

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

080194



March 31, 2008

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

RECEIVED-FPSC  
08 APR -2 AM 10: 02  
COMMISSION  
CLERK

Dear Ms. Cole:

Enclosed for official filing are an original and fifteen copies of Gulf Power Company's Petition for Approval of a New Standard Offer for Purchase of Firm Capacity and Energy from Renewable Energy Facilities or Small Qualifying Facilities and Approval of Tariff Schedule REF-1. This filing is made pursuant to Section 366.91, Florida Statutes, and Rules 25-17.200-25-17.310, Florida Administrative Code.

Also enclosed is a CD containing the Petition in Microsoft Word format as prepared on a Windows NT based computer.

Sincerely,

CMP \_\_\_\_\_  
COM \_\_\_\_\_  
*Susan D. Ritenour*  
*bul*

CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
*CD forwarded to ECR.*

GCL \_\_\_\_\_  
*bh*

OPC \_\_\_\_\_

RCA \_\_\_\_\_ Enclosures

SCR \_\_\_\_\_ cc w/encl.: Beggs & Lane  
Jeffrey A. Stone, Esq.

SGA \_\_\_\_\_

SEC \_\_\_\_\_

OTH \_\_\_\_\_  
*all*

APR 2 2008

DOCUMENT NUMBER-DATE

02510 APR-2 08

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 or Small  
Qualifying Facilities and Approval of Tariff  
Schedule REF-1**

Docket No.: 080194  
Filed: March 31, 2008

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

Gulf Power Company ("Gulf Power," or "the Company"), pursuant to section 366.91, Florida Statutes, and Rules 25-17.200-25-17.310, Florida Administrative Code, petitions the Florida Public Service Commission ("the Commission") to approve a Standard Offer Contract for Purchase of Firm Capacity and Energy from Renewable Energy Facilities or Small Qualifying Facilities ("Renewable Standard Offer Contract"). 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, Florida 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:

DOCUMENT NUMBER-DATE

02510 APR-28

FPSC-COMMISSION CLERK

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

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

4. On February 22, 2007, the Commission adopted amendments to Rule 25-17.0832, F.A.C. and new Rules 25-17.200 - 25-17.310, F.A.C., relating to renewable generating facilities. The new rules require, *inter alia*, that each investor-owned utility file with the Commission, by April 1 of each year, a standard offer contract or contracts for the purchase of firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kW or less.

5. In Order No. PSC-07-0491-TRF-EQ, the Commission approved Gulf Power Company's Renewable Standard Offer Contract and accompanying rate schedule REF-1 which was filed with the Commission on April 2, 2007, and subsequently amended on May 15, 2007, (the "existing Standard Offer Contract"). Gulf Power's existing Standard Offer Contract designates a 600 MW combined cycle generating facility with an in-service date of June 1, 2014, as the appropriate unit for purposes of calculating energy and capacity payments under the contract. Gulf Power's 2008 Ten-Year Site Plan has been revised to designate an 840 MW combined cycle generating facility with an in-service date of June 1, 2014, as the Company's next planned generating unit. Because the generating unit upon which the existing Standard Offer Contract is based is no longer part of Gulf Power's generation plan, Gulf Power is required by Rule 25-17.250(2)(a)3, F.A.C., to petition the Commission for approval of a new standard offer contract based on the next unit of the same generating technology, if any, in Gulf Power's Ten-Year Site Plan.

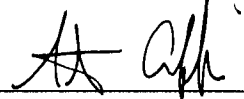
6. Gulf Power has designated an 840 MW combined cycle generating facility with an in-service date of June 1, 2014, as the appropriate unit to serve as its avoided unit for use in connection with the new Renewable Standard Offer Contract. Attached to this Petition as Composite Exhibit “A” are First Revised Sheets 9.82, 9.85, 9.97, 9.99, 9.103 and 9.112. The revisions included in Composite Exhibit “A,” are intended to reflect costs and performance characteristics of the new avoided unit and some minor changes in verbiage. The revisions are consistent with all of the Commission’s rules governing standard offers and tariffs including Rules 25-17.200 - 25-17.310, F.A.C. The revisions included in Composite Exhibit “A,” along with Original Sheets numbered 9.81, 9.83-9.84, 9.86-9.96, 9.98, 9.100-9.102, 9.104-9.111, and 9.113-9.114, constitute Gulf Power’s new Renewable Standard Offer Contract and rate schedule REF-1

