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

AVAILABILITY

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

APPLICABILITY

Applicable to any cogeneration or small power production Qualifying Facility (less than 100 kilowatts) or to any solid waste facility as defined in FPSC Rule 25-17.091, F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract." Firm capacity and energy are described by the Florida Public Service Commission (FPSC) in Rule 2l5-17.0832, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard offer contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery. The terms QF or facility will be used interchangeably throughout this schedule to refer to all facilities eligible under Rule 25-17.083(4)(a), F.A.C.

CHARACTER OF SERVICE

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

LIMITATIONS

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

A. Beginning upon the date, as prescribed by the Florida Public Service Commission (FPSC), that this standard offer is deemed available and ending 14 days thereafter, executes the Company's "Standard Offer Contract" for the purchase of firm capacity and energy; and

B. Commit to commence deliveries of firm capacity and energy no later than June 1, 2002 and to continue such deliveries through at least May 31, 2012.

GULF POWER COMPANY

RATES FOR PURCHASES BY THE COMPANY

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

A. Firm Capacity Rates

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

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on June 1, 2002, the anticipated in-service date of the Designated Avoided Unit, provided the Qualifying Facility or Solid Waste Facility is delivering firm capacity and energy to the Company. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832, F.A.C.

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

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

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

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

GULF POWER COMPANY

SURETY BOND REQUIREMENTS

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

(1) an unconditional, irrevocable direct pay letter; or

(2) surety bond; or

(3) other means acceptable to the Company.

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

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

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

MONTHLY CAPACITY PAYMENTS RATE $/KW/MONTH

Contract Period	Avoided Capital Cost $/KW-MO	Avoided O&M Cost $/KW-MO	Total Avoided Capacity Cost $/KW-MO
06/01/1999 to 05/31/2000	0.00	0.00	0.00
06/01/2000 to 05/31/2001	0.00	0.00	0.00
06/01/2001 to 05/31/2002	0.00	0.00	0.00
06/01/2002 to 05/31/2003	3.71	0.39	4.10
06/01/2003 to 05/31/2004	3.82	0.40	4.21
06/01/2004 to 05/31/2005	3.93	0.41	4.33
06/01/2005 to 05/31/2006	4.04	0.42	4.46
06/01/2006 to 05/31/2007	4.16	0.43	4.59
06/01/2007 to 05/31/2008	4.28	0.44	4.72
06/01/2008 to 05/31/2009	4.40	0.46	4.86
06/01/2009 to 05/31/2010	4.53	0.47	5.00
06/01/2010 to 05/31/2011	4.66	0.48	5.14
06/01/2011 to 05/31/2012	4.79	0.50	5.29

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

B. Energy Rates

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

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

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

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

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

PERFORMANCE CRITERIA

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

(A) Commercial In-Service Date

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

(B) QF Availability Requirement

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

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

DETERMINATION OF THE AVAILABILITY FACTOR

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

(C) Equivalent Availability Factor Calculation

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

EAF = {[AH – (EUDH + EPDH + ESEDH)] / PH } X 100 (%) where,

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

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

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

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

NDC = Net Dependable Capacity
NMC modified for ambient limitations.

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

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

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

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

(D) Additional Criteria

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

DELIVERY VOLTAGE ADJUSTMENT

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

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

Any Qualifying Facility interconnected at a voltage of 46 KV or above.

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

Any Qualifying Facility interconnected at a distribution voltage, 4 to 25 KV inclusive.

Any Qualifying Facility interconnected at a voltage below 4 KV.

METERING REQUIREMENTS

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

BILLING OPTIONS

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

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

CHARGES TO QUALIFYING FACILITY

(A) Customer Charges

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

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

(C) Interconnection Charge for Variable Utility Expenses

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

(D) Taxes and Assessments

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

TERMS OF SERVICE

(1) It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generation capability.

(2) Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

(3) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:

A. In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.

B. For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.

(4) The Company shall specify the point of interconnection and voltage level.

(5) Qualifying Facilities within the territory served by the Company shall be required to sign the Company's filed Standard Interconnection Agreement in order to be permitted to engage in parallel operations with the Company. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's General Standards for Safety and Interconnection where applicable.

(6) Service under this Schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission as well as other applicable federal and state legislation or regulations.

SPECIAL PROVISIONS

(1) Special contracts deviating from the above Schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

(2) A Qualifying Facility located within the Company's service territory may sell firm capacity and energy to a utility other than the Company. Where such agreements exist, the Company will provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Qualifying Facility located outside the Company's service territory, for delivery of the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In either case, where existing Company transmission capacity exists, the Company will impose a charge for wheeling Qualifying Facility capacity and energy, measured at the point of delivery to the Company.

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

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

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

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

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

Qualifying Facility Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	0.96758
Substation Voltage Delivery	0.94103
Primary Distribution Voltage Delivery	0.91001

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

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

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

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

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

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

(a) an unconditional, irrevocable direct pay letter; or

(b) surety bond; or

(c) other means acceptable to the Company.

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

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

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

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