Requirement

Payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the Qualifying Facility, subject to the condition that, beginning June 1, 2002 and continuing through the remainder of the contract term, the qualifying facility maintains a minimum Equivalent Availability Factor (EAF) of 92% defined by NERC Generation Availability Data System (GADS) definitions for each 12 month period ending August 31. Failure to satisfy this availability requirement shall result in a obligation for repayment by the Qualifying Facility to the Company. The amount of such repayment shall be equal to the payments received for firm capacity during that 12 month period, plus interest. For the year 2002, the repayment obligation shall be determined as above except that the period for which the availability requirement applies and which is subject to repayment shall be the three months ending August, 2002.

In addition to the foregoing, when early capacity payments have been elected and received, the failure of the qualifying facility to satisfy the availability requirement set forth above shall also result in a obligation for additional repayments by the Qualifying Facility to the Company. The amount of such additional repayment shall be equal to the difference between: (1) what the Qualifying Facility would have been paid during the previous twelve months ending August 31 had it elected the normal payment option; and (2) what it was paid pursuant to the payment option selected. The latter amount is the amount the Qualifying Facility would have been entitled to retain for the previous twelve months ending August 31 had it satisfied the minimum availability factor performance criteria. For the year 2002, the additional repayment obligation shall be determined as above except that the period for which the availability requirement applies and which is subject to repayment shall be the three months ending August, 2002.

## DETERMINATION OF THE AVAILABILITY FACTOR

In October of each year of this Contract, the Company will calculate the availability of the QF over the most recent twelve month period ending August 31. For purposes of this Schedule, availability is defined by the NERC GADS formula for Equivalent Availability Factor (EAF). The QF will be entitled to continue to receive capacity payments as long as an EAF of 92% is maintained for each performance period. If the QF fails to maintain a 92% EAF, then the Company may deem the QF to be in non-performance of its committed capacity and, thereby, invoke the provisions of Section 8 of the Standard Offer Contract.



# GULF POWER COMPANY

(C) Equivalent Availability Factor Calculation

Each October during the term of this contract the Company will calculate the QF's equivalent availability factor during the previous twelve month period ending August 31. The formula to be used for this calculation is as follows:

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

- AH = Available Hours  
Sum of all SH, RSH, Pumping Hours, and Synchronous Condensing Hours.
- EPDH = Equivalent Planned Derated Hours  
Product of the Planned Derated Hours and the Size of Reduction, divided by the NMC.
- ESEDH = Equivalent Seasonal Derated Hours  
NMC less the NDC, times the Available Hours (AH), divided by the NMC.
- EUDH = Equivalent Unplanned Derated Hours  
Product of the Unplanned Derated Hours and the Size of Reduction, divided by the NMC.
- NDC = Net Dependable Capacity  
NMC modified for ambient limitations.
- NMC = Capacity a unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.
- PH = Period Hours  
Number of hours a unit was in the active state. A unit generally enters the active state on its commercial date.
- RSH = Reserve Shutdown Hours  
Total number of hours the unit was available for service but not electrically connected to the transmission system for economic reasons.
- SH = Service Hours  
Total number of hours a unit was electrically connected to the transmission system.

(D) Additional Criteria

- (1) The Qualifying Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
- (2) The Qualifying Facility shall promptly update its yearly generation schedule when any changes are determined necessary; and
- (3) The Qualifying Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
- (4) The Qualifying Facility shall coordinate scheduled outages with the Company; and
- (5) The Qualifying Facility shall comply with the reasonable requests of the Company regarding daily or hourly communications.
- (6) The Qualifying Facility must promptly notify the Company of its inability to supply any portion of its full Committed Capacity from the facility. Failure of the QF to notify the Company of a known derating or inability to meet its Committed Capacity obligation from the facility may, at the sole discretion of the Company, result in a determination of non-performance.

# GULF POWER COMPANY

## DELIVERY VOLTAGE ADJUSTMENT

Energy payments to Qualifying Facilities within the Company's service territory shall be adjusted according to the delivery voltage by dividing the energy delivered at that voltage by the following factors:

Transmission Voltage Delivery	1.01801#
Substation Voltage Delivery	1.03208##
Primary Voltage Delivery	1.05862###
Secondary Voltage Delivery	1.08576####

- # Any Qualifying Facility interconnected at a voltage of 46 KV or above.
- ## Any Qualifying Facility interconnected at a voltage on the low side of a substation below 46 KV and above 4 KV. This substation, where the Qualifying Facility takes electricity on the low side, shall have transmission voltage on the high side (115, 69, or 46 KV) and distribution voltage on the low side (25, 12, or 4 KV).
- ### Any Qualifying Facility interconnected at a distribution voltage, 4 to 25 KV inclusive.
- #### Any Qualifying Facility interconnected at a voltage below 4 KV.

## METERING REQUIREMENTS

Qualifying Facilities within the territory served by the company shall pay the Company for meters required hereunder. Hourly demand recording meters shall be required for each individual generator unit comprising a facility with a total installed capacity of 100 KW or more. Where the total installed capacity of the facility is less than 100 KW, the Qualifying Facility may select from either hourly demand recording meters, dual kilowatt-hour register time-of-day meters or standard kilowatt-hour meters. Meters shall be installed to measure the energy production from each generating unit of the facility as well as net delivered energy at the point of interconnection. Purchases from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the utility delivering firm capacity and energy to the Company.

## BILLING OPTIONS

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The decision to change billing methods can be made once every twelve (12) months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period providing the Company is given at least thirty days written notice before the change is to take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the Qualifying Facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

A statement covering the charges and payments due the Qualifying Facility is rendered monthly, and payment normally is made by the twentieth business day following the end of the billing period.

# GULF POWER COMPANY

Energy delivered to the Company shall be adjusted before delivery to another utility.

Interstate transactions are defined as those determined to be in the jurisdiction of the Federal Energy Regulatory Commission.

Capacity delivered to the Company shall be adjusted before delivery to another utility. The following estimated adjustment factors are supplied for informational purposes only:

<u>Qualifying Facility Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	0.96758
Substation Voltage Delivery	0.94103
Primary Distribution Voltage Delivery	0.91001

All charges and adjustments for wheeling will be determined on a case-by-case basis.

Where wheeling power produced by a Qualifying Facility for delivery within the Company's territory or to another utility will impair the Company's ability to give adequate service to the rest of the Company's customers or place an undue burden on the Company, the Company may petition the FPSC for a waiver of this Special provision No. 2 or require the QF to pay for the necessary transmission system improvements in accordance with the National Energy Policy Act of 1992.

In order to establish the appropriate transmission service arrangements, the QF must contact:

John Lucas  
Manager Transmission Services  
Southern Company Services  
Post Office Box 2625  
Birmingham AL 35202

- (3) As a means of protecting the Company's ratepayers from the possibility of a QF project not coming on line as provided for under an executed Standard Offer Contract and in order to provide the Company with additional and immediately available funds for its use to secure replacement and reserve power in the event that the QF fails to successfully complete construction and come on line in accord with the executed standard offer contract, the Company requires that a cash completion security deposit equal to \$20 per kw of Anticipated Committed Capacity be delivered to the Company at the time the Company's Standard Offer Contract is executed by the QF. At the election of the QF, the completion security deposit may be phased in such that one half of the total deposit due is paid at contract execution and the remainder within 12 months after contract execution.

Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following, at the Company's discretion, may be used as an alternative to a cash deposit as a means of securing the completion of the QF's project in accord with the executed Standard Offer Contract:

- (a) an unconditional, irrevocable direct pay letter; or
- (b) surety bond; or
- (c) other means acceptable to the Company.

## **GULF POWER COMPANY**

The Company will cooperate with each QF seeking an alternative to a cash security deposit as an acceptable means of securing the completion of the QF's facilities in accord with an executed Standard Offer Contract. The Company will endeavor in good faith to accommodate an equivalent to a cash security deposit which is in the best interests of both the QF and the Company's ratepayers.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company:

The unsecured promise of a municipal, county, or state government that it will pay the actual damages incurred by the Company because the governmental facility fails to come on line prior to the planned in-service date for the Designated Avoided Unit.

- (4) The Company, in evaluating the viability of any particular offer may exercise its rights under FPSC Rule 25-17.0832(4)(c)(2b), F.A.C.