7. According to Rule 25-17.290, F.A.C., “[a]n investor-owned utility shall not impose any imputed debt equivalent adjustments (equity adjustments) to reduce the avoided costs paid to a renewable generating facility unless the utility has demonstrated the need for the adjustment and obtained the prior approval of the Commission.” Gulf Power continues to believe equity adjustments are necessary and appropriate in some instances. Gulf Power is not seeking approval of an equity adjustment at this time. In the event that Gulf Power determines an equity adjustment is necessary in the future, Gulf will return to the Commission for approval pursuant to Rule 25-17.290.

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

**WHEREFORE,** Gulf Power respectfully requests that the Commission grant this Petition for Approval of its Renewable Standard Offer Contract and rate schedule REF-1.

Respectfully submitted this 31<sup>st</sup> day of March, 2008.



---

**JEFFREY A. STONE**

Florida Bar No.: 325953

**RUSSELL A. BADDERS**

Florida Bar No.: 007455

**STEVEN R. GRIFFIN**

Florida Bar No.: 0627569

**Beggs & Lane**

P.O. Box 12950

Pensacola, Florida 32591

(850) 432-2451

**Attorneys for Gulf Power Company**

Exhibit A

## Tariff Sheet

DOCUMENT NUMBER-DATE  
02510 APR-28  
FPSC-COMMISSION CI FRK

<b>PAGE</b> 2 of 16	<b>EFFECTIVE DATE</b>
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(Continued from Schedule REF-1, Sheet No. 9.81)

**LIMITATIONS:**

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

- A. Beginning upon the date, as prescribed by the FPSC, that a Renewable Standard Offer is deemed available, execute the Company's Renewable Standard Offer Contract for the purchase of firm capacity and energy; and
- B. Commit to commence deliveries of firm capacity and energy no later than the date specified by the Facility's owner or representative, or the anticipated in-service date of the Company's generating facility or purchased power resource ("Avoided Unit or Resource") that is designated herein. Such deliveries will continue for a minimum of ten (10) years from the anticipated in-service date of the Company's Avoided Unit or Resource up to a maximum of the life of the Company's Avoided Unit or Resource.

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

Prior to execution of a Renewable Standard Offer Contract, or negotiated contract, between the Company and a Facility, the Company will determine the Facility's capacity value in relation to the Company's Avoided Unit or Resource during the term of the contract as provided in FPSC Rules 25-17.240 (2), 25-17.250 (1), and 25-17.0832 (3) and (4) F.A.C. If it is determined by the Company that the Facility will provide capacity value, then this capacity amount will be designated as the "Committed Capacity" and will be used as the basis for capacity payments to be received by the Facility from the Company during the term of the Renewable Standard Offer Contract.

**RATES FOR PURCHASES BY THE COMPANY**

Firm capacity is purchased in accordance with the provisions of paragraph A below at a unit cost, in dollars per kilowatt per month, based on the value of the Avoided Unit or Resource that Gulf has designated below for purposes of the Renewable Standard Offer. The Avoided Unit is currently designated as 840 MWs of Combined Cycle generation with a June 1, 2014 anticipated in-service date. Energy is purchased at a unit cost, in cents per kilowatt-hour, at the Company's energy rates in accordance with the provisions of paragraph B below.

<b>PAGE</b> 5 of 16	<b>EFFECTIVE DATE</b>
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(Continued from Schedule REF-1, Sheet No. 9.84)

capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.

