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Pensacola, Florida 32520

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November 18, 1999

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

Dear Ms. Bayo:

RE: Docket No. 990007-EI

Enclosed are an original and ten copies of the Late Filed Exhibits, Nos. 1-3, to James O. Vick's deposition taken by FPSC Staff on October 27, 1999 to be filed in the above docket.

Sincerely,

Susan D. Ritenour

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lv

Enclosure

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

AFA	<u>2</u>
APP	_____
CAF	_____
CMU	_____
CTR	_____
EAG	<u>1</u>
LEG	<u>1</u>
MAS	<u>3</u>
OPC	_____
PAI	_____
SEC	<u>1</u>
WAW	_____
OTH	_____

DOCUMENT NUMBER-DATE

~~14303~~ NOV 19 99

FPSC-RECORDS/REPORTING

Reference: Schedule 42-2P of Susan D. Ritenour's Exhibit SDR-2
January 2000 - December 2000 (3)
O &M Activities: Payroll Charges

Description of O & M Activities	\$	<u>Employee Status (1)</u>
.1 Sulfur		
.2 Air Emission Fees		
.3 Title V	40,000.00	New
.4 Asbestos Fees		
.5 Emission Monitoring	39,436.00	New
.6 General Water Quality		
.7 Groundwater Contamination Investigation (2)	44,509.00	New/Existing
.8 State NPDES Administration		
.9 Lead and Copper Rule		
.10 Env Auditing/Assessment		
.11 General Solid & Hazardous Waste (2)	57,543.00	New/Existing
.12 Above Ground Storage Tanks		
.13 Low Nox		
.14 Ash Pond Diversion Curtains		
.15 Mercury Emissions		
.16 Sodium Injection		
	-	
	181,488.00	

Note 1: New employees are new positions created since the 1990 test year.

Note 2: A specific base rate adjustment was determined for these projects in Order No. PSC-94-0044-FOF-EI. The adjustment is a credit against total expenses for these projects each month.

Note 3: All of the payroll costs shown on this page for January - December 2000 were inadvertently excluded from Schedule 42-2P and therefore the projected costs for 2000 are understated. The costs above are those that are expected to be incurred in 2000.

Reference: Schedule 42-5E of Susan D. Ritenour's Exhibit SDR-2
January 1999 - December 1999
O &M Activities: Payroll Charges

Description of O & M Activities	\$	<u>Employee Status (1)</u>
.1 Sulfur		
.2 Air Emission Fees		
.3 Title V	16,868.15	New
.4 Asbestos Fees		
.5 Emission Monitoring	40,168.89	New
.6 General Water Quality		
.7 Groundwater Contamination Investigation (2)	53,912.80	New/Existing
.8 State NPDES Administration		
.9 Lead and Copper Rule		
.10 Env Auditing/Assessment		
.11 General Solid & Hazardous Waste (2)	63,726.03	New/Existing
.12 Above Ground Storage Tanks		
.13 Low Nox		
.14 Ash Pond Diversion Curtains		
.15 Mercury Emissions		
.16 Sodium Injection		
	174,675.87	

Note 1: New employees are new positions created since the 1990 test year.

Note 2: A specific base rate adjustment was determined for these projects in Order No. PSC-94-0044-FOF-EI. The adjustment is a credit against total expenses for these projects each month.

Reference: Schedule 5A-2 of Susan D. Ritenour's Exhibit SDR-1
October 1998 - December 1998
O & M Activities: Payroll Charges

Description of O & M Activities	\$	Employee Status (1)
.1 Sulfur		
.2 Air Emission Fees		
.3 Title V	871.64	New
.4 Asbestos Fees		
.5 Emission Monitoring	1,502.59	New
.6 General Water Quality	168.77	New
.7 Groundwater Contamination Investigation (2)	5,583.91	New/Existing
.8 State NPDES Administration		
.9 Lead and Copper Rule		
.10 Env Auditing/Assessment		
.11 General Solid & Hazardous Waste (2)	3,417.11	New
.12 Above Ground Storage Tanks		
.13 Low Nox		
.14 Ash Pond Diversion Curtains		
.15 Mercury Emissions		
.16 Sodium Injection		
	-	
	11,544.02	

Note 1: New employees are new positions created since the 1990 test year.

Note 2: A specific base rate adjustment was determined for these projects in Order No. PSC-94-0044-FOF-EI. The adjustment is a credit against total expenses for these projects each month.

