

DECLASSIFIED  
NH 2-2-01

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Gulf Power Company to  
Determine Need for Proposed Electrical  
Power Plant in Bay County, Florida

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Docket No.: 990325-EI  
Filed: June 14, 1999

**REQUEST FOR CONFIDENTIAL CLASSIFICATION**

**EXHIBIT "A"**

The information provided herein should be maintained as proprietary confidential business information pursuant to Section 366.093 and Rule 25-22.006, F.A.C.

EXHIBIT "A"

Provided to the Division of Records and Reporting  
under separate cover as confidential information



# Florida Gas Transmission Company

P. O. Box 1188 Houston, Texas 77251-1188 (713) 853-6161

June 4, 1999

Mr. Charles Nuckolls  
Southern Company Services, Inc.  
P. O. Box 2641  
Birmingham, AL 35202-2625

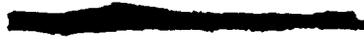
Re: Letter Agreement by and between Florida Gas Transmission Company and Southern Company Services, Inc. regarding Plant Smith.

Dear Mr. Nuckolls:

Florida Gas Transmission Company ("FGT") and Southern Company Services, Inc., ("Southern Company"), as agent for its affiliated operating electric utility companies, Gulf Power Company, Alabama Power Company, Georgia Power Company, Mississippi Power Company, and Savannah Electric and Power Company, (collectively referred to as "Parties") are parties to the FTS-2 Service Agreement for Firm Transportation Service to Gulf Power Company's gas-fired power production facility located in Bay County, Florida, dated June 4, 1999 ("Plant Smith Agreement"), in conjunction with FGT's proposed Phase V expansion project anticipated to be placed in service in April 1, 2002 ("Phase V Facilities"). As part of an overall agreement, FGT and Southern Company desire to enter into this additional agreement regarding Plant Smith as set forth below.

Accordingly, for and in consideration of the mutual covenants herein contained, FGT and Southern Company agree as follows:

1. FGT shall file with FERC on or before December 1, 1999, a full and complete application for authority to construct the Phase V Facilities and shall pursue approval of the Phase V Facilities with good faith and due diligence. If FGT fails to file its FERC Phase V application by December 1, 1999, Southern Company may terminate the Agreements with no further liability to FGT.
2. Throughout the term of the Plant Smith Agreement, Southern Company shall pay FGT a rate of \$0.7536 per MMBtu, exclusive of fuel retention, and all applicable fuel and transportation surcharges, for service rendered under such Agreement to Southern Company's Primary Delivery Point at Plant Smith.

 An **ENRON/SONAT** Affiliate

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2 Mr. Charles Nuckolls  
 3 Southern Company Services, Inc.  
 4 June 4, 1999  
 5 Page 2

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 7 3. Consistent with FGT's FERC Gas Tariff, FGT shall provide direct access to Mobile  
 8 Bay receipt points for the volume contracted under the Plant Smith Agreement in the  
 Phase V expansion project.

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 10 4. Subject to other terms of this Agreement, the Phase V expansion project shall include  
 11 the installation of a lateral pipeline ("Plant Smith Lateral"), which the Parties  
 12 contemplate being rolled into FGT's FTS-2 cost-of-service. With respect to the  
 13 required meter and regulator station at the delivery point to Plant Smith ("M&R  
 14 Station"), Southern Company shall, at its own expense, install, own, and operate the  
 15 M&R Station (or, may contract with a third party to do so), except that FGT requires  
 16 that it own and operate the EFM and communications equipment. Such M&R Station  
 17 shall be designed, in any event, to satisfy: (a) Southern Company's operating  
 18 requirements for Plant Smith, and (b) FGT's construction specifications. The Plant  
 19 Smith Lateral shall be a pipeline with a minimum diameter of 18-inches and shall have  
 20 delivery capability of 4,000 MMBtu per hour at a 518 psig delivery pressure at Plant  
 21 Smith. The Plant Smith Lateral shall have a delivery capability of up to 174,000  
 22 MMBtu per day and shall connect to two (2) FGT mainlines at milepost 340.2 in  
 23 Washington County, Florida and follow the proposed route as shown on Exhibit "A"  
 24 attached hereto. Upon completion of the Plant Smith Lateral, FGT shall own and  
 operate such lateral as part of FGT's overall system.

25 The obligation of FGT, or its affiliates, to construct the Plant Smith Lateral, and  
 26 FGT's obligation to provide firm transportation service to Plant Smith, is expressly  
 27 contingent upon the receipt and acceptance by FGT (and/or an affiliate of FGT) of all  
 28 regulatory and environmental approvals required to construct, own, operate, and  
 29 acquire access to, the Plant Smith Lateral and the M&R Station, including all necessary  
 30 authorizations from federal, state, local and/or municipal agencies or other  
 31 governmental authorities.