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

**MONTHLY CAPACITY PAYMENT RATE (MCR)  
BASED ON GULF'S CURRENTLY SPECIFIED  
AVOIDED UNIT OR RESOURCE**

<u>June - May Contract Period</u>	<u>Option 1 Normal \$/KW-MO</u>	<u>Option 2 Early \$/KW-MO</u>	<u>Option 3 Levelized \$/KW-MO</u>	<u>Option 4 Early Levelized \$/KW-MO</u>
2008 to 2009	0.00	0.00	0.00	0.00
2009 to 2010	0.00	0.00	0.00	0.00
2010 to 2011	0.00	0.00	0.00	0.00
2011 to 2012	0.00	4.66	0.00	5.07
2012 to 2013	0.00	4.74	0.00	5.08
2013 to 2014	0.00	4.83	0.00	5.09
2014 to 2015	7.13	4.93	7.62	5.10
2015 to 2016	7.27	5.02	7.64	5.11
2016 to 2017	7.40	5.12	7.65	5.12
2017 to 2018	7.54	5.21	7.66	5.12
2018 to 2019	7.69	5.31	7.67	5.13
2019 to 2020	7.83	5.41	7.69	5.14
2020 to 2021	7.98	5.52	7.70	5.15
2021 to 2022	8.13	5.62	7.72	5.16
2022 to 2023	8.29	5.73	7.73	5.17
2023 to 2024	8.45	5.84	7.74	5.18



**STANDARD OFFER CONTRACT FOR PURCHASE OF FIRM  
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY  
FACILITY OR SMALL QUALIFYING FACILITY  
("RENEWABLE STANDARD OFFER CONTRACT")**

<b>PAGE</b> 1 of 18	<b>EFFECTIVE DATE</b>
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THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ by and between \_\_\_\_\_, hereinafter referred to as the "Facility"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The Facility and the Company shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, for purposes of this contract, the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.), and the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080 (3), F.A.C., thus, both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility"; and

WHEREAS, the Facility desires to sell, and the Company desires to purchase, electricity to be generated by the Facility, such sale and purchase to be consistent with FPSC Rules 25-17.080 through 25-17.091; and

WHEREAS, the Facility, in accordance with FPSC 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 Facility 's generating facility is located, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved the following standard contract for use in the acceptance of the Company's standard offer for the purchase of firm capacity and energy from Facilities.

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

<b>PAGE</b> <b>3 of 18</b>	<b>EFFECTIVE DATE</b>
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(Continued from Standard Offer Contract, Sheet No. 9.98)

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 Facility to the Company of a completion security deposit in the amount of \$20.00 times each KW of nameplate capacity of the Facility's generator unit(s). This Agreement shall end at 12:01 A.M., \_\_\_\_\_, 20\_\_\_\_ (date specified shall be no earlier than May 31, 2024).

Notwithstanding the foregoing, if construction and commercial operation of the Facility are not accomplished before June 1, 2014, the Company's obligations to the 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 Facility, the completion 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 Facility elects to phase in payment of the completion 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 Facility if either installment of the completion security deposit is not timely received by the Company.

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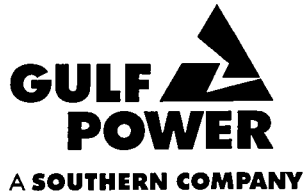
(Continued from Standard Offer Contract, Sheet No. 9.102)

4.2.2 Actual Committed Capacity. The capacity committed by the Facility (Committed Capacity or CC) for the purposes of this Agreement is \_\_\_\_\_ kilowatts beginning \_\_\_\_\_, \_\_\_\_\_. The Facility is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) of 89%. The EAF will be based on the economic operation of a combined cycle generating facility (Avoided Unit) that Gulf has designated as the Avoided Unit for purposes of the Standard Offer. The 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.

4.2.3 Capacity Payments. The Facility chooses to receive capacity payments from the Company under Option \_\_\_\_\_ or \_\_\_\_\_ a customized payment stream as described in the Company's Schedule REF-1 of the Company Tariff for Retail Electric Service as it exists at the time this Agreement is properly submitted by the Facility to the Company as tendered acceptance of the Company Standard Offer. If the customized payment option is chosen by the Facility as the preferred capacity payment option, the details underlying the derivation of such payment stream will be described in an exhibit to this Standard Offer Contract.

The Capacity Payments to be made by the Company to the Facility are based upon the Avoided Unit that the Company has designated for purposes of the Standard Offer. The Capacity Payments to the Facility are based on a Combined Cycle Unit with the following economic assumptions:

Size: 840 MW total	Installed Costs (2014): \$806/kw
Discount Rate: 8.61%	AFUDC Rate: 10.00%
Annual Inflation: 1.90%	K-factor: 1.4366
Annual Capacity Factor: 65%	Fixed O & M: \$7.95/kw-yr
Equivalent Availability: 89%	Unit Life: 40 years



Section No. IX  
First Revised Sheet No. 9.112  
Canceling Original Sheet No. 9.112

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(Continued from Standard Offer Contract, Sheet No. 9.111)

due to actions of the 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 Facility shall have the right to assign its benefits under this Agreement, but the Facility 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 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 Facility:

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

For Gulf Power Company:

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.

