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AGREEMENT FOR SERVICES

THIS AGREEMENT FOR SERVICES (hereinafter referred to as "Agreement") is entered into by and between the Florida Electric Power Coordinating Group, Inc. (hereinafter referred to as "FCG") and Atmospheric and Environmental Research, Inc. (hereinafter referred to as AER).

WITNESSETH

Whereas, the FCG desires for AER to perform and provide FCG with certain services as requested by the FCG and more particularly described herein; and

Whereas, AER is willing to perform and provide FCG with such consulting services;

Now, therefore, in consideration of the representations and agreements contained herein, the parties hereby covenant and agree as follows:

1. Scope of Services.

AER agrees to furnish all labor, materials, and supervision necessary to complete the work described in the Scope of Services attached hereto as Exhibit A (hereinafter referred to as the "Services"), in a workmanlike manner, in accordance with the specifications set forth therein with one amendment. Task 1's delivery date shall be extended to December 31, 2008. The services performed pursuant to this Article 1 shall be performed in accordance with any Task Order Letter issued by the FCG Contract Administrator. Changes or additions to the Services ordered pursuant to this Article 1 may be made by the unilateral issuance by the FCG Contract Administrator of a Task Order Letter. Such Task Order Letter shall automatically amend this Agreement and shall be incorporated herein as if fully set forth in this document.

2. Effective Date and Term.

The effective date of this Agreement began with the verbal and written authorization given by email on October 27, 2008 and shall, except as provided in the article pertaining to Termination, remain in effect as indicated in Task Order Letters issued by the FCG between the effective date and through 2011.

3. AER Fees, Expenses & Invoices.

All costs for Services provided by AER and accepted by FCG hereunder pursuant to this Agreement, shall be billed on a time and materials basis for costs actually incurred or outlined in Task Order Letters. FCG will pay AER the fees as set forth on the attached Exhibit dated October 27 under the Budget and Schedule of Fees. Total billing under this Agreement shall not exceed the cumulative amount that has been set forth in this Agreement and as will be outlined in the Task Order Letters. AER assumes exclusive liability for all contributions, taxes, or payments required to be made because of persons hired, employed or paid by AER by the federal and state Unemployment Compensation Act, Social Security Acts and all amendments, and by all other current or future acts, federal or state, associated with Services by the FCG.

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GCL _____
OPC _____
RCP _____
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SGA _____
ADM FCG & AER Agreement
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Effective date: October 27, 2008

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

4. Management Fees.

The FCG will be responsible for all applicable general and administrative charges incurred by FCG that are associated internally with the project contract billings occurring for the term of this Agreement.

5. Technical Reports.

FCG shall receive all materials, copies of all technical reports and data including, but not limited to plans, drawings, estimates, specifications, sketches, diagrams and calculations performed for FCG for Services provided by AER.

6. Intellectual Property.

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7. Confidentiality.

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8. Termination.

FCG may terminate without cause its agreement for Services upon at least sixty (60) days written notice to the AER. If FCG terminates the agreement of Services, then AER will be paid in full for services completed and authorized by Task Order Letters up to the date of termination. If AER terminates its agreement to perform Services by at least sixty (60) days written notice to the FCG, then AER will provide the FCG with all data, technical reports, etc prepared up to and including the date of termination. If the FCG elects to employ other persons to perform the same or similar services following termination in order to continue the project, there will be no penalty or other obligation to AER and AER will not be entitled to any of the data or the results.

9. Limitation of Liability.

In no event will either FCG (or its members) or AER be liable to each other for any incidental or consequential damages arising out of this Agreement, however caused, and on any theory of liability.

10. Miscellaneous

(a) This Agreement shall constitute the entire agreement between the parties with respect to the funding for the Project and shall supersede all previous agreements and understandings relating to said Project.

- (b) This Agreement may not be amended or modified except by a written instrument signed by the duly authorized representatives of both parties.
- (c) This Agreement shall be governed by Florida law without reference to principles of conflicts of law.
- (d) Nothing contained herein shall be construed to imply a joint venture or partnership between the parties.

11. FCG Issue Managers.

Mr. Dave Meyer and Mr. John J. Jansen are the FCG's designated issue managers for the Project. All correspondence should be directed to them through the Contract Administrator Ms. Tanya Portillo as follows: Tanya C. Portillo, 1408 N. Westshore Blvd, Suite 1002, Tampa, Florida 33607, 813-207-7981, tanyap@frcc.com.