32 The Parties hereto understand that additional mainline facilities will be required on  
 33 FGT's system (to be covered in Southern Company's contract with FGT), the cost of  
 34 which facilities the Parties contemplate being rolled into FGT's FTS-2 cost-of-service.

35 5. FGT shall seek authorization to deliver test gas to Plant Smith and, subject to obtaining  
 36 FERC authority to flow gas in advance of the Phase V in-service date (i.e. on the Initial  
 37 Testing Date), to deliver gas to Plant Smith beginning on the Initial Testing Date and  
 38 ending upon the Phase V in-service date under terms and conditions that will have no  
 39 adverse financial impact on FGT.

2 Mr. Charles Nuckolls  
 3 Southern Company Services, Inc.  
 4 June 4, 1999  
 5 Page 3

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 11 The "Initial Testing Date" of the Facilities for Plant Smith, anticipated to be October 1, 2001, shall be the date Southern Company advises FGT that Plant Smith is ready to receive gas service and has nominated gas as provided below and FGT is able to deliver test gas pursuant to this Agreement, but in no event earlier than two-hundred seventy (270) days after the receipt by FGT of a final non-appealable order from FERC approving the Phase V Expansion Facilities (unless this condition is waived by FGT).

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 20 Subject to Gulf Power Company's gas-fired power production facility at Plant Smith (the "Project") being capable of burning gas and Southern Company having nominated gas deliveries, the Parties recognize that the failure to deliver gas on the Initial Testing Date will cause Southern Company and/or its affiliates to incur increased costs and possible loss of electricity sales. The Parties agree that \$20,000 per day is a reasonable pre-loss estimate of such costs (which are difficult if not impossible to ascertain with certainty and which are intended as liquidated damages and not as a penalty) and that such \$20,000 per day shall be credited against the charges owed to FGT to be paid by Southern Company in the event of such failure, up to a total of \$1,200,000.

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 25 Beginning with the Initial Testing Date and ending upon the Phase V in-service date, anticipated to be April 1, 2002, Southern Company shall pay FGT for 10,000 MMBtu/day of transportation service at a rate of \$0.7536 per MMBtu. Additional quantities of test gas may be nominated and scheduled by Southern Company pursuant to interruptible or released firm transportation service.

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 28 6. Southern Company agrees that, in the event further incremental gas fired generation is placed into service at Plant Smith, FGT shall be provided the opportunity to make a proposal to provide the gas transportation for such incremental expansion.

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 35 7. The Parties agree that this Letter Agreement shall be amended if, in the future, the rate for Plant Smith volumes must be restructured for FGT to receive a more favorable regulatory treatment; however, in no event shall such amendment increase the total payment obligation set forth in Paragraph 2 hereof for Southern Company for the volumes delivered to Plant Smith. In no event shall the annual payment to FGT for firm transportation service to Plant Smith be greater than \$16,779,657.00, excluding fuel retention and transportation surcharges.

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 40 8. Southern Company and FGT shall maintain this document confidential and agree not to disclose this document or its contents, except as mutually agreed or unless ordered to do so by an authorized agency or court, or as required by law or regulation. Provided, however, that Gulf Power Company may disclose this Letter Agreement on a confidential basis to the Florida Public Service Commission in connection with the Project.

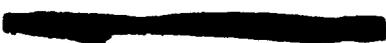
2 Mr. Charles Nuckolls  
 3 Southern Company Services, Inc.  
 4 June 4, 1999  
 5 Page 4

6 9. The terms of this letter Agreement shall take precedence over the terms of the Plant Smith  
 7 Agreement. Except as expressly provided herein, the terms of the Plant Smith Agreement  
 8 are not otherwise modified.

9 10. Southern Company's obligation to perform this Agreement and to accept service under the  
 10 Plant Smith Agreement is expressly contingent on the receipt and acceptance by Southern  
 11 Company and/or Gulf Power Company of all approvals, permits, licenses, certificates,  
 12 rights-of-ways, easements, permits and waivers required for the Project, including all  
 13 necessary authorizations from The Southern Company and federal, state, local and/or  
 14 municipal agencies or other governmental authorities (collectively, "approvals"), and upon  
 15 the receipt by FGT or its affiliates of all performance guarantees satisfactory to Southern  
 16 Company in connection with the Project. All such approvals shall be in form and  
 17 substance satisfactory to Southern Company and shall be final before the respective  
 18 governmental authority and no longer subject to appeals or rehearing, provided, however,  
 19 that Southern Company may waive the condition that such approval be final and/or no  
 20 longer subject to appeal or rehearing. In the event the condition set forth above is not  
 21 satisfied, Southern Company may terminate this Letter Agreement and the Plant Smith  
 22 Agreement. Upon termination, Southern Company shall be required to reimburse FGT for  
 23 costs incurred or committed prior to the date of termination, less any salvage cost.

