

**Susan D. Ritenour**  
Secretary and Treasurer  
and Regulatory Manager

One Energy Place  
Pensacola, Florida 32520-0781

Tel 850.444.6231  
Fax 850.444.6026  
SDRITENO@southernco.com



October 13, 2005

Ms. Blanca S. Bayo, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

*050805-EQ*

Dear Ms. Bayo:

Enclosed for official filing are an original and fifteen copies of Gulf Power Company's Petition for Approval of a New Standard Offer for Purchase of Firm Capacity and Energy From Renewable Energy Facilities and Approval of Tariff Schedule REF-1. This new rate and contract were developed pursuant to the Proposed Rule Development of Rule 25-17-0832 F.A.C. to ensure conformity with the requirements of Subsection 366.91(3) F.S.

Revised tariff sheets iv and 9.1 and new tariff sheets 9.47 through 9.80 are enclosed.

Upon approval, please return a copy of the approved tariff sheets to my attention. If you have any questions, please contact Terry Davis, Supervisor of Treasury and Regulatory Matters, at 850.444.6253. Thank you for your attention to this matter.

Sincerely,

*Susan D. Ritenour (lw)*

lw

cc: Beggs & Lane  
Jeffrey A. Stone, Esquire  
Florida Public Service Commission  
David Wheeler

*Original Tariff forwarded  
to ECR*

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Gulf Power Company  
for Approval of a Standard Offer Contract  
for Purchase of Firm Capacity and Energy  
from Renewable Energy Facilities and  
Approval of Tariff Schedule REF-1

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Docket No:  
Filed: October 14, 2005

**GULF POWER COMPANY'S PETITION FOR APPROVAL  
OF A NEW STANDARD OFFER FOR PURCHASE OF FIRM CAPACITY  
AND ENERGY FROM RENEWABLE ENERGY FACILITIES  
AND APPROVAL OF TARIFF SCHEDULE REF-1**

Gulf Power Company ("Gulf Power", "Gulf" or "the Company"), pursuant to Section 366.051, Florida Statutes, and Rule 25-17.0832, Florida Administrative Code, petitions the Florida Public Service Commission ("the Commission") to approve a Standard Offer Contract for Purchase of Firm Capacity and Energy from Renewable Energy Facilities ("Renewable Standard Offer"). As grounds therefore, the company says:

1. The name, address, telephone number and facsimile number of the petitioner

are:

Gulf Power Company  
500 Bayfront Parkway  
One Energy Place  
Pensacola, FL 32520-0780  
(850)444-6231  
(850)444-6026 (fax)

2. Gulf Power is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes.

3. All notices, pleadings and correspondence required to be served on the

Petitioner should be directed to:

Jeffrey A. Stone  
Russell A. Badders  
Steven R. Griffin  
Beggs & Lane  
P.O. Box 12950  
Pensacola, FL 32591  
(850)432-2451  
(850)469-3331 (fax)

Susan D. Ritenour  
Secretary and Treasurer  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780  
(850)444-6231  
(850)444-6026 (fax)

4. The Renewable Standard Offer Contract and accompanying rate schedule REF-1 submitted herewith are consistent with all of the Commission's rules governing standard offers and tariffs Rule 25-17.0832(4)-(6), Florida Administrative Code.

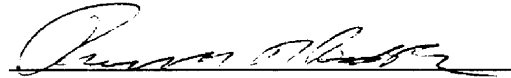
5. Gulf Power has designated a 314 MW combustion turbine generating facility as the appropriate unit to serve as its avoided unit for use in connection with its renewable standard offer. This avoided unit is being used for pricing in the Company's REF-1 Tariff only. Currently, Gulf does not have an avoided unit for purposes of a standard offer contract for resources other than renewables.

6. Attached hereto is composite Exhibit "A" containing Gulf Power's revised tariff sheet nos. IV and 9.1, and new tariff sheets 9.47 through 9.80.