IN WITNESS WHEREOF, and acknowledging acceptance and approval of the foregoing, the authorized representatives of the FCG and AER affix their signatures hereto.

Atmospheric and Environmental Research, Inc.


 Signature of Authorized Representative

CECILIA SZE
 Print Name of Authorized Representative
 CHIEF EXECUTIVE OFFICER

Title

131 Hartwell Avenue

Address

Lexington, MA 02421

City, State

Date 1/30/2009

Florida Electric Power Coordinating Group, Inc.


 Signature of Authorized Representative

Sarah Rogers
 Print Name of Authorized Representative

Sarah Rogers
 Title

CEO and President

Address

1408 N. Westshore Blvd., Suite 1002

City, State

Tampa, Florida 33607

Date 1/22/09

October 27, 2008

Mr. Dave Meyer
Florida Electric Power Coordinating Group (FCG), Inc.
1408 N. Westshore Boulevard, Suite 1002
Tampa, Florida 33607

Dear Mr. Meyer:

Following your request, Atmospheric & Environmental Research, Inc. (AER) is pleased to provide the following scope of services, timeline, staffing information and schedule of fees.

Scope of Services

I) Literature review pertaining to the intention of the Division of Air Resource Management (DARM) to regulate mercury emissions

AER will review the scientific literature on mercury and provide a written report to the FCG to inform the DARM's anticipated mercury air emissions rule development. The literature reviewed will include journal publications, technical reports, conference proceedings and other material relevant to atmospheric mercury deposition in Florida. The purpose of the report will be to assist DARM in reaching a decision that is based on sound science and accurate and complete source attribution. A draft final report will be provided to the FCG for review. Following receipt of comments from the FCG, a revised final report will be prepared and submitted to the FCG.

II) Atmospheric modeling pertaining to the intention of the DARM to regulate mercury emissions

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III) Comments on DARM documents on atmospheric mercury pertaining to the intention of the DARM to regulate mercury emissions and Other Technical Support to FCG during the DARM process

AER will review and provide comments on documents relevant to atmospheric mercury deposition that are provided by DARM to the FCG and that form the basis for DARM's proposed mercury air emissions rule-making, if any. In particular, AER will examine the scientific soundness of DARM's approach and discuss potential uncertainties associated with their methodology and conclusions. A draft final report will be provided to the FCG for review. Following receipt of comments from the FCG, a revised final report will be prepared and submitted to the FCG. AER will provide other technical support requested by the FCG during the DARM process.

IV) Atmospheric modeling pertaining to the FDEP mercury TMDL process

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The results will be reported in a technical report. A draft final report will be provided to the FCG for review. Following receipt of comments from the FCG, a revised final report will be prepared and submitted to the FCG.

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V) Collaborations with FCG, FDEP and other consultants during the FDEP mercury TMDL process

AER will collaborate with other FCG consultants and interact with and monitor the work of FDEP consultants when requested to do so by the FCG during the TMDL process.

AER's effort will be guided by the FCG's two-pronged primary goals for its TMDL involvement, which are: (a) to ensure that the TMDL is based upon good science and (b) to assure that the study will accurately measure the "signal" in the air monitoring and deposition network, in water quality, and in fish tissue mercury expected to result from mercury emission reductions associated with ongoing mercury-related initiatives of FCG members.

Timeline of Services

The following timeline assumes that the project begins on October 20, 2008.

The draft final report on the literature review for Task 1 will be delivered by December 20, 2008. AER will respond to the FCG comments and submit a final report to the FCG within two weeks of receiving the comments.

Task 2 will be completed and the draft final report with results delivered by February 28, 2009. AER will respond to the FCG comments and submit a final report to the FCG for delivery to DARM within two weeks of receiving the comments.

Task 3 will be conducted through June 2009 or earlier depending on DARM's schedule for rule development.

Task 4 will be completed by June 30, 2011.

Task 5 will be conducted through December 31, 2011.

Staffing

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Budget and Schedule of Fees

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Do not hesitate to contact me [Redacted] if you have any questions.

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Sincerely,

[Redacted]

Project Manager

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cc: T. Portillo, FCG
J.J. Jansen, Southern Company

FCG Environmental Committee's Mercury Total Maximum Daily Loading (TMDL) Project

The state of Florida is developing an \$8.5 million Total Maximum Daily Loading (TMDL) Mercury Project. The ultimate outcome of this project is to regulate emissions of mercury. Additionally, the Division of Air Resource Management is planning to regulate mercury. The Environmental Committee requested proposals from consulting companies to engage in the process, in the interests of the utilities.