Florida Public Service Commission
Docket No. 990007-EI
GULF POWER COMPANY
Deposition by FPSC Staff
Witness: James O. Vick
Late Filed Exhibit No. 2
November 18, 1999
Page 1 of 1

Reference: Schedule 42-3P of Susan D. Ritenour's Exhibit SDR-2
January 2000 – December 2000
Capital Investment Projects – Payroll Costs

No Company labor is projected to be charged to ECRC projects on Schedule 42-3P for the period January 2000-December 2000.

Reference: Schedule 42-7E of Susan D. Ritenour's Exhibit SDR-2
January 1999 – December 1999
Capital Investment Projects – Payroll Costs

Company labor was charged or projected to be charged on the following ECRC projects on Schedule 42-7E for the period January 1999-December 1999:

<u>P.E.</u>	<u>Project Description</u>	<u>Estimated Amount</u>	<u>Employee Status</u>
1413	Plant Smith Unit 1&2 Sodium Feed Injector	\$ 500	Existing

Reference: Schedule 7A-2 of Susan D. Ritenour's Exhibit SDR-1
October 1998 – December 1998
Capital Investment Projects – Payroll Costs

No Company labor was charged to ECRC projects on Schedule 7A-2 for the period October 1998-December 1998.

This is a copy of the revised MOU. The original is currently being routed to the parties for signatures.

Florida Public Service Commission
Docket No. 990007-EI
GULF POWER COMPANY
Deposition by FPSC Staff
Witness: James O. Vick
Late Filed Exhibit No. 3
November 18, 1999
Consisting of 14 pages

MEMORANDUM OF UNDERSTANDING

Gulf Coast Ozone Study

March 22, 1999

The Parties to this Memorandum of Understanding (MOU) are the Florida Department of Environmental Protection, the Alabama Department of Environmental Management, the Mississippi Department of Environmental Quality, the Louisiana Department of Environmental Quality, Southeast States Air Resource Manager's Association, and Southern Company Services (on behalf of itself and Alabama Power Company, Gulf Power Company, and Mississippi Power Company).

WHEREAS, Several urban areas along the Gulf coast (e.g., Pascagoula, Mississippi, Mobile, Alabama, Pensacola, Florida, New Orleans and Baton Rouge, Louisiana), are measuring ozone concentrations near or in exceedance of the 8-hour National Ambient Air Quality Standard;

WHEREAS, The U.S. Environmental Protection Agency will be making final determinations of attainment status for all areas of the country for the 8-hour ozone standard by July 18, 2000;

WHEREAS, Each state's Governor must make recommendations to the U.S. EPA on the attainment status for all areas of his state by July 18, 1999;

WHEREAS, Each state will need to determine for each area designated as nonattainment whether it should be classified as a traditional, transitional, or an international transport nonattainment area;

WHEREAS, For each state that chooses to designate areas in their state as transitional nonattainment areas, a State Implementation Plan revision is due to the U.S. Environmental Protection Agency incorporating any needed emission reduction strategies by May of 2000;

WHEREAS, For traditional or international transport nonattainment areas, the Clean Air Act requires states to revise their State Implementation Plan by July of 2003, to provide for measures that will bring these areas into attainment;

WHEREAS, The development of the State Implementation Plan, in most situations, includes a requirement that a modeling demonstration be made;

WHEREAS, The dynamics of ozone formation and transport along the Gulf coastal area is not well understood and modeling will add to our understanding for the purpose of making better air management decisions.

NOW, THEREFORE, it is hereby agreed by the Parties referenced in the above whereas clauses as follows:

1. The Parties to this MOU agree to combine resources to fund an air quality modeling study for ozone formation along the Gulf coast. The name of this study shall be known as the Gulf Coast Ozone Study (GCOS).
2. The Parties agree that membership on the Policy Committee will require substantial financial contribution to the project.
3. The Parties agree that the results of the GCOS project may be used by the individual states in their development of State Implementation Plans.
4. The Parties agree that final decisions on the study deliverables shall be by unanimous vote of the Policy Committee as defined in Exhibit 1.
5. The Parties agree that the contractor for completing this study shall be Systems Applications International (SAI), Inc.
6. The Parties agree that the contract with SAI, Inc. shall be with the Southeast States Air Resource Managers (SESARM) association. The director of SESARM shall be the project manager of the contract.
7. This MOU is not a binding agreement. It is solely a mechanism for the development of understanding among the Parties through which efficient modeling of ozone along the Gulf Coast can be performed. Each funding Party to this MOU will work in good faith in an attempt to enter into an appropriate mechanism with SESARM for funding this work. This MOU is not binding with respect to any regulatory decision made by the States on any Party signing the MOU.
8. Exhibit 1 of the MOU, consisting of the organization and financial arrangements for the Gulf Coast Ozone Study, is hereby adopted by the Parties of this MOU.
9. Exhibit 2 of the MOU, consisting of the detailed scope of work to be completed, is hereby adopted by the Parties to this MOU.
10. Execution of this MOU by each Party shall be by appropriate signature.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU.