7. Gulf Power is not aware of any disputed issues of material fact relative to the submit matter of this petition.

WHEREFORE, Gulf Power respectfully requests that the Commission grant this Petition for Approval of its Renewable Standard Offer Contract and revised REF-1 tariff as reflected in the revised tariff sheets contained in Exhibit "A" .

DATED this 15<sup>th</sup> day of October, 2005.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**Beggs & Lane**

P.O. Box 12950

Pensacola, FL 32591

(850)432-2451

**Attorneys for Gulf Power Company**

**Exhibit A**

# **Tariff Sheet**

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A SOUTHERN COMPANY

Section No. IX  
Original Sheet No. 9.47

## STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM RENEWABLE ENERGY FACILITIES (Schedule REF-1)

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### AVAILABILITY:

The Company will purchase firm capacity and energy under this schedule from any facility ("Renewable Facility") that produces electrical energy from a method that uses one or more of the fuel or energy sources stated in Subsection 366.91 (3), Florida Statutes, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The offer to purchase such capacity and energy is continuously available to Renewable Facilities as required by Subsection 366.91 (3), Florida Statutes. The Company will negotiate and may contract with any Renewable 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 customers. The capacity available under this Renewable Standard Offer shall be between 0 and 10,000 KW.

### APPLICABILITY:

Applicable to any Renewable Facility meeting the requirements of Section 366.91 (3), Florida Statutes, 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 "Renewable 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 Renewable Facility pursuant to a negotiated or Renewable Standard Offer Contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery.

### 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 Renewable Facility.

ISSUED BY: Susan Story





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(Continued from Schedule REF-1, Sheet No. 9.47)

**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 Renewable Facilities that:

- A. Beginning upon the date, as prescribed by the FPSC, that this Renewable Standard Offer is deemed available, execute the Company's Renewable Standard Offer Contract for the purchase of firm capacity and energy; and
- B. Commit to commence deliveries of firm capacity and energy no later than June 1, 2009 and to continue such deliveries through at least May 31, 2019.

**DETERMINATION OF RENEWABLE FACILITY'S COMMITTED CAPACITY VALUE**

Prior to execution of a Renewable Standard Offer Contract, or negotiated contract, between the Company and a Renewable Facility, the Company will determine if the Renewable Facility's generator unit is likely to provide any capacity value to the Company during the term or the contract as provided in Subsection 366.91 (3), Florida Statutes, Paragraph (3). If it is determined by the Company that the Renewable Facility's generator unit(s) will provide capacity value, then the capacity amount of that unit(s) will be designated as the "Committed Capacity", and will be used as the basis for capacity payments to be received by the Renewable Facility from the Company during the term of the Renewable Standard Offer Contract.

**RATES FOR PURCHASES BY THE COMPANY**

Firm capacity is purchased at a unit cost, in dollars per kilowatt per month, based on the value of the generating facility (Renewable Avoided Unit) that Gulf has designated as the Renewable Avoided Unit for purposes of the Renewable Standard Offer. It should be noted that this Renewable Avoided Unit is not currently scheduled for construction by the Company, but is being used for pricing in the Company's REF-1 Tariff only. Energy is at a unit cost, in cents per kilowatt hour, at the Company's as-available energy rate as described in Schedule COG-1, Sheet 9.3.

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 Renewable Facility and delivered to the Company. The capacity payment will be the product of the Renewable Facility's Committed Capacity and the applicable rate from the Renewable Facility's chosen capacity payment option. Once

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(Continued from Schedule REF-1, Sheet No. 9.48)

selected, an option shall remain in effect for the term of the contract with the Company. Tariff Sheet 9.51 contains the monthly rate per kilowatt in accordance with Option 1, of firm capacity the Renewable Facility has contractually committed to deliver to the Company and is based on the minimum contract term for an agreement pursuant to this Renewable Standard Offer Rate Schedule which extends ten (10) years beyond the anticipated in-service date of the Renewable Avoided Unit. Payment schedules for other options specified within and longer contract terms will be made available by the Company to a Renewable 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 Renewable Avoided Unit, commencing with the anticipated in-service date of the Renewable Avoided Unit.