# GULF POWER COMPANY

**GULF POWER COMPANY**  
**STANDARD OFFER CONTRACT FOR THE PURCHASE OF**  
**FIRM CAPACITY AND ENERGY FROM A SMALL QUALIFYING FACILITY (LESS THAN 100 KW)**  
**OR FROM A SOLID WASTE FACILITY**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between \_\_\_\_\_, hereinafter referred to as the "QF"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The QF and the Company shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, the QF desires to sell, and the Company desires to purchase, electricity to be generated by the QF, such sale and purchase to be consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.091 and Order No. PSC-96-1548-FOF-EQ, Docket No. 931186-EQ; and

WHEREAS, the QF, in accordance with Rule 25-17.087, F.A.C., has entered into an interconnection agreement with (or signed and submitted the substantial equivalent of the Company's Form 12 -- Application for Interconnection of Customer-Owned Generation to) the utility in whose service territory the QF's generating facility is located, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved the following standard contract for use in connection with the acceptance of the Company's standard offer for the purchase of firm capacity and energy from small qualifying facilities (less than 100 kilowatts) or from solid waste facilities as defined in Rule 25-17.091, F.A.C.;

NOW THEREFORE, for mutual consideration the Parties agree as follows:

1. Facility

The QF either contemplates installing and operating or has installed and is operating a facility comprised in whole or in part of the following generator units located at \_\_\_\_\_:

**GULF POWER COMPANY**

Unit	Description (Type)	Initial In-Service Date	KVA Nameplate Rating	KW Output Rating	Fuel Source	
					Primary	Secondary

The entire facility, whether comprised in whole or in part of the generator units set forth above, is designed to produce a maximum of \_\_\_\_\_ kilowatts (KW) of electric power at an 85% power factor. Hereinafter, the designated generator units listed above and related equipment will be collectively referred to as "facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution and the contemporaneous payment by the QF to the Company of a security deposit in the amount of \$20.00 times each KW of anticipated Committed Capacity as described in Section 4.2.1 of this Agreement. This Agreement shall end at 12:01 A.M., \_\_\_\_\_, 20\_\_\_\_ (date specified shall be no earlier than May 31, 2012).

Notwithstanding the foregoing, if construction and commercial operation of the facility are not accomplished by the QF before June 1, 2002, the Company's obligations to the QF under this Agreement shall be considered to be of no force and effect. The Company shall be entitled to retain and use the funds required by the Company as a completion security deposit under this section of the Agreement.

At the election of the QF, the security deposit may be phased in such that one half of the total deposit due is paid upon contract execution and the remainder is to be paid within 12 months after contract execution. If the QF elects to phase in payment of the security deposit due under this paragraph, the effective date of the contract shall be the date of execution; provided however, that the Company shall have no further obligation to the QF if either installment of the security deposit is not timely received by the Company.

# GULF POWER COMPANY

The billing methodology chosen above may not be changed except in accordance with and subject to the following provisions of Rules 25-17.082 and 25-17.0832 F.A.C.:

- (a) when a Qualifying Facility selling as-available energy enters into a negotiated contract or standard offer contract for the sale of firm capacity and energy; or
- (b) when a firm capacity and energy contract expires or is lawfully terminated by either the Qualifying Facility or the purchasing utility; or
- (c) when the Qualifying Facility is selling as-available energy and has not changed billing methods within the last twelve months; and
- (d) upon at least thirty days advance written notice to the Company;
- (e) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QF for such metering equipment and its installation;
- (f) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alterations; and
- (g) where the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or the tariff under which the facility receives electrical service, or any previously agreed upon contractual provision between the QF and the Company.

#### 4. Payment for Electricity Produced by the QF

##### 4.1 Energy

The Company agrees to pay the QF for energy produced by the facility and delivered for sale to the Company by the QF. The purchase and sale of energy pursuant to this Agreement shall be in accordance with the rates and procedures contained in Schedule COG-2 as it exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer.

## GULF POWER COMPANY

Canceling Third Revised Sheet No. 9.23

For all energy delivered by the QF to the Company, the QF shall be paid pursuant to the Company's as-available energy rate as outlined in the Company's Schedule COG-1, Sheet 9.3, contained in the Company's Tariff for Retail Electric Service on file with the Florida Public Service Commission, as said schedule may be amended from time to time with Commission approval. All purchases of energy by the Company shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of as-available payments due to the QF shall be based on the sum, over all hours of the billing periods during which the QF is not called on by the Company to operate the facility, of the product of each hour's as-available energy price in conjunction with Gulf's participation in the Southern electric system's economic dispatch, times the quantity of energy delivered to the Company for that hour.

### 4.2 Capacity

4.2.1 Anticipated Committed Capacity. The QF expects to sell approximately \_\_\_\_\_ kilowatts of capacity, beginning on or about \_\_\_\_\_, 19\_\_\_\_. (Date specified may not be later than June 1, 2002.)

The QF may finalize its Committed Capacity (CC) after initial facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a date subsequent to the execution of this Agreement by the parties. However, the QF must complete Paragraph 4.2.2 before June 1, 2002 in order to be entitled to any capacity payments pursuant to this Agreement. The final Committed Capacity set forth in Paragraph 4.2.2 shall not exceed plus or minus ten percent of the above estimate. The date specified in Paragraph 4.2.2 as the date on which capacity payments shall begin shall be no earlier than the date specified above, nor any later than June 1, 2002.

4.2.2 Actual Committed Capacity. The capacity committed by the QF (Committed Capacity or CC) for the purposes of this Agreement is \_\_\_\_\_ kilowatts beginning \_\_\_\_\_, \_\_\_\_\_. The QF is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) or 92%. The EAF will be based on the economic operation of a gas fired combined cycle unit constructed at the Company's Lansing Smith Plant. The QF elects to receive, and the Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following the date specified in this paragraph as the date on which capacity sales under this Agreement will begin.



## GULF POWER COMPANY

4.2.3 Capacity Payments. The QF chooses to receive capacity payments from the Company under Option \_\_\_\_\_ as described in the Company's Schedule COG-2, Sheets 9.9 and 9.10 of the Company Tariff for Retail Electric Service as they exist at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company standard offer. The Company agrees it will pay the QF a capacity payment. This capacity payment will be the product of the QF's Committed Capacity and the applicable rate from the QF's chosen capacity payment option in accordance with Tariff Sheet Nos. 9.9 and 9.10, as it exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer. In the event either: (1) the date specified in Section 2 of this Agreement is later than June 1, 2012; or (2) the date specified in Paragraph 4.2.2 as the date capacity payments are to begin is one other than the two standing dates shown on Sheet No. 9.11, a payment schedule will be calculated by the Company and attached to this agreement as Exhibit D. Under those circumstances, the payment schedule set forth in Exhibit D will be used in the calculation of capacity payments pursuant to this paragraph. The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

In October of each year of this Contract, the Company will calculate the availability of the QF over the most recent twelve month period ending August 31. For purposes of this Agreement, availability means Equivalent Availability Factor (EAF) as defined by the NERC GADS. If the availability (EAF) of the QF is not equal to or greater than 0.92 (92%), then the Company may deem the QF to be in non-performance of its commitment and thereby invoke the provisions of Section 8 of this contract.

# GULF POWER COMPANY

The formula to be used for the availability calculation is as follows:

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

- AH = Available Hours  
Sum of all SH, RSH, Pumping Hours, and Synchronous Condensing Hours.
- EPDH = Equivalent Planned Derated Hours  
Product of the Planned Derated Hours and the Size of Reduction, divided by the NMC.
- ESEDH = Equivalent Seasonal Derated Hours  
NMC less the NDC, times the Available Hours (AH), divided by the NMC.
- EUDH = Equivalent Unplanned Derated Hours  
Product of the Unplanned Derated Hours and the Size of Reduction, divided by the NMC.
- NDC = Net Dependable Capacity  
NMC modified for ambient limitations.
- NMC = Capacity a unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.
- PH = Period Hours  
Number of hours a unit was in the active state. A unit generally enters the active state on its commercial date.
- RSH = Reserve Shutdown Hours  
Total number of hours the unit was available for service but not electrically connected to the transmission system for economic reasons.
- SH = Service Hours  
Total number of hours a unit was electrically connected to the transmission system.

## 5. Metering Requirements

Hourly demand recording meters shall be required for each individual generator unit comprising a facility with a total installed capacity of 100 kilowatts or more. Where the total installed capacity of the facility is less than 100 kilowatts, the QF may select any one of the following options (choose one):

- hourly demand recording meter(s);
- dual kilowatt-hour register time-of-day meter(s); or
- standard kilowatt-hour meter(s).

Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

# GULF POWER COMPANY

7. The QF's Obligation if the QF Receives Early Capacity Payments

The QF's payment option choice pursuant to paragraph 4.2.3 may result in payment by the Company for capacity delivered prior to June 1, 2002. The parties recognize that capacity payments received for any period through May 31, 2002, are in the nature of "early payment" for a future capacity benefit to the Company. To ensure that the Company will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

The Company shall establish a Capacity Account. Amounts shall be added to the Capacity Account for each month through May, 2002, in the amount of the Company's capacity payments made to the QF pursuant to the QF's chosen payment option from Schedule COG-2 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, 2002, there shall be deducted from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which the Company would have paid for capacity in that month if the capacity payment had been calculated pursuant to Option 1 in Schedule COG-2 and the QF had elected to begin receiving payment on June 1, 2002 minus the monthly capacity payment the Company makes to the QF pursuant to the capacity payment option chosen by the QF in paragraph 4.2.3.

The QF shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the QF monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the QF shall execute a promise to repay any outstanding balance in the Capacity Account in the event the QF defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Schedule COG-2. The specific repayment assurance selected for purposes of this Agreement is: \_\_\_\_\_

\_\_\_\_\_. Any outstanding balance in the Capacity Account shall immediately become due and payable, in full, in the event of default by the QF or at the conclusion of the term of this Agreement. The QF's obligation to pay the balance in the Capacity Account shall survive termination of this Agreement.

## GULF POWER COMPANY

### 8. Non-Performance Provisions

The QF shall be entitled to receive a complete refund of the security deposit described in Section 2 of this contract (or in the event an alternative completion security vehicle is in effect, release of that completion security) upon achieving commercial in-service status (which, for purposes of this Agreement, shall include the demonstration of capability to perform by actual delivery of electricity to the Company), provided that this occurs prior to June 1, 2002 and that said commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2002. The QF shall not be entitled to any of its security deposit if it fails to achieve commercial in-service status prior to June 1, 2002 and maintain that status to, through and including said date. Additionally, once construction of the facility or any additions necessary for the QF to have the capability to deliver the anticipated committed capacity and energy to the Company from the facility has commenced, the QF will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the QF will be capable of delivering the anticipated committed capacity from the facility on or before June 1, 2002.

The QF shall not be entitled to receive or retain capacity payments during any twelve month period ending August 31 during the existence of this contract that its equivalent availability factor (EAF) over that same period calculated pursuant to the provisions of Paragraph 4.2.3 of this Agreement, does not equal or exceed 92%. To the extent that capacity payments may have already been made to the QF during a period when its minimum EAF requirement was not met, the QF shall refund such payments, plus interest, to the Company for that entire twelve month period within 30 days of notice and request for said repayment made by the Company. Interest for each month's capacity repayment will be charged at the rate prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company contemporaneous with the request for repayment.

In addition to the foregoing, beginning with the 12 month period ending August 31, 2002, if the QF fails to achieve its minimum availability requirement during any twelve month period ending August 31, and the QF has received capacity payments for periods prior to June 1, 2002, the QF shall be liable for and shall pay the Company an amount equal to the Early Payment Offset Amount for that period. Any payments thus required of the QF shall be separately invoiced by the Company to the QF after such determinants of non-performance for which such repayment is

## GULF POWER COMPANY

10.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea; provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. The QF agrees to pay the costs necessary to reactivate the facility and/or the interconnection with the Company's system if the same are rendered inoperable due to actions of the QF, its agents, or force majeure events affecting the facility or the interconnection with the Company. The Company agrees to reactivate at its own cost the interconnection with the facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.

10.5 Assignment. The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without the Company's prior written approval.

10.6 Disclaimer. In executing this Agreement, the Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QF or any assignee of this Agreement.

# GULF POWER COMPANY

10.7 Notification. For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions to contact another individual.

For QF:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For Gulf Power Company:

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer  
Gulf Power Company  
One Energy Place  
Pensacola FL 32520-0780

10.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

10.9 Severability. If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

10.10 Complete Agreement and Amendments. All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement and, if required, approved by the FPSC.

10.11 Incorporation of Schedule. The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Schedule COG-2 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer.

**GULF POWER COMPANY**

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# **Legislative Format**



# GULF POWER COMPANY

**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF  
FIRM CAPACITY AND ENERGY FROM SMALL  
QUALIFYING FACILITIES (Less Than ~~100 KW~~75-MW)  
OR FROM SOLID WASTE FACILITIES  
(Schedule COG-2)**

## AVAILABILITY

The Company will purchase firm capacity and energy offered by any small power producer as stated in FPSC Rule 25-17.0832(4)(a)(1), small Qualifying Facility (less than ~~100 kilowatts~~75-megawatts), or by any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The Company will negotiate and may contract with any Qualifying Facility, irrespective of its location, which is either directly or indirect interconnected with the Company for the purchase of firm capacity and energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers. The total maximum capacity available under this standard offer shall be between 0 and 10,000 KW or between 385,000 KW and 574,000 KW not exceed 40,000-KW.

## APPLICABILITY

Applicable to any cogeneration or small power production Qualifying Facility (less than ~~100 kilowatts~~75-megawatts) or to any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract." Firm capacity and energy are described by the Florida Public Service Commission (FPSC) in Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard offer contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery. The terms QF or facility will be used interchangeably throughout this schedule to refer to all facilities eligible under Rule 25-17.083(4)(a), F.A.C.

## CHARACTER OF SERVICE

The character of service for purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage. The character of service for purchases from outside the territory served by the Company shall be three phase, 60 hertz, alternating current at the voltage level available at the interchange point between the Company and the utility delivering firm capacity and energy from the Qualifying Facility.

## LIMITATIONS

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

- A. Beginning upon the date, as prescribed by the Florida Public Service Commission (FPSC), that this standard offer is deemed available and ending 14 days thereafter, Prior to April 1, 1995, executes the Company's "Standard Offer Contract" for the purchase of firm capacity and energy; and
- B. Commit to commence deliveries of firm capacity and energy no later than June 1, ~~2002~~1998 and to continue such deliveries through at least May 31, ~~2012~~2008.

**GULF POWER COMPANY**RATES FOR PURCHASES BY THE COMPANY

Firm capacity and energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of Gulf's Designated Avoided Unit as described herein.

A. Firm Capacity Rates

Four options, 1, 2, 3, and 4, as set forth below, are available concerning payment for firm capacity which is produced by the Qualifying Facility (QF) or Solid Waste Facility and delivered to the Company. The capacity payment will be the product of the QF's Committed Capacity and the applicable rate from the QF's chosen capacity payment option. Once selected, an option shall remain in effect for the term of the contract with the Company. ~~Exemplary payment schedules, shown on sheets following this section, Tariff Sheet 9.11 contains~~ the monthly rate per kilowatt in accordance with Option 1, of firm capacity the Qualifying Facility or Solid Waste Facility has contractually committed to deliver to the Company and ~~is~~ are based on the minimum contract term for an agreement pursuant to this standard offer rate schedule which extends ten (10) years beyond the anticipated in-service date of the Designated Avoided Unit (i.e., through May 31, ~~2012~~2008). Payment schedules for other options and longer contract terms will be made available by the Company to a Qualifying Facility or Solid Waste Facility upon request. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Designated Avoided Unit, commencing with the anticipated in-service date of the Designated Avoided Unit.

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on June 1, ~~2006~~1998, the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C.

Option 2 - Early Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of June 1, ~~2002~~1998. ~~The earliest date that Early Capacity Payments can be received by a Qualifying Facility or Solid Waste Facility shall be June 1, 1995. This is an approximation of the lead time required to commit for manufacture, site, and construct the Designated Avoided Unit.~~ The Qualifying Facility or Solid Waste Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit. Avoided capacity payments shall be calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. At the option of the Qualifying Facility or Solid Waste Facility, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Designated Avoided Unit provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Where Early Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payments been made pursuant to Option 1.

# GULF POWER COMPANY

Option 3 - Levelized Capacity Payments - Levelized Capacity Payments shall commence on the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. The fixed operation and maintenance portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Designated Avoided Unit. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payment been made pursuant to Option 1.

Option 4 - Early Levelized Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of June 1, ~~2002~~<sup>1998</sup>. ~~The earliest date that Early Levelized Capacity Payments can be received by a Qualifying Facility or Solid Waste Facility shall be June 1, 1995. This is an approximation of the lead time required to commit for manufacture, site, and construct the Designated Avoided Unit.~~ The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Designate Avoided Unit. At the option of the Qualifying Facility or Solid Waste Facility, Early Levelized Capacity Payments shall commence a any time after the specified earliest capacity payment date and before the anticipated in-service date of the Designated Avoided Unit provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. The Qualifying Facility or Solid Waste Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Qualifying Facility or Solid Waste Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Qualifying Facility or Solid Waste Facility had such payments been made pursuant to Option 1.