Gulf Coast Ozone Study -- Memorandum of Understanding

Agreed to this _____ day of _____, 1999:

The Florida Department of Environmental Protection

Howard L. Rhodes
Director
Division of Air Resource Management

Approved as to form and legality:

DEP Attorney

Gulf Coast Ozone Study -- Memorandum of Understanding

Agreed to this _____ day of _____, 1999:

Alabama Department of Environmental Management

Chief, Air Division

Approved:

General Counsel

Gulf Coast Ozone Study -- Memorandum of Understanding

Agreed to this _____ day of _____, 1999:

Mississippi Department of Environmental Quality

J. I. Palmer, Jr.
Executive Director

Gulf Coast Ozone Study -- Memorandum of Understanding

Agreed to this _____ day of _____, 1999:

Louisiana Department of Environmental Quality

J. Dale Givens
Secretary

Gulf Coast Ozone Study -- Memorandum of Understanding

Agreed to this _____ day of _____, 1999:

Southern Company Services, Inc.
For itself and as agent for Alabama Power Company,
Gulf Power Company, and Mississippi Power Company

John J. Jansen
Principle Scientist
Southern Company Services

Approved:

Charles H. Goodman
Vice President
Southern Company Services

Gulf Coast Ozone Study -- Memorandum of Understanding

Agreed to this _____ day of _____, 1999:

Southeast States Air Resource Managers

Phil Brantley
Director

EXHIBIT 1

ORGANIZATION, ADMINISTRATION, AND FINANCING

Gulf Coast Ozone Study

March 22, 1999

Participating Entities (Parties):

State of Alabama
State of Florida
State of Louisiana
State of Mississippi
Southern Company Services
Southeast States Air Managers

Purpose:

To combine the resources of the Gulf coastal states of Florida, Alabama, Mississippi, and Louisiana, and industries within these states to address the elevated ozone levels occurring in Baton Rouge/New Orleans, Pascagoula and other areas along the Mississippi Gulf Coast, Mobile, and Pensacola. These levels currently exceed, or nearly exceed, the new 8-hour average national ambient air quality standard for ozone. Pursuant to upcoming action on the part of the United States Environmental Protection Agency (EPA) to designate the attainment status of all areas of the country relative to the new ozone standard, states must make various decisions and prepare certain State Implementation Plan (SIP) documents for areas that are determined to be nonattainment areas. The work products associated with this project will assist each state in making decisions on how it should proceed to implement any necessary and cost effective emission reduction strategies. These work products will assist industry to determine how much their respective emissions may contribute to ozone in the region and to develop their individual emission strategies in a cost effective manner. The combination of state and private support will assure that the work is conducted in a well-balanced, objective approach that seeks to provide all stakeholders with the information needed to lower elevated ozone levels to the extent required by law.

Objectives:

To provide analysis of ozone formation along the Gulf Coast, in particular the urban areas of Pensacola, Florida, Mobile, Alabama, Pascagoula, Mississippi, and New Orleans and Baton Rouge, Louisiana using state-of-the-art photochemical modeling. States and industries along the Gulf Coast will pool their resources to hire an outside consultant with expertise in photochemical modeling to perform the analysis. This modeling will be used by the states to help decide on whether to apply for transitional or traditional ozone nonattainment classification, to provide for attainment demonstration requirements for SIP submittals in support of nonattainment plans (where required), and to provide a better understanding of the science of ozone formation in the coastal environment.

Organization:

The participating entities shall form from among its members, three committees to direct and oversee the project. A policy committee shall be composed of upper management persons from the principal states and organizations funding the project. A technical committee shall be composed of persons of technical expertise from the participating entities. In addition, persons representing themselves or organizations not participating in the funding of this study may be members of the technical committee. An operations committee shall be composed of persons from the technical committee representing the principal states and organizations funding the project.

Policy Committee – Shall be composed of one member from each of the four states, Alabama, Florida, Louisiana, and Mississippi, and one member from Southern Company Services.

New members to the Policy committee shall be approved by the existing Policy committee by unanimous vote and shall meet the substantial funding requirement for admission.