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on June 1, 2009, the anticipated in-service date of the Renewable Avoided Unit, provided the Renewable 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 Renewable Avoided Unit and shall be equal to the value of the year-by-year deferral of the Renewable 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 Renewable Avoided Unit with an in-service date of June 1, 2009. The Renewable 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 Renewable 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 Renewable 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 Renewable Avoided Unit provided the Renewable 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 Renewable 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 Renewable Facility had such payments been made pursuant to Option 1.

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(Continued from Schedule REF-1, Sheet No. 9.49)

Option 3 - Levelized Capacity Payments - Levelized Capacity Payments shall commence on the anticipated in-service date of the Renewable Avoided Unit, provided the Renewable 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 Renewable Avoided Unit. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Renewable 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 Renewable 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 Renewable Avoided Unit with an in-service date of June 1, 2009. 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 Renewable Avoided Unit. At the option of the Renewable 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 Renewable Avoided Unit provided the Renewable Facility is delivering firm capacity and energy to the Company. The Renewable 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 Renewable 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 Renewable Facility had such payments been made pursuant to Option 1.

All capacity payments made by the Company prior to June 1, 2009 are considered "Early Payments". The owner or operator of the Renewable 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 Renewable Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Renewable Facility had such payments been made pursuant to Option 1 or to the extent that annual firm capacity payments made to the Renewable Facility in any year exceed that year's annual value of

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(Continued from Schedule REF-1, Sheet No. 9.50)

deferring the Renewable Avoided Unit in the event the Renewable Facility defaults under the terms of its Renewable Standard Offer Contract with the Company. The Company will provide to the Renewable Facility monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is set forth below.

**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>
06/01/2006 to 05/31/2007	0.00	0.00	0.00
06/01/2007 to 05/31/2008	0.00	0.00	0.00
06/01/2008 to 05/31/2009	0.00	0.00	0.00
06/01/2009 to 05/31/2010	4.74	0.65	5.39
06/01/2010 to 05/31/2011	4.83	0.66	5.49
06/01/2011 to 05/31/2012	4.91	0.67	5.59
06/01/2012 to 05/31/2013	5.00	0.69	5.69
06/01/2013 to 05/31/2014	5.09	0.70	5.79
06/01/2014 to 05/31/2015	5.18	0.71	5.90
06/01/2015 to 05/31/2016	5.28	0.72	6.00
06/01/2017 to 05/31/2018	5.37	0.74	6.11
06/01/2018 to 05/31/2019	5.47	0.75	6.22
06/01/2019 to 05/31/2020	5.57	0.76	6.33

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

**B. Energy Rates**

- (1) Payments Starting On June 1, 2009: The Renewable Facility shall be paid at the avoided energy rate for all energy delivered to the Company during periods in which the Company has requested the Renewable Facility 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.

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(Continued from Schedule REF-1, Sheet No. 9.51)

- (2) Payments Prior To June 1, 2009: The as-available energy rate will apply to all energy delivered by the Renewable Facility to the Company prior to June 1, 2009.

The calculation of as-available payments to the Renewable Facility shall be based on the sum, over all hours of the billing period in which the Renewable Facility 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.

### PERFORMANCE CRITERIA

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

(A) Commercial In-Service Date

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

(B) Renewable Facility Availability Requirement

Payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the Renewable Facility, subject to the condition that, beginning June 1, 2009 and continuing through the remainder of the contract term, the Renewable Facility maintains a minimum Equivalent Availability Factor (EAF) of 94% 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 Renewable 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.

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(Continued from Schedule REF-1, Sheet No. 9.52)

For the year 2009, 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 2009.

In addition to the foregoing, when early capacity payments have been elected and received, the failure of the Renewable Facility to satisfy the availability requirement set forth above shall also result in a obligation for additional repayments by the Renewable Facility to the Company. The amount of such additional repayment shall be equal to the difference between: (1) what the Renewable 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 Renewable 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 2009, 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 2009.