All capacity payments made by the Company prior to June 1, ~~2002~~<sup>1998</sup> are considered "Early Payments". The owner or operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with interest, the accumulated amount of Early Payments to the extent that the cumulative present value of the capacity payments made to the Qualifying Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Qualifying Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Qualifying Facility in any year exceed that year's annual value of deferring the Designated Avoided Unit in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide to the QF monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company isare set forth below.

# GULF POWER COMPANY

## SURETY BOND REQUIREMENTS

FPSC Rule 25-17.0832(3)(e)(8), F.A.C., requires that when early capacity payments are elected, the Qualifying Facility must provide a surety bond or equivalent assurance of repayment of early capacity payments to the extent that the cumulative present value of the capacity payments made to the Qualifying Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Qualifying Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Qualifying Facility in any year exceed that year's annual value of deferring the Designated Avoided Unit in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's "Standard Offer Contract" one of the following may, at the Company's discretion, constitute an equivalent assurance of repayment:

- (1) an unconditional, irrevocable direct pay letter; or
- (2) surety bond; or
- (3) other means acceptable to the Company.

The Company will cooperate with each Qualifying Facility applying for early capacity payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company:

the unsecured promise of a municipal, county, or state government that it will repay early capacity payments to the extent that the cumulative present value of the capacity payments made to the Qualifying Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Qualifying Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Qualifying Facility in any year exceed that year's annual value of deferring the Designated Avoided Unit in the event of default by the Solid Waste Facility.

**GULF POWER COMPANY**

## MONTHLY CAPACITY PAYMENTS RATE \$/KW/MONTH

Contract Year From To		Option 1	Option 2	Option 3	Option 4
		Normal Payments Beginning 06/01/98	Early Capacity Payments Beginning 06/01/95	Levelized Payments Beginning 06/01/98	Early Levelized Payments Beginning 06/01/95
6/1/95	5/31/96		1.64		1.87
6/1/96	5/31/97		1.70		1.88
6/1/97	5/31/98		1.75		1.89
6/1/98	5/31/99	2.55	1.81	2.87	1.89
6/1/99	5/31/00	2.63	1.87	2.88	1.90
6/1/00	5/31/01	2.71	1.94	2.89	1.91
6/1/01	5/31/02	2.80	2.00	2.90	1.92
6/1/02	5/31/03	2.89	2.07	2.91	1.92
6/1/03	5/31/04	2.98	2.14	2.92	1.93
6/1/04	5/31/05	3.08	2.21	2.93	1.94
6/1/05	5/31/06	3.18	2.29	2.94	1.95
6/1/06	5/31/07	3.28	2.36	2.96	1.96
6/1/07	5/31/08	3.39	2.44	2.97	1.97

Contract Period	Avoided	Avoided	Total
	Capital Cost \$/KW-MO	O&M Cost \$/KW-MO	Avoided Capacity Cost \$/KW-MO
06/01/1999 to 05/31/2000	0.00	0.00	0.00
06/01/2000 to 05/31/2001	0.00	0.00	0.00
06/01/2001 to 05/31/2002	0.00	0.00	0.00
06/01/2002 to 05/31/2003	2.80	0.39	3.18
06/01/2003 to 05/31/2004	2.88	0.40	3.28
06/01/2004 to 05/31/2005	2.96	0.41	3.37
06/01/2005 to 05/31/2006	3.05	0.42	3.47
06/01/2006 to 05/31/2007	3.14	0.43	3.57
06/01/2007 to 05/31/2008	3.23	0.44	3.67
06/01/2008 to 05/31/2009	3.32	0.46	3.78
06/01/2009 to 05/31/2010	3.41	0.47	3.88
06/01/2010 to 05/31/2011	3.51	0.48	4.00
06/01/2011 to 05/31/2012	3.61	0.50	4.11

The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

**B. Energy Rates**

- (1) Payments Starting On June 1, 2002-1998: The QF shall be paid at the avoided energy rate for all energy delivered to the Company during periods in which the Company has requested the QF to operate as though it were part of the Company's Designated Avoided Unit. ~~During all other hours of QF operation, the QF will be paid for the energy which it delivers to the Company at the Company's as-available energy rate as described in Schedule COG-1, Sheet 9.3.~~

All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

(2) Payments Prior To June 1, 2002-1998: The as-available energy rate will apply to all energy delivered by the QF to the Company prior to June 1, 2002-1998.

The calculation of as-available payments to the Qualifying Facility shall be based on the sum, over all hours of the billing period in which the QF is not called on by the Company, of the product of each hour's avoided energy cost times the purchases by the Company for that hour as described in Schedule COG-1, Sheet 9.3.

All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

ISSUED BY: Travis T. J. Bowden

EFFECTIVE: October 10, 1994

**GULF POWER COMPANY**PERFORMANCE CRITERIA

Payments for firm capacity are conditioned on the Qualifying Facility's ability to maintain the following performance criteria:

(A) Commercial In-Service Date

Capacity payments shall not commence until the Qualifying Facility has attained and demonstrated, commercial in-service status. The commercial in-service date of a Qualifying Facility shall be defined as the first day of the month following the successful completion of a test in which the Qualifying Facility maintains an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Qualifying Facility's Committed Capacity under its "Standard Offer Contract" for an entire test period. A Qualifying Facility shall coordinate the selection of the test period with the Company to ensure that the performance of its facility during this period is reflective of the anticipated day to day operation of the Qualifying Facility during a period the Company is likely to call upon the Qualifying Facility to operate as though it were part of the Company's Designated Avoided Unit.

(B) QF Availability Requirement

Payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the Qualifying Facility, subject to the condition that, beginning June 1, ~~2002~~1998 and continuing through the remainder of the contract term, the qualifying facility maintains a minimum ~~availability factor of 98% during the requested operation periods~~ Equivalent Availability Factor (EAF) of 92% defined by NERC Generation Availability Data System (GADS) definitions for each 12 month period ending August 31. Failure to satisfy this availability requirement shall result in a obligation for repayment by the Qualifying Facility to the Company. The amount of such repayment shall be equal to the payments received for firm capacity during that 12 month period, plus interest. For the year ~~2002~~1998, the repayment obligation shall be determined as above except that the period for which the availability requirement applies and which is subject to repayment shall be the three months ending August, ~~2002~~1998.

In addition to the foregoing, when early capacity payments have been elected and received, the failure of the qualifying facility to satisfy the availability requirement set forth above shall also result in a obligation for additional repayments by the Qualifying Facility to the Company. The amount of such additional repayment shall be equal to the difference between: (1) what the Qualifying Facility would have been paid during the previous twelve months ending August 31 had it elected the normal payment option; and (2) what it was paid pursuant to the payment option selected. The latter amount is the amount the Qualifying Facility would have been entitled to retain for the previous twelve months ending August 31 had it satisfied the minimum availability factor performance criteria. For the year ~~2002~~1998, the additional repayment obligation shall be determined as above except that the period for which the availability requirement applies and which is subject to repayment shall be the three months ending August, ~~2002~~1998.

DETERMINATION OF THE AVAILABILITY FACTOR

In October of each year of this Contract, the Company will calculate the availability of the QF over the most recent twelve month period ending August 31. For purposes of this Schedule, availability is defined by the NERC GADS formula for Equivalent Availability Factor (EAF). The QF will be entitled to continue to receive capacity payments as long as an EAF of 92% is maintained for each performance period. If the QF fails to maintain a 92% EAF, then the Company may deem the QF to be in non-performance of its committed capacity and, thereby, invoke the provisions of Section 8 of the Standard Offer Contract. ~~means the ratio of "average capacity from the facility delivered during the period of requested operation(s)" to "Committed Capacity". The term "requested operation(s)" refers to a specific request by the Company that the QF operate its generation constituting the Committed Capacity for a particular period. So long as the availability of the QF is equal to or greater than 98%, then the QF will be entitled to the capacity payments due under this standard offer rate schedule. When there have been requested operations, if the QF fails to perform at an availability factor of 98% or higher, then the Company may deem the QF to be in non-performance of its commitment and thereby invoke the provisions of Section 8 of the standard offer contract.~~

**GULF POWER COMPANY****(C) Equivalent Availability Factor Calculation**

Each October during the term of this contract the Company will calculate the QF's equivalent availability factor during the previous twelve month period ending August 31. The formula to be used for this calculation is as follows:

$$\text{Availability} = \left( \frac{\text{Sum } [PH_i * AC_i]}{\text{PH}_{\text{total}} * CC} \right) \text{ where,}$$

$i$  = particular Requested Operation event

$AC_i$  = Achieved Capacity

Actual average capacity delivered from the facility during hours of Requested Operation calculated by summing the lesser of CC or the actual integrated 15-minute KW output for each 15-minute metering interval occurring during a Requested Operation event, and dividing the result by the total number of 15-minute metering intervals occurring during the Requested Operation event.