24 11. This Letter Agreement and any final agreements arising out of this Letter Agreement are  
 25 subject to approval by the board of directors of FGT. FGT agrees to obtain such approval  
 26 by July 1, 1999. Subject to such approval, this Agreement shall become effective on the  
 27 execution hereof and shall remain in full force and effect during the term of the Plant  
 28 Smith Agreement, if not terminated prior to such date by mutual agreement of the parties  
 29 or pursuant to the terms herein.

30 12. Subject to the contingencies stated in this Letter Agreement, FGT shall file its application  
 31 for authority to construct the Phase V Facilities as related to Plant Smith, notwithstanding  
 32 the provisions of Section 11.2 of the Plant Smith Agreement, and FGT acknowledges that  
 33 Southern Company has demonstrated creditworthiness satisfactory to FGT under such  
 34 Agreement. The contingencies stated in this Letter Agreement shall be in lieu of Sections  
 35 11.2(c), 11.2(f) and 11.2(h) of the Plant Smith Agreement.

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2 Mr. Charles Nuckolls  
3 Southern Company Services, Inc.  
4 June 4, 1999  
5 Page 5

6 If this Agreement is in accordance with Southern Company's understanding, please so  
7 acknowledge in the space provided below.

8 Very truly yours,

9 FLORIDA GAS TRANSMISSION COMPANY

10 By: [Signature]

11 Title: Vice President, Marketing

12 ACKNOWLEDGED this  
13 4 day of JUNE, 1999.

14 SOUTHERN COMPANY SERVICES, INC., as the  
15 agent of Alabama Power Company, Georgia Power  
16 Company, Gulf Power Company, Mississippi Power  
17 Company and Savannah Electric and Power Company

18 By: [Signature]

19 Title: Vice President

20 [Redacted]

ORIGINAL

990325-EI

LATE-FILED EXHIBIT 2  
DEPOSITION OF WILLIAM F. POPE

TRANSMISSION STUDY SUMMARIES

AFA	_____
APP	_____
CAF	_____
CMU	_____
CTR	_____
EAG	_____
LEG	_____
MAS	_____
OPC	_____
RRR	_____
SEC	<u>  </u>
WAW	_____
OTH	_____

DOCUMENT NUMBER-DATE

~~07147~~ JUN 11 88

083

FPSC-RECORDS/REPORTING

Part 2 of 4  
DN 06499-99  
5/24/99

[REDACTED]

[REDACTED]

[REDACTED]

Cost

[REDACTED]

ASSUMPTIONS:

[REDACTED]

NOTES:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Cost

Cost

[REDACTED]

TOTAL

[REDACTED]

ASSUMPTIONS:

[REDACTED]

[REDACTED]

[REDACTED]

NOTE:

[REDACTED]

[REDACTED]

[REDACTED]

Pod #2

[REDACTED]

[REDACTED]

[REDACTED]

Cost	Cost
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[REDACTED]

[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]

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TOTAL

[REDACTED]	[REDACTED]
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ASSUMPTIONS:

[REDACTED]

NOTE:

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Pod #2

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Cost

Cost

[REDACTED]

TOTAL

[REDACTED]

[REDACTED]

ASSUMPTIONS:

[REDACTED]

NOTE:

[REDACTED]

[REDACTED]





Late-filed Exhibit #4 from  
Deposition of William Pope

(Confidential)

CONFIDENTIAL

Year	Southern Units Additions				Summer Reserve Margin		Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans. Grid/Conn (000\$)	Trans. Losses (000\$)	Var. O&M/Fuel (000\$)	Expan. Plan Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev. Req. (000\$)	Accum. PW Rev. Req. (000\$)
	C.C. MW	C.I. MW	Total MW	Accumulative MW	Southern %	Gulf %											
2002																	
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YEAR	PEAK DEMAND (MW)	STARTING CAPACITY (MW)	CAPACITY ADDITION (MW)	ENDING CAPACITY (MW)	PERCENT RESERVES
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DOCUMENT NUMBER-DATE

05938 MAY 10 08

DOCUMENT NUMBER-DATE

MAY 10 08

Year	Southern Units Additions				Summer Reserve Margin		Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans. Grid/Conn (000\$)	Trans. Losses (000\$)	Proview (GAP Var O&M / Fuel (000\$))	Proview Fixed Expen Plan Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev. Req. (000\$)	Accum. PW Rev. Req. (000\$)	Data Resp. SelfBuild Accum PW Rev. Req.
	CU MW	CI MW	Total MW	Accumulate MW	Southern %	Guil %												
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2019																		
2020																		
2021																		
2022																		

Additional MW Required to get to 12.6%

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YEAR	PEAK DEMAND (MW)	STARTING CAPACITY (MW)	CAPACITY ADDITION (MW)	ENDING CAPACITY (MW)	PERCENT RESERVES
2002					
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2021					