### DETERMINATION OF THE AVAILABILITY FACTOR

In October of each year of this Contract, the Company will calculate the availability of the Renewable Facility 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 Renewable Facility will be entitled to continue to receive capacity payments as long as an EAF of 94% is maintained for each performance period. If the Renewable Facility fails to maintain a 94% EAF, then the Company may deem the Renewable Facility to be in non-performance of its committed capacity and, thereby, invoke the provisions of Section 8 of the Renewable Standard Offer Contract.

(A) Equivalent Availability Factor Calculation

Each October during the term of this contract the Company will calculate the Renewable Facility'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.

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(Continued from Schedule REF-1, Sheet No. 9.53)

- 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.

(B) Additional Criteria

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

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(Continued from Schedule REF-1, Sheet No. 9.54)

### DELIVERY VOLTAGE ADJUSTMENT

Energy payments to Renewable 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 Renewable Facility interconnected at a voltage of 46 KV or above.
- ## Any Renewable Facility interconnected at a voltage on the low side of a substation below 46 KV and above 4 KV. This substation, where the Renewable 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 Renewable Facility interconnected at a distribution voltage, 4 to 25 KV inclusive.
- #### Any Renewable Facility interconnected at a voltage below 4 KV.

### METERING REQUIREMENTS

Renewable 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 Renewable Facility with a total installed capacity of 100 KW or more. Where the total installed capacity of the Renewable Facility is less than 100 KW, the Renewable 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 Renewable Facility as well as net delivered energy at the point of interconnection. Purchases from Renewable 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.



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(Continued from Schedule REF-1, Sheet No. 9.55)

**BILLING OPTIONS**

The Renewable 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 Renewable 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 Renewable Facility is rendered monthly, and payment normally is made by the twentieth business day following the end of the billing period.

**CHARGES TO RENEWABLE 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	\$ 10.00		
GS	13.00		
GSD	35.00	GSDT	\$ 35.00
LP	155.00	LPT	155.00
PX	566.38	PXT	566.38

(B) Interconnection Charge for Non-Variable Utility Expenses

The Renewable 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 Renewable Facility for its facility. The Renewable Facility shall have the option of payment in full for interconnection or making equal monthly installment principle payments over a thirty-six (36) month period plus interest at the then prevailing rate for thirty (30) days dealer commercial paper; as published on the first day of each month in the Wall Street Journal.

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(Continued from Schedule REF-1, Sheet No. 9.56)

(C) Interconnection Charge for Variable Utility Expenses

The Renewable 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 Renewable Facility if no sales to the Company were involved.

(D) Taxes and Assessments

The Renewable 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 Renewable 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 Renewable 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 Renewable 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 Renewable 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 Renewable Facility monthly for such additional expenses or may offset them against amounts due the Renewable 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 Renewable Facility hereunder, shall be passed on to the Renewable Facility to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

**TERMS OF SERVICE**

- (1) It shall be the Renewable 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 Renewable 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.

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(Continued from Schedule REF-1, Sheet No. 9.57)

- (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 Renewable Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Renewable 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 Renewable 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 Renewable Facility exceed the actual sales to the Company in that month.
- (4) The Company shall specify the point of interconnection and voltage level.
- (5) Renewable 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 Renewable 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 FPSC 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 FPSC.
- (2) A Renewable 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 Renewable 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 Renewable Facility located outside the Company's service territory, for delivery of the Renewable 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 Renewable Facility capacity and energy, measured at the point of delivery to the Company.



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(Continued from Schedule REF-1, Sheet No. 9.58)

The Renewable 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.

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 (FERC).