$PH_i$  = Period Hours

Number of hours for each Requested Operation event (including fractions thereof) the facility was called upon for service by the Company (Requested Operation).

$PH_{\text{total}}$  = Total Period Hours

The total number of hours (including fractions thereof) the facility was called upon for service by the Company (Requested Operations) during the 12 month period ending August 31.

CC = Committed Capacity

The capacity from the facility committed by the QF for the purposes of this Agreement as set forth in Section 4.2.2.

"Integrated 15-minute KW output" means the kilowatthours per hour of electric energy or load flow from the facility, as measured at the point of interconnection with the Company, averaged over a period of 15 minutes.

$$\text{EAF} = \left\{ \frac{AH - (EUDH + EPDH + ESEDH)}{PH} \right\} \times 100 (\%) \text{ where,}$$

AH = Available Hours

Sum of all SH, RSH, Pumping Hours, and Synchronous Condensing Hours.

EPDH = Equivalent Planned Derated Hours

Product of the Planned Derated Hours and the Size of Reduction, divided by the NMC.

ESEDH = Equivalent Seasonal Derated Hours

NMC less the NDC, times the Available Hours (AH), divided by the NMC.

EUDH = Equivalent Unplanned Derated Hours

Product of the Unplanned Derated Hours and the Size of Reduction, divided by the NMC.

NDC = Net Dependable Capacity

NMC modified for ambient limitations.

NMC = Capacity a unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.

PH = Period Hours

Number of ours a unit was in the active state. A unit generally enters the active state on its commercial date.

RSH = Reserve Shutdown Hours

Total number of hours the unit was available for service but not electrically connected to the transmission system for economic reasons.



SH = Service Hours

Total number of hours a unit was electrically connected to the transmission system.

(D) Additional Criteria

- (1) The Qualifying Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
- (2) The Qualifying Facility shall promptly update its yearly generation schedule when any changes are determined necessary; and
- (3) The Qualifying Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
- (4) The Qualifying Facility shall coordinate scheduled outages with the Company; and
- (5) The Qualifying Facility shall comply with the reasonable requests of the Company regarding daily or hourly communications.
- (6) The Qualifying Facility must promptly notify the Company of its inability to supply any portion of its full Committed Capacity from the facility. Failure of the QF to notify the Company of a known derating or inability to meet its Committed Capacity obligation from the facility may, at the sole discretion of the Company, result in a determination of non-performance.

ISSUED BY: Travis Bowden D. L. McCrary

EFFECTIVE: September 15, 1993

# GULF POWER COMPANY

## DELIVERY VOLTAGE ADJUSTMENT

Energy payments to Qualifying Facilities within the Company's service territory shall be adjusted according to the delivery voltage by dividing the energy delivered at that voltage by the following factors~~multipliers~~:

Transmission Voltage Delivery	1.01801#
Substation Voltage Delivery	1.03208##
Primary Voltage Delivery	1.05862###
Secondary Voltage Delivery	1.08576####

- # Any Qualifying Facility interconnected at a voltage of 46 KV or above.
- ## Any Qualifying Facility interconnected at a voltage on the low side of a substation below 46 KV and above 4 KV. This substation, where the Qualifying Facility takes electricity on the low side, shall have transmission voltage on the high side (115, 69, or 46 KV) and distribution voltage on the low side (25, 12, or 4 KV).
- ### Any Qualifying Facility interconnected at a distribution voltage, 4 to 25 KV inclusive.
- #### Any Qualifying Facility interconnected at a voltage below 4 KV.

## METERING REQUIREMENTS

Qualifying Facilities within the territory served by the company shall pay the Company for meters required hereunder. Hourly demand recording meters shall be required for each individual generator unit comprising a facility with a total installed capacity of 100 KW or more. Where the total installed capacity of the facility is less than 100 KW, the Qualifying Facility may select from either hourly demand recording meters, dual kilowatt-hour register time-of-day meters or standard kilowatt-hour meters. Meters shall be installed to measure the energy production from each generating unit of the facility as well as net delivered energy at the point of interconnection. Purchases from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the utility delivering firm capacity and energy to the Company.

## BILLING OPTIONS

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The decision to change billing methods can be made once every twelve (12) months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period providing the Company is given at least thirty days written notice before the change is to take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the Qualifying Facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

A statement covering the charges and payments due the Qualifying Facility is rendered monthly, and payment normally is made by the twentieth business day following the end of the billing period.

# GULF POWER COMPANY

## CHARGES TO QUALIFYING FACILITY

### (A) Customer Charges

Monthly customer charges for meter reading, billing and other applicable administrative costs shall be equal to the customer charge applicable to a customer receiving retail service under similar load characteristics and are as follows:

RS	\$ 8.07	RST	\$ 11.10
GS	10.09	GST	13.11
GSD	40.35	GSDT	45.80
LP	226.98	LPT	226.98
PX	575.01	PXT	575.01

### (B) Interconnection Charge for Non-Variable Utility Expenses

The Qualifying Facility, in accordance with Rule 25-17.087, F.A.C., shall bear the cost required for interconnection including the cost of metering and the cost of accelerating construction of any transmission or distribution system improvements required in order to accommodate the location chosen by the Qualifying Facility for its facility. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty (30) days prior to the date of each payment.

### (C) Interconnection Charge for Variable Utility Expenses

The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance of the interconnection. These include (a) the Company's inspections of the interconnection; and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the Qualifying Facility if no sales to the Company were involved.

### (D) Taxes and Assessments

The Qualifying Facility shall hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy or capacity from the Qualifying Facility in lieu of other energy or capacity. Any savings in regards to taxes or assessments shall be included in the avoided cost payments made to the Qualifying Facility to the extent permitted by law. In the event the Company becomes liable for additional taxes, assessments or impositions arising out of its transactions with the Qualifying Facility under this tariff schedule or any related interconnection agreement, or due to changes in laws affecting the Company's purchases of energy or capacity from the Qualifying Facility occurring after the execution of an agreement under this tariff schedule, and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under such agreement itself, the Company may bill the Qualifying Facility monthly for such additional expenses or may offset them against amounts due the Qualifying Facility from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity under this tariff schedule that are not already reflected in the avoided energy or avoided capacity payments made to the Qualifying Facility hereunder, shall be passed on to the Qualifying Facility to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

# GULF POWER COMPANY

## TERMS OF SERVICE

- (1) It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.
- (3) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:
  - A. In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.
  - B. For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.
- (4) The Company shall specify the point of interconnection and voltage level.
- (5) Qualifying Facilities within the territory served by the Company shall be required to sign the Company's filed Standard Interconnection Agreement in order to be permitted to engage in parallel operations with the Company. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's General Standards for Safety and Interconnection where applicable.
- (6) Service under this Schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission as well as other applicable federal and state legislation or regulations.

## SPECIAL PROVISIONS

- (1) Special contracts deviating from the above Schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.
- (2) A Qualifying Facility located within the Company's service territory may sell firm capacity and energy to a utility other than the Company. Where such agreements exist, the Company will provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Qualifying Facility located outside the Company's service territory, for delivery of the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In either case, where existing Company transmission capacity exists, the Company will impose a charge for wheeling Qualifying Facility capacity and energy, measured at the point of delivery to the Company.

The Qualifying Facility shall be responsible for all costs associated with such wheeling including:

- A. Wheeling charges;
- B. Line losses incurred by the Company; and
- C. Inadvertent energy flows resulting from such wheeling.

# GULF POWER COMPANY

Energy delivered to the Company shall be adjusted before delivery to another utility.

~~The following estimate of charges intended to allow the Company to recover the cost of displaced capacity for wheeling service based on capacity cost for service normally supplied by the Company, are set forth herein for informational purposes only:~~

<del>Interstate Wheeling</del>	<del>Estimated Charge (\$/KW-Month)</del>
<del>Transmission Voltage Delivery</del>	<del>0.99</del>
<del>Substation Voltage Delivery</del>	<del>1.71</del>
<del>Primary Distribution Voltage Delivery</del>	<del>3.51</del>

Interstate transactions are defined as those determined to be in the jurisdiction of the Federal Energy Regulatory Commission.

Capacity delivered to the Company shall be adjusted before delivery to another utility. The following estimated adjustment factors are supplied for informational purposes only:

<u>Qualifying Facility Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	0.96758
Substation Voltage Delivery	0.94103
Primary Distribution Voltage Delivery	0.91001

All charges and adjustments for wheeling will be determined on a case-by-case basis.