## **Legislative Format**



Section No. IX  
First Revised Original Sheet No. 9.82  
Canceling Original Sheet No. 9.82

<b>PAGE</b> 2 of 16	<b>EFFECTIVE DATE</b> May 22, 2007
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(Continued from Schedule REF-1, Sheet No. 9.81)

### LIMITATIONS:

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

- A. Beginning upon the date, as prescribed by the FPSC, that a Renewable Standard Offer is deemed available, execute the Company's Renewable Standard Offer Contract for the purchase of firm capacity and energy; and
- B. Commit to commence deliveries of firm capacity and energy no later than the date specified by the Facility's owner or representative, or the anticipated in-service date of the Company's generating facility or purchased power resource ("Avoided Unit or Resource") that is designated herein. Such deliveries will continue for a minimum of ten (10) years from the anticipated in-service date of the Company's Avoided Unit or Resource up to a maximum of the life of the Company's Avoided Unit or Resource.

### DETERMINATION OF FACILITY'S COMMITTED CAPACITY VALUE

Prior to execution of a Renewable Standard Offer Contract, or negotiated contract, between the Company and a Facility, the Company will determine the Facility's capacity value in relation to the Company's Avoided Unit or Resource during the term of the contract as provided in FPSC Rules 25-17.240 (2), 25-17.250 (1), and 25-17.0832 (3) and (4) F.A.C. If it is determined by the Company that the Facility will provide capacity value, then this capacity amount will be designated as the "Committed Capacity" and will be used as the basis for capacity payments to be received by the Facility from the Company during the term of the Renewable Standard Offer Contract.

### RATES FOR PURCHASES BY THE COMPANY

Firm capacity is purchased in accordance with the provisions of paragraph A below at a unit cost, in dollars per kilowatt per month, based on the value of the Avoided Unit or Resource that Gulf has designated below for purposes of the Renewable Standard Offer. The Avoided Unit is currently designated as ~~840600~~ MWs of Combined Cycle generation with a June 1, 2014 anticipated in-service date. Energy is purchased at a unit cost, in cents per kilowatt-hour, at the Company's energy rates in accordance with the provisions of paragraph B below.

ISSUED BY: Susan Story



Section No. IX  
 First Revised Original Sheet No. 9.85  
 Canceling Original Sheet No. 9.85

<b>PAGE</b> 5 of 16	<b>EFFECTIVE DATE</b> May 22, 2007
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(Continued from Schedule REF-1, Sheet No. 9.84)

capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.

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

**MONTHLY CAPACITY PAYMENT RATE (MCR)  
 BASED ON GULF'S CURRENTLY SPECIFIED  
 AVOIDED UNIT OR RESOURCE  
 \$/KW/MONTH**

<u>June - May Contract Period</u>	<u>Option 1 Normal \$/KW-MO</u>	<u>Option 2 Early \$/KW-MO</u>	<u>Option 3 Levelized \$/KW-MO</u>	<u>Option 4 Early Levelized \$/KW-MO</u>
2007 to 2008	0.00	0.00	0.00	0.00
2008 to 2009	0.00	0.00	0.00	0.00
2009 to 2010	0.00	0.00	0.00	0.00
2010 to 2011	0.00	0.00	0.00	0.00
2011 to 2012	0.00	<del>4.664.38</del>	0.00	5.074.76
2012 to 2013	0.00	4.744.46	0.00	5.084.77
2013 to 2014	0.00	4.834.55	0.00	5.094.78
2014 to 2015	7.136.71	4.934.63	7.627.16	5.104.79
2015 to 2016	7.276.84	5.024.72	7.647.17	5.114.80
2016 to 2017	7.406.97	5.124.81	7.657.19	5.124.81
2017 to 2018	7.547.10	5.214.90	7.667.21	5.124.82
2018 to 2019	7.697.23	5.315.00	7.677.22	5.134.83
2019 to 2020	7.837.37	5.415.09	7.697.24	5.144.85
2020 to 2021	7.987.51	5.525.19	7.707.26	5.154.86
2021 to 2022	8.137.65	5.625.29	7.727.27	5.164.87
2022 to 2023	8.297.80	5.735.39	7.737.29	5.174.88
2023 to 2024	8.457.95	5.845.49	7.747.31	5.184.89