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>Renewable 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 Renewable 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 Renewable Facility 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 Renewable Facility must contact:

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

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(Continued from Schedule REF-1, Sheet No. 9.59)

- (3) As a means of protecting the Company's customers from the possibility of a Renewable Facility's project not coming on line as provided for under an executed Renewable 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 Renewable Facility fails to successfully complete construction and come on line in accord with the executed Renewable Standard Offer Contract, the Company requires that a cash completion security deposit equal to \$20 per kw of the nameplate capacity of the Renewable Facility's generator unit(s) at the time the Company's Renewable Standard Offer Contract is executed by the Renewable Facility . At the election of the Renewable Facility, 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 Renewable Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Renewable 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 Renewable Facility's project in accord with the executed Renewable Standard Offer Contract:

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

The Company will cooperate with each Renewable Facility seeking an alternative to a cash security deposit as an acceptable means of securing the completion of the Renewable Facility's installation in accord with an executed Renewable 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 Renewable Facility and the Company's customers.

In the case of a governmental solid waste Facility, pursuant to Subsection 366.91 (3), Florida Statutes and 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 Renewable 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.



Section No. IX  
Original Sheet No. 9.61

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(Continued from Schedule REF-1, Sheet No. 9.60)

- (5) The Company will have the right of first refusal regarding the acquisition of any and all Renewable Energy Certificates, Green Tags, or other tradable environmental interests that result from the electric generation of the Renewable Facility during the term of an executed Renewable Standard Offer Contract or negotiated contract with the Company.



## RENEWABLE STANDARD OFFER CONTRACT FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY

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

### WITNESSETH:

WHEREAS, for purposes of this contract, any facility that produces electrical energy from a method that uses one or more of the fuel or energy sources stated in Subsection 366.91 (3), Florida Statutes, shall be defined as a Renewable Energy Facility ("Renewable Facility"); and

WHEREAS, the Renewable Facility desires to sell, and the Company desires to purchase, electricity to be generated by the Renewable Facility, such sale and purchase to be consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.091; and

WHEREAS, the Renewable Facility, 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) the utility in whose service territory the Renewable Facility'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 renewable facilities;

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

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.62)

1. Facility

The Renewable Facility 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

\_\_\_\_\_

\_\_\_\_\_:

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

The entire Renewable 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 "Renewable Facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution and the contemporaneous payment by the Renewable Facility to the Company of a security deposit in the amount of \$20.00 times each KW of nameplate capacity of the Renewable Facility's generator unit(s). This Agreement shall end at 12:01 A.M., \_\_\_\_\_, 20\_\_\_\_ (date specified shall be no earlier than May 31, 2019).



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(Continued from Renewable Standard Offer Contract, Sheet No. 9.63)

Notwithstanding the foregoing, if construction and commercial operation of the Renewable Facility are not accomplished before June 1, 2009, the Company's obligations to the Renewable Facility under this Agreement shall be considered to be of no force and effect. The Company shall be entitled to retain and use the funds required by the Company as a completion security deposit under this section of the Agreement.

At the election of the Renewable Facility, 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 Renewable Facility 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 Renewable Facility if either installment of the security deposit is not timely received by the Company.

Depending on the nature of the Renewable Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of this Agreement, one of the following, at the Company's discretion in accordance with the provisions of Schedule REF-1, may be used as an alternative to a cash deposit as a means of securing the completion of the Renewable Facility's project in accord with this Agreement:

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

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company: the unsecured promise of a municipal, county, or state government to pay the actual damages incurred by the Company because the governmental facility fails to come on line prior to June 1, 2009.

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.64)

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 RENEWABLE STANDARD OFFER BY A RENEWABLE FACILITY OTHER THAN A GOVERNMENTAL SOLID WASTE FACILITY, THE ABOVE LINE MUST SPECIFY CASH DEPOSIT IN THE APPROPRIATE AMOUNT UNLESS THE RENEWABLE FACILITY HAS SECURED THE PRIOR WRITTEN CONSENT FROM THE COMPANY TO AN ALTERNATIVE COMPLETION SECURITY VEHICLE.)

3. Sale of Electricity by the Renewable Facility

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

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

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 Renewable 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 Renewable Facility or the purchasing utility; or
- (c) when the Renewable 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;

(Continued from Renewable Standard Offer Contract, Sheet No. 9.65)

- (e) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Renewable Facility 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 Renewable Facility 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 Renewable Facility receives electrical service, or any previously agreed upon contractual provision between the Renewable Facility and the Company.