Where wheeling power produced by a Qualifying Facility for delivery within the Company's territory or to another utility will impair the Company's ability to give adequate service to the rest of the Company's customers or place an undue burden on the Company, the Company may petition the FPSC for a waiver of this Special provision No. 2 or require the QF to pay for the necessary transmission system improvements in accordance with the National Energy Policy Act of 1992.

In order to establish the appropriate transmission service arrangements, the QF must contact:

John Lucas  
Manager Transmission Services  
Southern Company Services  
Post Office Box 2625  
Birmingham AL 35202

- (3) As a means of protecting the Company's ratepayers from the possibility of a QF project not coming on line as provided for under an executed Sstandard Offer Contract and in order to provide the Company with additional and immediately available funds for its use to secure replacement and reserve power in the event that the QF fails to successfully complete construction and come on line in accord with the executed standard offer contract, the Company requires that a cash completion security deposit equal to \$20 per kw of Anticipated Committed Capacity be delivered to the Company at the time the Company's Sstandard Offer Contract is executed by the QF. At the election of the QF, the completion security deposit may be phased in such that one half of the total deposit due is paid at contract execution and the remainder within 12 months after contract execution.

Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Sstandard Offer Contract, one of the following, at the Company's discretion, may be used as an alternative to a cash deposit as a means of securing the completion of the QF's project in accord with the executed Sstandard Offer Contract:

- (a) an unconditional, irrevocable direct pay letter; or
- (b) surety bond; or

(c) other means acceptable to the Company.

**ISSUED BY:** Travis Bowden D. L. McCray  
1993

**EFFECTIVE:** September 15,

# GULF POWER COMPANY

The Company will cooperate with each QF seeking an alternative to a cash security deposit as an acceptable means of securing the completion of the QF's facilities in accord with an executed Standard Offer Contract. The Company will endeavor in good faith to accommodate an equivalent to a cash security deposit which is in the best interests of both the QF and the Company's ratepayers.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company:

The unsecured promise of a municipal, county, or state government that it will pay the actual damages incurred by the Company because the governmental facility fails to come on line prior to the planned in-service date for the Designated Avoided Unit.

(4) The Company, in evaluating the viability of any particular offer may exercise its rights under FPSC Rule 25-17.0832(4)(c)(2b), F.A.C.

# GULF POWER COMPANY

**GULF POWER COMPANY**  
**STANDARD OFFER CONTRACT FOR THE PURCHASE OF**  
**FIRM CAPACITY AND ENERGY FROM A SMALL QUALIFYING FACILITY (LESS THAN 100 KW~~75 MW~~)**  
**OR FROM A SOLID WASTE FACILITY**

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between \_\_\_\_\_, hereinafter referred to as the "QF"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The QF and the Company shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, the QF desires to sell, and the Company desires to purchase, electricity to be generated by the QF, such sale and purchase to be consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.091 and Order No. PSC-96-1548-FOF-EQ23623, Docket No. 931186-EQ891049-EU; and

WHEREAS, the QF, in accordance with Rule 25-17.087, F.A.C., has entered into an interconnection agreement with (or signed and submitted the substantial equivalent of the Company's Form 12 -- Application for Interconnection of Customer-Owned Generation to) the utility in whose service territory the QF's generating facility is located, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved the following standard contract for use in connection with the acceptance of the Company's standard offer for the purchase of firm capacity and energy from small qualifying facilities (less than 100 kilowatts~~75 megawatts~~) or from solid waste facilities as defined in Rule 25-17.091, F.A.C.;

NOW THEREFORE, for mutual consideration the Parties agree as follows:

1. Facility

The QF either contemplates installing and operating or has installed and is operating a facility comprised in whole or in part of the following generator units located at \_\_\_\_\_:



**GULF POWER COMPANY**

Unit	Description (Type)	Initial In-Service Date	KVA Nameplate Rating	KW Output Rating	Fuel Source	
					Primary	Secondary
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

The entire facility, whether comprised in whole or in part of the generator units set forth above, is designed to produce a maximum of \_\_\_\_\_ kilowatts (KW) (~~total amount not to equal or exceed 75,000 kilowatts~~) of electric power at an 85% power factor. Hereinafter, the designated generator units listed above and related equipment will be collectively referred to as "facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution and the contemporaneous payment by the QF to the Company of a security deposit in the amount of \$20.00 times each KW of anticipated Committed Capacity as described in Section 4.2.1 of this Agreement. This Agreement shall end at 12:01 A.M., \_\_\_\_\_, 20\_\_\_\_ (date specified shall be no earlier than May 31, 2012~~June 1, 2008~~).

Notwithstanding the foregoing, if construction and commercial operation of the facility are not accomplished by the QF before June 1, 2002~~1998~~, the Company's obligations to the QF under this Agreement shall be considered to be of no force and effect. The Company shall be entitled to retain and use the funds required by the Company as a completion security deposit under this section of the Agreement.

At the election of the QF, the security deposit may be phased in such that one half of the total deposit due is paid upon contract execution and the remainder is to be paid within 12 months after contract execution. If the QF elects to phase in payment of the security deposit due under this paragraph, the effective date of the contract shall be the date of execution; provided however, that the Company shall have no further obligation to the QF if either installment of the security deposit is not timely received by the Company.

# GULF POWER COMPANY

Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of this Agreement, one of the following, at the Company's discretion in accordance with the provisions of Schedule COG-2, may be used as an alternative to a cash deposit as a means of securing the completion of the QF's project in accord with this Agreement:

- (a) an unconditional, irrevocable direct pay letter; or
- (b) surety bond; or
- (c) other means acceptable to the Company.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company: the unsecured promise of a municipal, county, or state government to pay the actual damages incurred by the Company because the governmental facility fails to come on line prior to June 1, 1998.

The specific completion security vehicle agreed upon by the parties is: \_\_\_\_\_

(IN ORDER FOR THIS FORM OF CONTRACT TO BE USED TO TENDER ACCEPTANCE OF THE COMPANY'S STANDARD OFFER BY A QF OTHER THAN A GOVERNMENTAL SOLID WASTE FACILITY, THE ABOVE LINE MUST SPECIFY CASH DEPOSIT IN THE APPROPRIATE AMOUNT UNLESS THE QF HAS SECURED THE PRIOR WRITTEN CONSENT FROM THE COMPANY TO AN ALTERNATIVE COMPLETION SECURITY VEHICLE.)

### 3. Sale of Electricity by the QF

The Company agrees to purchase electric power generated at the facility and transmitted to the Company by the QF. The purchase and sale of electricity pursuant to this Agreement shall be in accordance with the following billing methodology (choose one):

- ( ) Net Billing Arrangement; or
- ( ) Simultaneous Purchase and Sales Arrangement.

**GULF POWER COMPANY**

The billing methodology chosen above may not be changed except in accordance with and subject to the following provisions of Rules 25-17.082 and 25-17.0832 F.A.C.:

- (a) when a Qualifying Facility selling as-available energy enters into a negotiated contract or standard offer contract for the sale of firm capacity and energy; or
- (b) when a firm capacity and energy contract expires or is lawfully terminated by either the Qualifying Facility or the purchasing utility; or
- (c) when the Qualifying Facility is selling as-available energy and has not changed billing methods within the last twelve months; and
- (d) upon at least thirty days advance written notice to the Company;
- (e) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QF for such metering equipment and its installation;
- (f) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing an upon payment by the QF for such alterations; and
- (g) where the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or the tariff under which the facility receives electrical service, or any previously agreed upon contractual provision between the QF and the Company.

4. Payment for Electricity Produced by the QF

4.1 Energy

The Company agrees to pay the QF for energy produced by the facility and delivered for sale to the Company by the QF. The purchase and sale of energy pursuant to this Agreement shall be in accordance with the rates and procedures contained in Schedule COG-2 as it exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer. ~~The QF will be paid for energy it delivers to the Company from the facility based on the Company's avoided energy costs associated with the Company's avoided capacity at those times that the QF is called on by the Company to operate as if it were part of the Company's avoided capacity (combustion turbine with an initial in-service date of June 1, 1998.)~~

# GULF POWER COMPANY

For all ~~other~~ energy delivered by the QF to the Company, the QF shall be paid pursuant to the Company's as-available energy rate as outlined in the Company's Schedule COG-1, Sheet 9.3, contained in the Company's Tariff for Retail Electric Service on file with the Florida Public Service Commission, as said schedule may be amended from time to time with Commission approval. All purchases of energy by the Company shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of as-available payments due to the QF shall be based on the sum, over all hours of the billing periods during which the QF is not called on by the Company to operate the facility, of the product of each hour's as-available energy price in conjunction with Gulf's participation in the Southern electric system's economic dispatch, times the quantity of energy delivered to the Company for that hour.