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Year	Southern Units Additions		Accumulative MW	Summer Reserve Margin Southern %	Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans. Gen/Conn (000\$)	Trans. Losses (000\$)	Var. O&M / Fuel (000\$)	Espan Plan Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev. Req. (000\$)	Accum. PW Rev. Req. (000\$)	Date Resp - Sribuild Rev Req (000\$)
	CL MW	CI MW														
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YEAR	PEAK DEMAND	STARTING CAPACITY	CAPACITY ADPTION	ENDING CAPACITY	PERCENT RESERVE
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Fiscal Year	Projected Size (MW)		Southern Units Addition		Summer Reserve Margin Southern %	Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans. Grid/Conn (000\$)	Trans. Losses (000\$)	Var. O&M/ Fuel (000\$)	Expn Plan Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev Req (000\$)	Accum. PW Rev Req (000\$)	Data Resp - Bet/Buid Accum. PW Rev Req (000\$)
	LC MW	CC MW	Disi MW	Accumulative MW													
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2022																	

YEAR	PEAK DEMAND (MW)	STARTING CAPACITY (MW)	CAPACITY ADDITION (MW)	ENDING CAPACITY (MW)	PERCENT RESERVES
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2021					

Year	Southern Units Additions				Summer Reserve Margin		Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans. Grid/Conn (000\$)	Trans Losses (000\$)	Var. O&M / Fuel (000\$)	Expan. Plan Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev. Req. (000\$)	Accum. PW Rev. Req. (000\$)	Delta Resp. - Self-Build Accum. PW Rev. Req. (000\$)
	GU MW	CI MW	Total MW	Accumulative MW	Southern %	Out %												
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YEAR	PEAK DEMAND (MW)	STARTING CAPACITY (MW)	CAPACITY ADDITION (MW)	ENDING CAPACITY (MW)	PERCENT RESERVES
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Year	Southern Units Additions				Summer Reserve Margin		Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans Grid/Conn (000\$)	Trans Losses (000\$)	Var. O&M/Fuel (000\$)	Expen Plan Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev Req (000\$)	Accum PW Rev Req (000\$)	Data Resp. - Est/Build Accum PW Rev Req (000\$)
	CC MW	CI MW	Total MW	Accumulative MW	Summer %	Reserve Margin %												
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YEAR	PEAK DEMAND (MW)	STARTING CAPACITY (MW)	CAPACITY ADDITION (MW)	ENDING CAPACITY (MW)	PERCENT RESERVED
2002					
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2020					
2021					



Year	Southern Units Additions				Summer Reserve Margin		Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans Grid Conn (000\$)	Trans Losses (000\$)	Var O&M/Fuel (000\$)	Expns Plan Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev Req (000\$)	Accum. PW Rev Req (000\$)	Data Resp. - Get Build Accum. PW Rev Req (000\$)
	L.L. MW	L.I. MW	Total MW	Accumulative MW	Summer %	Out %												
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2021																		
2022																		

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YEAR	PEAK DEMAND (MW)	STARTING CAPACITY (MW)	CAPACITY ADDITION (MW)	ENDING CAPACITY (MW)	PERCENT RESERVED
2002					
2003					
2004					
2005					
2006					
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2020					
2021					

Year	Southern Units Additions				Summer Reserve Margin		Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans. Grd/Conn (000\$)	Trans. Losses (000\$)	Var. O&M/Fuel (000\$)	Expans. Plus Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev Req (000\$)	Accum. PW Rev Req (000\$)	Delta Resp - Self-Build Accum. PW Rev Req (000\$)
	C.C. MW	C.I. MW	Total MW	Accumulative MW	Bottom %	Out %												
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2020																		
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2022																		

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YEAR	PEAK DEMAND (MW)	STARTING CAPACITY (MW)	CAPACITY ADDITION (MW)	ENDING CAPACITY (MW)	PERCENT RESERVES
2002					
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2021					

Year	CC MW	Southern Units GT MW	Additions Total MW	Accumulative MW	Summer Reserve Margin Southern %	Reserve Margin Gulf %	Capital Costs (000\$)	Fixed O&M (000\$)	Fixed Fuel Charge (000\$)	Trans Grid/Conn (000\$)	Trans Losses (000\$)	Var. O&M/ Fuel (000\$)	Expen Plan Fixed Costs (000\$)	Total (000\$)	Present Worth Factor	PW Rev Req (000\$)	Accum PW Rev Req (000\$)	Delta Resp - SelfBuild Accum PW Rev Req (000\$)
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2022																		

YEAR	PEAK DEMAND (MW)	STARTING CAPACITY (MW)	CAPACITY ADDITION (MW)	ENDING CAPACITY (MW)	PERCENT RESERVE
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2021					

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