4. Payment for Electricity Produced by the Renewable Facility

4.1 Energy

The Company agrees to pay the Renewable Facility for energy produced by the Renewable Facility and delivered for sale to the Company by the Renewable Facility. The purchase and sale of energy pursuant to this Agreement shall be in accordance with the rates and procedures contained in Schedule REF-1 as it exists at the time this Agreement is properly submitted by the Renewable Facility to the Company as tendered acceptance of the Company's Renewable Standard Offer.

For all energy delivered by the Renewable Facility to the Company, the Renewable Facility 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 FPSC, 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 Renewable Facility shall be based on the sum, over all hours of the billing periods, 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.

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.66)

4.2 Capacity

4.2.1 Anticipated Committed Capacity. As discussed in Schedule REF-1, if the Company determines that the Renewable Facility's generator unit(s) provides capacity value to the Company, the Renewable Facility is expected to sell approximately \_\_\_\_\_ kilowatts of capacity, beginning on or about \_\_\_\_\_, 20\_\_\_\_. (Date specified may not be later than June 1, 2009.)

The Renewable Facility may finalize its Committed Capacity (CC) after initial facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a date subsequent to the execution of this Agreement by the parties. However, the Renewable Facility must complete Paragraph 4.2.2 before June 1, 2009 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, 2009.

4.2.2 Actual Committed Capacity. The capacity committed by the Renewable Facility (Committed Capacity or CC) for the purposes of this Agreement is \_\_\_\_\_ kilowatts beginning \_\_\_\_\_, \_\_\_\_\_. The Renewable Facility is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) or 94%. The EAF will be based on the economic operation of a combustion turbine generating facility (Renewable Avoided Unit) that Gulf has designated as the Renewable Avoided Unit for purposes of the Renewable Standard Offer. It should be noted that this Renewable Avoided Unit is not currently scheduled for construction by the Company, but is being used for pricing in this Renewable Standard Offer Contract only. The Renewable Facility elects to receive, and the Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following the date specified in this paragraph as the date on which capacity sales under this Agreement will begin.

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.67)

4.2.3 Capacity Payments. The Renewable Facility chooses to receive capacity payments from the Company under Option \_\_\_\_\_ as described in the Company's Schedule REF-1, of the Company Tariff for Retail Electric Service as they exist at the time this Agreement is properly submitted by the Renewable Facility to the Company as tendered acceptance of the Company Renewable Standard Offer. The Capacity Payments to be made by Gulf to the Renewable Facility are based upon the Renewable Avoided Unit that Gulf has designated for purposes of the Renewable Standard Offer. It should be noted that this Renewable Avoided Unit is not currently scheduled for construction by the Company, but is being used for pricing in this Renewable Standard Offer Contract only. The Capacity Payments to be made by Gulf to the Renewable Facility are based on the Renewable Avoided Unit with the following economic assumptions:

Size: 314 MW	Installed Costs (2009): \$442/kw
Discount Rate: 8.68%	AFUDC Rate: 10.32%
Annual Inflation: 1.81%	K-factor: 1.4006
Annual Capacity Factor: 10%	Fixed O & M: \$7.80/kw-yr
Equivalent Availability: 94%	Unit Life: 20 years

The Company agrees it will pay the Renewable Facility a capacity payment. This capacity payment will be the product of the Renewable Facility's Committed Capacity and the applicable rate from the Renewable Facility's chosen capacity payment option in accordance with the Company's Schedule REF-1, as it exists at the time this Agreement is properly submitted by the Renewable Facility to the Company as tendered acceptance of the Company's Renewable Standard Offer. In the event either: (1) the date specified in Section 2 of this Agreement is later than June 1, 2019; 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 in Schedule REF-1, a payment schedule will be calculated by the Company and attached to this agreement as Exhibit D. Under those circumstances, the payment schedule set forth in Exhibit D will be used in the calculation of capacity payments pursuant to this paragraph. The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the Renewable Facility as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.68)