## 4.2 Capacity

4.2.1 Anticipated Committed Capacity. The QF expects to sell approximately \_\_\_\_\_ kilowatts of capacity, beginning on or about \_\_\_\_\_, 19\_\_\_\_. (~~Amount specified may not exceed 40,000 KW. Date specified may not be later than June 1, 2002-1998.~~)

The QF may finalize its Committed Capacity (CC) after initial facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a date subsequent to the execution of this Agreement by the parties. However, the QF must complete Paragraph 4.2.2 before June 1, 2002-1998 in order to be entitled to any capacity payments pursuant to this Agreement. The final Committed Capacity set forth in Paragraph 4.2.2 shall not exceed plus or minus ten percent of the above estimate. The date specified in Paragraph 4.2.2 as the date on which capacity payments shall begin shall be no earlier than the date specified above, nor any later than June 1, 2002-1998.

4.2.2 Actual Committed Capacity. The capacity committed by the QF (Committed Capacity or CC) for the purposes of this Agreement is \_\_\_\_\_ kilowatts beginning \_\_\_\_\_, \_\_\_\_\_. The QF is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) or 92%. The EAF will be based on the economic operation of a gas fired combined cycle unit constructed at the Company's Lansing Smith Plant. ~~be available at least 98% of the time when called for service by the Company (Requested Operation.) The requested operations will be based on the economic dispatch of a combustion turbine fueled by natural gas and/or oil pursuant to the Company's participation in economic dispatch of the Southern electric system.~~ The QF elects to receive, and the Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following the date specified in this paragraph as the date on which capacity sales under this Agreement will begin.

**ISSUED BY:** Travis Bowden~~D. L. McGary~~

**EFFECTIVE:** ~~September 15, 1993~~

## GULF POWER COMPANY

4.2.3 Capacity Payments. The QF chooses to receive capacity payments from the Company under Option \_\_\_\_\_ as described in the Company's Schedule COG-2, Sheets 9.9 and 9.10 of the Company Tariff for Retail Electric Service as they exist at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company standard offer. The Company agrees it will pay the QF a capacity payment. This capacity payment will be the product of the QF's Committed Capacity and the applicable rate from the QF's chosen capacity payment option in accordance with Tariff Sheet Nos. 9.9 and 9.10, contained in Schedule COG-2, Sheet No. 9.11 as it exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer. In the event either: (1) the date specified in Section 2 of this Agreement is later than June 1, ~~2012~~2008; or (2) the date specified in Paragraph 4.2.2 as the date capacity payments are to begin is one other than the two standing dates shown on Sheet No. 9.11, a payment schedule will be calculated by the Company and attached to this agreement as Exhibit D. Under those circumstances, the payment schedule set forth in Exhibit D will be used in the calculation of capacity payments pursuant to this paragraph. The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

In October of each year of this Contract, the Company will calculate the availability of the QF over the most recent twelve month period ending August 31. For purposes of this Agreement, availability means Equivalent Availability Factor (EAF) as defined by the NERC GADS. ~~the ratio of "average capacity from the facility delivered during the period of requested operation" to "Committed Capacity."~~ If the availability (EAF) of the QF is not equal to or greater than 0.92 (92%)~~0.98 (98%)~~, then the Company may deem the QF to be in non-performance of its commitment and thereby invoke the provisions of Section 8 of this contract.

**GULF POWER COMPANY**

The formula to be used for the availability calculation is as follows:

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

**AH** = Available Hours  
Sum of all SH, RSH, Pumping Hours, and Synchronous Condensing Hours.

**EPDH** = Equivalent Planned Derated Hours  
Product of the Planned Derated Hours and the Size of Reduction, divided by the NMC.

**ESEDH** = Equivalent Seasonal Derated Hours  
NMC less the NDC, times the Available Hours (AH), divided by the NMC.

**EUDH** = Equivalent Unplanned Derated Hours  
Product of the Unplanned Derated Hours and the Size of Reduction, divided by the NMC.

**NDC** = Net Dependable Capacity  
NMC modified for ambient limitations.

**NMC** = Capacity a unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.

**PH** = Period Hours  
Number of hours a unit was in the active state. A unit generally enters the active state on its commercial date.

**RSH** = Reserve Shutdown Hours  
Total number of hours the unit was available for service but not electrically connected to the transmission system for economic reasons.

**SH** = Service Hours  
Total number of hours a unit was electrically connected to the transmission system.

$$\text{Availability} = ( \text{Sum } [PH_i * AC_i] ) / ( PH_{\text{total}} * CC ) \text{ where,}$$

$i$  = particular Requested Operation event

**AC<sub>i</sub>** = Achieved Capacity  
Actual average capacity delivered from the facility during hours of Requested Operation calculated by summing the lesser of CC or the actual integrated 15-minute KW output for each 15-minute metering interval occurring during a Requested Operation event, and dividing the result by the total number of 15-minute metering intervals occurring during the Requested Operation event.

**PH<sub>i</sub>** = Period Hours  
Number of hours for each Requested Operation event (including fractions thereof) the facility was called upon for service by the Company (Requested Operation).

**PH<sub>total</sub>** = Total Period Hours  
The total number of hours (including fractions thereof) the facility was called upon for service by the Company (Requested Operations) during the 12-month period ending August 31.

**CC** = Committed Capacity  
The capacity from the facility committed by the QF for the purposes of this Agreement as set forth in Section 4.2.2

"Integrated 15-minute KW output" means the kilowatt-hours per hour of electric energy or load flow from the facility, as measured at the point of interconnection with the Company, averaged over a period of 15 minutes.

5. Metering Requirements

Hourly demand recording meters shall be required for each individual generator unit comprising a facility with a total installed capacity of 100 kilowatts or more. Where the total installed capacity of the facility is less than 100 kilowatts, the QF may select any one of the following options (choose one):

- ( ) hourly demand recording meter(s);
- ( ) dual kilowatt-hour register time-of-day meter(s); or
- ( ) standard kilowatt-hour meter(s).

Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

ISSUED BY: Travis Bowden ~~D. L. McCrary~~

EFFECTIVE: ~~September 15, 1993~~



## GULF POWER COMPANY

### 6. Electricity Production Schedule

During the term of this Agreement, the QF agrees to:

- (a) Adjust reactive power flow in the interconnection so as to remain within the range of 85% leading to 85% lagging power factor;
- (b) Provide the Company, prior to October 1 of each calendar year (January through December), an estimate of the amount of electricity to be generated by the facility and delivered to the Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages or reductions in capacity;
- (c) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;
- (d) Coordinate its scheduled facility outages with the Company;
- (e) Comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement; and
- (f) Promptly notify the Company of the QF's inability to supply any portion of its Committed Capacity from the facility. (Failure of the QF to notify the Company of a known derating or inability to supply its full Committed Capacity from the facility may, at the sole discretion of the Company, result in a determination of non-performance.)

# GULF POWER COMPANY

7. The QF's Obligation if the QF Receives Early Capacity Payments

The QF's payment option choice pursuant to paragraph 4.2.3 may result in payment by the Company for capacity delivered prior to June 1, ~~2002~~1998. The parties recognize that capacity payments received for any period through May 31, ~~2002~~1998, are in the nature of "early payment" for a future capacity benefit to the Company. To ensure that the Company will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

The Company shall establish a Capacity Account. Amounts shall be added to the Capacity Account for each month through May, ~~2002~~1998, in the amount of the Company's capacity payments made to the QF pursuant to the QF's chosen payment option from Schedule COG-2 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, ~~2002~~1998, there shall be deducted from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which the Company would have paid for capacity in that month if the capacity payment had been calculated pursuant to Option 1 in Schedule COG-2 and the QF had elected to begin receiving payment on June 1, ~~2002~~1998 minus the monthly capacity payment the Company makes to the QF pursuant to the capacity payment option chosen by the QF in paragraph 4.2.3.

The QF shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the QF monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the QF shall execute a promise to repay any outstanding balance in the Capacity Account in the event the QF defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Schedule COG-2. The specific repayment assurance selected for purposes of this Agreement is: \_\_\_\_\_

\_\_\_\_\_. Any outstanding balance in the Capacity Account shall immediately become due and payable, in full, in the event of default by the QF or at the conclusion of the term of this Agreement. The QF's obligation to pay the balance in the Capacity Account shall survive termination of this Agreement.