ISSUED BY: Susan Story



Section No. IX  
First Revised Original Sheet No. 9.97  
Canceling Original Sheet No. 9.97

**STANDARD OFFER CONTRACT FOR PURCHASE OF FIRM  
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY  
FACILITY OR SMALL QUALIFYING FACILITY  
("RENEWABLE STANDARD OFFER CONTRACT")**

<b>PAGE</b> 1 of 18	<b>EFFECTIVE DATE</b> May 22, 2007
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THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ by and between \_\_\_\_\_, hereinafter referred to as the "Facility"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The Facility and the Company shall collectively be referred to herein as the "Parties".

**WITNESSETH:**

WHEREAS, for purposes of this contract, the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.), and the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080 (3), F.A.C., thus, both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility"; and

WHEREAS, the Facility desires to sell, and the Company desires to purchase, electricity to be generated by the 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 Facility, in accordance with FPSC 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 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 Ffacilities.

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

**ISSUED BY:** Susan Story





Section No. IX  
~~First Revised~~Original Sheet No. 9.99  
~~Canceling Original Sheet No. 9.99~~

<b>PAGE</b> <b>3 of 18</b>	<b>EFFECTIVE DATE</b> <b>May 22, 2007</b>
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(Continued from Standard Offer Contract, Sheet No. 9.98)

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 Facility to the Company of a completion security deposit in the amount of \$20.00 times each KW of nameplate capacity of the Facility's generator unit(s). This Agreement shall end at 12:01 A.M., \_\_\_\_\_, 20\_\_\_\_ (date specified shall be no earlier than May 31, 2024).

Notwithstanding the foregoing, if construction and commercial operation of the Facility are not accomplished before June 1, 2014, the Company's obligations to the 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 Facility, the completion 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 Facility elects to phase in payment of the completion 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 Facility if either installment of the completion security deposit is not timely received by the Company.



Section No. IX  
~~First Revised~~Original Sheet No. 9.103  
~~Canceling Original Sheet No. 9.103~~

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(Continued from Standard Offer Contract, Sheet No. 9.102)

4.2.2 Actual Committed Capacity. The capacity committed by the Facility (Committed Capacity or CC) for the purposes of this Agreement is \_\_\_\_\_ kilowatts beginning \_\_\_\_\_, \_\_\_\_\_. The Facility is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) of 89%. The EAF will be based on the economic operation of a combined cycle generating facility (Avoided Unit) that Gulf has designated as the Avoided Unit for purposes of the Standard Offer. The 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.

4.2.3 Capacity Payments. The Facility chooses to receive capacity payments from the Company under Option \_\_\_\_\_ or \_\_\_\_\_ a customized payment stream as described in the Company's Schedule REF-1 of the Company Tariff for Retail Electric Service as it exists at the time this Agreement is properly submitted by the Facility to the Company as tendered acceptance of the Company Standard Offer. If the customized payment option is chosen by the Facility as the preferred capacity payment option, the details underlying the derivation of such payment stream will be described in an exhibit to this Standard Offer Contract.

The Capacity Payments to be made by the Company to the Facility are based upon the Avoided Unit that the Company has designated for purposes of the Standard Offer. The Capacity Payments to the Facility are based on a Combined Cycle Unit with the following economic assumptions:

Size: <del>840600</del> MW total	Installed Costs (2014): <del>\$806700</del> /kw
Discount Rate: <del>8.618-63%</del>	AFUDC Rate: <del>10.00+0.02%</del>
Annual Inflation: 1.90%	K-factor: <del>1.4366+1.5049</del>
Annual Capacity Factor: <del>6550%</del>	Fixed O & M: <del>\$7.959.75</del> /kw-yr
Equivalent Availability: 89%	Unit Life: 40 years

ISSUED BY: Susan Story



Section No. IX  
First Revised Original Sheet No. 9.112  
Canceling Original Sheet No. 9.112

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(Continued from Standard Offer Contract, Sheet No. 9.111)

due to actions of the 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 Facility shall have the right to assign its benefits under this Agreement, but the Facility 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 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 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.

**ISSUED BY:** Susan Story