In October of each year of this Contract, the Company will calculate the availability of the Renewable Facility over the most recent twelve month period ending August 31. For purposes of this Agreement, availability means Equivalent Availability Factor (EAF) as defined by the North American Electric Reliability Council Generating Availability Data System (NERC GADS), or its successor's indice. If the availability (EAF) of the Renewable Facility is not equal to or greater than 0.94 (94%), then the Company may deem the Renewable Facility to be in non-performance of its commitment and thereby invoke the provisions of Section 8 of this contract.

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

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.69)

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 Renewable Facility 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.

6. Electricity Production Schedule

During the term of this Agreement, the Renewable Facility 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;

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.70)

- (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 Renewable Facility's inability to supply any portion of its Committed Capacity from the facility. (Failure of the Renewable Facility to notify the Company of a known derating or inability to supply its full Committed Capacity from the facility may, at the sole discretion of the Company, result in a determination of non-performance.)

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

The Renewable Facility's payment option choice pursuant to paragraph 4.2.3 may result in payment by the Company for capacity delivered prior to June 1, 2009. The parties recognize that capacity payments received for any period through May 31, 2009, 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 Renewable Facility will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

The Company shall establish a Capacity Account. Amounts shall be added to the Capacity Account for each month through May 2009, in the amount of the Company's capacity payments made to the Renewable Facility pursuant to the Renewable Facility's chosen payment option from Schedule REF-1 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, 2009, 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



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(Continued from Renewable Standard Offer Contract, Sheet No. 9.71)

to Option 1 in Schedule REF-1 and the Renewable Facility had elected to begin receiving payment on June 1, 2009 minus the monthly capacity payment the Company makes to the Renewable Facility pursuant to the capacity payment option chosen by the Renewable Facility in paragraph 4.2.3.

The Renewable Facility shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the Renewable Facility monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the Renewable Facility shall execute a promise to repay any outstanding balance in the Capacity Account in the event the Renewable Facility defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Schedule REF-1. The specific repayment assurance selected for purposes of this Agreement is:

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

8. Non-Performance Provisions

The Renewable Facility shall be entitled to receive a complete refund of the security deposit described in Section 2 of this contract (or in the event an alternative completion security vehicle is in effect, release of that completion security) upon achieving commercial in-service status (which, for purposes of this Agreement, shall include the demonstration of capability to perform by actual delivery of electricity to the Company), provided that this occurs prior to June 1, 2009 and that said commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2009. The Renewable Facility shall not be entitled to any of its security deposit if it fails to achieve commercial in-service status prior to June 1, 2009 and maintain that status to, through and including said date. Additionally, once construction of the facility or any additions

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.72)

necessary for the Renewable Facility to have the capability to deliver the anticipated committed capacity and energy to the Company from the facility has commenced, the Renewable Facility will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the Renewable Facility will be capable of delivering the anticipated committed capacity from the facility on or before June 1, 2009.

The Renewable Facility 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 94%. To the extent that capacity payments may have already been made to the Renewable Facility during a period when its minimum EAF requirement was not met, the Renewable Facility 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, 2009, if the Renewable Facility fails to achieve its minimum availability requirement during any twelve month period ending August 31, and the Renewable Facility has received capacity payments for periods prior to June 1, 2009, the Renewable Facility 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 Renewable Facility shall be separately invoiced by the Company to the Renewable Facility after such determinants of non-performance for which such repayment is due and shall be paid by the Renewable Facility within 20 days after receipt of such invoice by the Renewable Facility. Repayment under this paragraph shall not be construed as a limitation of the Company's right to pursue a claim against the Renewable Facility in any appropriate court or forum for the actual damages the Company incurs as a result of the Renewable Facility's non-performance or default.