Technical Committee - Shall be composed of one or more members from each of the participating entities and any other persons representing themselves or organizations with an interest in the study. The technical committee shall be responsible for directing the work of the contractor. Chairs shall be selected to coordinate the meetings of the group and must be a member of a state or organization on the Policy committee.

Operations Committee – Shall be composed of a member from each of the Policy committee states and organizations drawn from the technical committee (must include the Chairs) and the Project Manager who will collectively approve the work products from the consultant for payment and to make final decisions on the work products discussed among the full technical committee.

Administration:

Project Manager - The Project Manager for the Gulf Coast Ozone Study is the director of SESARM. SESARM (Southeast States Air Resource Managers) is an association of the states in the Southeast (EPA, Region IV) whose board of directors are the air program directors in each state.

Issue Resolution:

All matters of organization, administration, and finances that need to be resolved shall be reviewed by the Policy committee. The Policy committee shall determine by majority vote of the members when consensus cannot be reached.

All matters of a technical nature dealing with the work products of the study that need to be resolved shall be reviewed by the technical committee. The technical committee shall try to resolve the issue by consensus. If consensus cannot be reached, as determined by the judgment of any of the Chairs, the issue will be resolved by majority vote of the operations committee. However, any member of the operations committee may request that the Policy committee make a final determination on any issue.

Financial Contributions:

The contractor (Systems Applications International, Inc.) for the Gulf Coast Ozone Study shall be contracted and paid by SESARM. SESARM will be funded by the states and industries represented on the Policy committee . Costs associated with travel and expenses of the participating Parties shall be the responsibility of each respective Party.

Estimated Budget:

The estimated cost of the study, broken into two phases, is \$150K for phase 1 and \$592K for phase 2, for a total of \$742K.

The states of Alabama, Mississippi, Louisiana, and Florida, and Southern Company Services have made commitments to contribute monies to the study. These monies are subject to approval by either legislatures or company executives.

Alabama	\$100,000
Mississippi	\$200,000
Louisiana	\$100,000
Florida	\$200,000
Southern Company Services	\$200,000

These totals are for the entire length of the study and are split between two fiscal years. The Parties acknowledge that Southern Company Services is currently funding this work and has done so since late 1998. The Parties further acknowledge that the amount expended by Southern Company Services towards this project's tasks prior to the date of execution of the contract between SAI and SESARM will reduce in like amount both the total cost of the project and Southern Company Services' commitment, as defined above.

Contractor:

Systems Applications International, Inc. is the selected contractor due to their experience with photochemical grid modeling for ozone, their familiarity with modeling in the Southeast, and their history of satisfactory performance as noted by several of the Parties participating in this study.

Systems Applications International, Inc.
101 Lucas Valley Road
San Rafael, California 94903-1791
Phone: (415) 507-7108

Special Modeling Requests:

Any Party to this MOU may request additional work, directly related to this project, to be completed by the contractor as long as this work does not interfere with the schedule for completing the original tasks and the Party wanting this additional work pays for it. If the requested additional work is determined by the Technical Committee to be important to the study in whole, then the matter will be brought to the Policy committee to determine if funding for this additional work shall become a part of the general funding of the study by all Parties.

Schedule:

A 15 month schedule is anticipated with a beginning date of January 1, 1999. This schedule includes the analysis of three episodes indicative of high ozone levels across the Gulf coast from Louisiana to Florida. The first episode is to be completed by the end of September, 1999. This first episode will be used by states in determining whether to submit a State Implementation Plan for a transitional nonattainment area. The full schedule, as outlined in Exhibit 2 - Scope of Work, calls for the completion of up to three episodes by the end of the 15-month period.

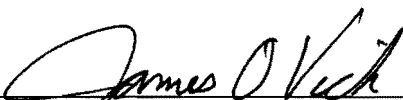
Alterations to the schedule shall only be made with the approval of the Policy committee upon the recommendations of the Technical Committee.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)


Docket No. 990007-EI

Before me the undersigned authority, personally appeared James O. Vick, who being first duly sworn, deposes, and says that he is the Manager of Environmental Affairs of Gulf Power Company, a Maine corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.



James O. Vick
Manager of Environmental Affairs

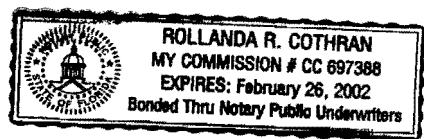
Sworn to and subscribed before me this 18th day of November, 1999.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 990007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 18th day of November 1999 by U.S. Mail or hand delivery to the following:

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Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

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McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman,
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