# GULF POWER COMPANY

## 8. Non-Performance Provisions

The QF shall be entitled to receive a complete refund of the security deposit described in Section 2 of this contract (or in the event an alternative completion security vehicle is in effect, release of that completion security) upon achieving commercial in-service status (which, for purposes of this Agreement, shall include the demonstration of capability to perform by actual delivery of electricity to the Company), provided that this occurs prior to June 1, ~~2002~~1998 and that said commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, ~~2002~~1998. The QF shall not be entitled to any of its security deposit if it fails to achieve commercial in-service status prior to June 1, ~~2002~~1998 and maintain that status to, through and including said date. Additionally, once construction ~~has commenced~~, of the facility or any additions necessary for the QF to have the capability to deliver the anticipated committed capacity and energy to the Company from the facility has commenced, the QF will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the QF will be capable of delivering the anticipated committed capacity from the facility on or before June 1, ~~2002~~1998.

The QF shall not be entitled to receive or retain capacity payments during any twelve month period ending August 31 during the existence of this contract that its equivalent availability factor (EAF) over that same period calculated pursuant to the provisions of Paragraph 4.2.3 of this Agreement, does not equal or exceed ~~92~~98%. To the extent that capacity payments may have already been made to the QF during a period when its minimum EAF availability requirement was not met, the QF shall refund such payments, plus interest, to the Company for that entire twelve month period within 30 days of notice and request for said repayment made by the Company. Interest for each month's capacity repayment will be charged at the rate prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company contemporaneous with the request for repayment.

In addition to the foregoing, beginning with the 12 month period ending August 31, ~~2002~~1998, if the QF fails to achieve its minimum availability requirement during any twelve month period ending August 31, and the QF has received capacity payments for periods prior to June 1, ~~2002~~1998, the QF shall be liable for and shall pay the Company an amount equal to the Early Payment Offset Amount for that period. Any payments thus required of the QF shall be separately invoiced by the Company to the QF after such determinants of non-performance for which such repayment is

## GULF POWER COMPANY

The policy providing such coverage shall provide comprehensive general liability insurance, including property damage, with limits in an amount not less than \$1,000,000 for each occurrence. In addition, the above required policy shall be endorsed with a provision whereby the insurance company will notify the Company within thirty days prior to the effective date of cancellation or a material change in the policy. The QF shall pay all premiums and other charges required or due in order to maintain such coverage as required under this section in force during the entire period of this Agreement beginning with the initial delivery of capacity or energy to the Company.

10.3 Taxes or Assessments. It is the intent of the parties under this provision that the QF hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy or capacity from the QF in lieu of other energy or capacity and that any savings in regards to taxes or assessments be included in the avoided cost payments made to the QF to the extent permitted by law. In the event the Company becomes liable for additional taxes, assessments or imposition arising out of its transaction with the QF under either this agreement or any related interconnection agreement, or due to changes in laws affecting the Company's purchases of energy or capacity from the QF occurring after the execution of this agreement, and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under this agreement itself, the Company may bill the QF monthly for such additional expenses or may offset them against amounts due the QF from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity under this agreement that are not already reflected in the avoided energy or avoided capacity payments made to the QF hereunder, shall be passed on to the QF to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

## GULF POWER COMPANY

### 10. General Provisions

10.1 Permits. The QF hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority the QF is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees to seek to obtain any and all governmental permits certifications or other authority the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

10.2 Indemnification. The QF agrees to indemnify and save harmless the Company, its subsidiaries or affiliates, and their respective employees, officers, and directors, against any and all liability, loss, damage, cost or expense which the Company, its subsidiaries, affiliates, and their respective employees, officers, and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the QF in performing its obligations pursuant to this Agreement or the QF's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the QF against any and all liability, loss, damage, cost or expense which the QF may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provision of this Agreement. The QF agrees to include the Company as an additional named insured in any liability insurance policy or policies the QF obtains to protect the QF's interests with respect to the QF's indemnity and hold harmless assurances to parties contained in this Section.

The QF shall deliver to the Company at least fifteen days prior to the delivery of any capacity or energy under this Agreement, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida, protecting and indemnifying the QF and the Company as an additional named insured, their officers, employees, and representatives, against all liability and expense on account of claims and suits for injuries or damages to persons or property arising out of the QF's performance under or failure to abide by the terms of this Agreement, including without limitation any claims, damages or injuries caused by operation of any of the QF's equipment or by the QF's failure to maintain the facility's equipment in satisfactory and safe operating conditions, or otherwise arising out of the performance by the QF of the duties and obligations arising under the terms and conditions of this Agreement.

# GULF POWER COMPANY

~~10.4 Renegotiation Due to Regulatory Changes. [The following provision is included within this Agreement pending the ultimate outcome of the case pending on appeal to the Florida Supreme Court under case number 79,338. If the Florida Public Service Commission's decision not to allow "regulatory out" provisions in standard offer contracts is not reversed by the courts or changed by the Commission, the following provision shall have no force or effect.]~~

~~Anything in this Agreement to the contrary notwithstanding, should the Company at any time during the term of this Agreement fail to obtain or be denied the authorization of the Florida Public Service Commission, or the authorization of any other regulatory body which now has or in the future may have jurisdiction over the Company's rates and charges, to recover from its customers all of the payments required to be made to the QF under the terms of this Agreement or any subsequent amendment to this Agreement, the parties agree that, at the Company's option, they shall renegotiate this Agreement or any applicable amendment. If the Company exercises such option to renegotiate, the Company shall not thereafter be required to make such payments to the extent the Company's authorization to recover them from its customers is not obtained or is denied. The Company's exercise of this option to renegotiate shall not relieve the QF of its obligation to repay the balance in the Capacity Account. It is the intent of the parties that the Company's payment obligations under this Contract or any amendment hereto are conditioned upon the Company being fully reimbursed for such payments through the Fuel and Purchased Power Cost Recovery Clause or other authorized rates or charges. Any amounts initially recovered by the Company from its ratepayers but for which recovery is subsequently disallowed by the FPSC or other regulatory body and charged back to the Company may be offset or credited against subsequent payments made for purchases from the QF, or alternatively, shall be repaid by the QF.~~

~~10.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea; provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the~~

negligence or lack of due diligence on the part of the party attempting to make such claim. The QF agrees to pay the costs necessary to reactivate the facility and/or the interconnection with the Company's system if the same are rendered inoperable due to actions of the QF, its agents, or force majeure events affecting the facility or the interconnection with the Company. The Company agrees to reactivate at its own cost the interconnection with the facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.

10.5 Assignment. The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without the Company's prior written approval.

10.6 Disclaimer. In executing this Agreement, the Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QF or any assignee of this Agreement.

ISSUED BY: Travis Bowden ~~D. L. McCrary~~

EFFECTIVE: September 15, 1993

# GULF POWER COMPANY

~~10.5 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. The QF agrees to pay the costs necessary to reactivate the facility and/or the interconnection with the Company's system if the same are rendered inoperable due to actions of the QF, its agents, or force majeure events affecting the facility or the interconnection with the Company. The Company agrees to reactivate at its own cost the interconnection with the facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.~~

~~10.6 Assignment. The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without the Company's prior written approval.~~

~~10.7 Disclaimer. In executing this Agreement, the Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QF or any assignee of this Agreement.~~

10.7 Notification. For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions to contact another individual.

For QF:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For Gulf Power Company:  
Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer  
Gulf Power Company  
One Energy Place  
Pensacola FL 32520-0780



10.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

10.9 Severability. If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

10.10 Complete Agreement and Amendments. All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement and, if required, approved by the FPSC.

10.11 Incorporation of Schedule. The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Schedule COG-2 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the QF to the Company as tendered acceptance of the Company's standard offer.

ISSUED BY: Travis Bowden D. L. McCrary

EFFECTIVE: September 15, 1993

# GULF POWER COMPANY

~~10.13 Survival of Agreement. This Agreement as may be amended from time to time, shall be binding and insure to the benefit of the Parties' respective successors in interest and legal representatives.~~

~~IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.~~

ATTEST: \_\_\_\_\_ GULF POWER COMPANY  
\_\_\_\_\_  
BY \_\_\_\_\_  
\_\_\_\_\_  
Vice President  
\_\_\_\_\_  
TITLE \_\_\_\_\_  
Secretary  
\_\_\_\_\_  
DATE \_\_\_\_\_

ATTEST: \_\_\_\_\_ QF  
\_\_\_\_\_  
BY \_\_\_\_\_  
\_\_\_\_\_  
TITLE \_\_\_\_\_  
Witness as to QF \_\_\_\_\_ Official Capacity  
\_\_\_\_\_  
DATE \_\_\_\_\_  
Witness as to QF \_\_\_\_\_

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