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.73)

Failure of the Renewable Facility to notify the Company of a known derating or inability to supply its full Committed Capacity from the facility may, at the sole discretion of the Company, result in a determination of non-performance. Upon such determination by the Company, capacity payments to the Renewable Facility shall be suspended for a period of time equal to the time of the known derating or inability to supply the full Committed Capacity from the facility or six months, whichever shall be longer.

9. Default

9.1 Mandatory Default. The Renewable Facility shall be in default under this Agreement if: (1) Renewable Facility either voluntarily declares bankruptcy or becomes subject to involuntary bankruptcy proceedings; or (2) Renewable Facility ceases all electric generation for either of the Company's peak generation planning periods (summer or winter) occurring in a consecutive 12 month period. For purposes of this Agreement, the Company's summer peak generation planning period shall be May through September and the Company's winter peak generation planning period shall be December through February. The months included in the Company's peak generation planning periods may be changed, at the sole discretion of the Company, upon 12 months prior notice to the Renewable Facility.

9.2 Optional Default. The Company may declare the Renewable Facility to be in default if: (1) at any time prior to June 1, 2009 and after capacity payments have begun, the Company has sufficient reason to believe that the Renewable Facility is unable to deliver its Committed Capacity from the facility; (2) after June 1, 2009, the Renewable Facility fails to maintain a 94% availability factor over any twenty-four consecutive month period; (3) because of a Renewable Facility's refusal, inability or anticipatory breach of obligation to deliver its Committed Capacity after June 1, 2009; or (4) the Company has made three or more determinations of non-performance due to the failure of the Renewable Facility to notify the Company of a known derating or inability to supply Committed Capacity during any eighteen month period.

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.74)

10. General Provisions

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

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

The Renewable Facility 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 Renewable Facility'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 Renewable Facility 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

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.75)

damages to persons or property arising out of the Renewable Facility'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 Renewable Facility's equipment or by the Renewable Facility's failure to maintain the facility's equipment in satisfactory and safe operating conditions, or otherwise arising out of the performance by the Renewable Facility of the duties and obligations arising under the terms and conditions of this Agreement.

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 Renewable Facility 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 Renewable Facility 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 Renewable Facility 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 Renewable Facility 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 Renewable Facility 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 Renewable Facility 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 Renewable Facility monthly for such additional expenses or may offset them against amounts due

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the Renewable 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 agreement that are not already reflected in the avoided energy or avoided capacity payments made to the Renewable Facility hereunder, shall be passed on to the Renewable Facility to the extent permitted by law without consequential penalty or loss of such benefit to the 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 Renewable Facility 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 Renewable Facility, 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 Renewable Facility shall have the right to assign its benefits under this Agreement, but the Renewable Facility shall not have the right to assign its obligations and duties without the Company's prior written approval.



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(Continued from Renewable Standard Offer Contract, Sheet No. 9.77)

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 Renewable Facility 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 Renewable Facility:

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

For Gulf Power Company:

Susan D. Ritenour  
Secretary and 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.

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(Continued from Renewable Standard Offer Contract, Sheet No. 9.78)

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 REF-1 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the Renewable Facility to the Company as tendered acceptance of the Company's standard offer.

10.12 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.

11. Environmental Interests

The Company will have the right of first refusal regarding the acquisition of any and all Renewable Energy Certificates, Green Tags, or other tradable environmental interests that result from the electric generation of the Renewable Facility during the term of an executed Renewable Standard Offer Contract or negotiated contract with the Company.





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Original Sheet No. 9.80

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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

\_\_\_\_\_  
Secretary

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

ATTEST:

Renewable Facility

BY \_\_\_\_\_

\_\_\_\_\_  
Witness as to Renewable Facility

TITLE \_\_\_\_\_  
Official Capacity

\_\_\_\_\_  
Witness as to Renewable Facility

DATE \_\_\_\_\_

•  
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**Exhibit B**

## **Legislative Format**

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	Schedule COG-2 – Standard Offer Contract Rate For Purchase of Firm Capacity and Energy From Small Qualifying Facilities (less than 75 MW) or From Solid Waste Facilities
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