After reviewing the proposals submitted by the consultants, the Environmental Committee chose a medium level of engagement with the DEP that will allow development of models needed and consultant representation to *influence* the TMDL process and the Division of Air Resource Management's mercury rulemaking effort. The Environmental Committee recommends funding the \$775,000 needed to commit to the consultants to complete the work (background information attached) and the authority to re-prioritize tasks selected as deemed necessary. The timeframe for the expenditures would be from September 2008 through mid 2011, a four-year period. In order to meet the state's schedule the Environmental Committee requests approval of the project in late September.

Year	2008 Assessment	Budget Year 2009	Budget Year 2010	Budget Year 2011	Total
Amount	\$225,000	\$305,000	\$120,000	\$125,000	\$775,000

History on Proposal for Consultants for TMDL Mercury Project & DARM Rulemaking

As previously reported, the state of Florida is developing an \$8.5 million Total Maximum Daily Loading (TMDL) Mercury Project. The ultimate outcome of this project is to regulate emissions of mercury. Additionally, the Division of Air Resource Management is planning to regulate mercury. The Board of Directors approved a budget of \$55,000 to fund an analysis of the initial plan of study developed by the state and for the preparation of comments. The contracts were issued, initial review begun, and comments submitted to the state by the FCG. The Environmental Committee plans to meet with the FDEP in late September to determine the state's responsiveness to the FCG's comments submitted on the initial plan.

As indicated in last FCG Board of Directors conference call, the Environmental Committee also requested proposals from the consulting companies under contract with the FCG that would outline recommendations and cost estimates involved with the FCG continuing and expanding its participation in the DEP's Mercury TMDL research project and the Division of Air Resource Management's rulemaking to regulate mercury. Accordingly, information has been provided by the consultants as requested to indicate a high, medium, and low level of participation. The proposals have been reviewed and it is the recommendation of the Environmental Committee to proceed with the medium range of participation as shown on the attached table.

Background on Consultants Proposals

The low level (\$305 K) of engagement will allow the FCG to *comment* on the TMDL development process. The medium level (\$650 K, will allow development of models that could be used to *influence* the TMDL process and the Division of air Resource Management's mercury rulemaking effort. The high-level (\$2,800 K) will fund a more robust data set and analysis. The majority of the high-level cost is for extensive testing and analysis of selected Florida lakes to develop an aquatic model.

The Environmental Committee is recommending the medium level engagement that bears the cost of \$650,000. Because of the phasing of the work, the entire sum would not be needed in the first year. The timeframe for the expenditures would be from September 2008 through mid 2011, a four-year period. Due to the state's work plan schedule, the Environmental Committee is requesting approval and funding of the level of participation selected in the late September timeframe. Therefore, the Environmental Committee will look to the Chair of the Board of Directors and Sarah Rogers to decide the best means in which for the recommendation to be considered by the Board.

Year	2008	2009	2010	2011
Amount	\$225,000	\$250,000	90,000	\$85,000

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	TMDL development		DARM Mercury rule-making	Total
	AER (monitoring and modeling aspects)	Tetra Tech (aquatic aspects)	AER (monitoring and modeling aspects)	
Low	[REDACTED]	\$ 130,000 <ul style="list-style-type: none"> • Provide technical support/guidance • Provide comments to FDEP throughout the TMDL development • Review and comment on the state's sampling plan and statistical analysis 	[REDACTED]	\$ 305,000
Medium	[REDACTED]	\$ 300,000 <ul style="list-style-type: none"> • Above tasks and • Develop a comprehensive summary of existing information to develop a Conceptual Model Report of Florida water bodies 		\$ 650,000 (with the high level DARM rulemaking input)
High	[REDACTED]	\$ 2,250,000 <ul style="list-style-type: none"> • Based on the above Conceptual Model Report - development mechanistic (dynamic) modeling of mercury in Florida lakes • Includes extensive testing and analysis of selected Florida lakes 	[REDACTED]	\$ 2,800,000

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LEGAL SUPPORT FOR MERCURY ISSUES

The main tasks of FCG lawyers (primarily Bill Green of Hopping, Green, and Sams) in assisting the FCG on mercury TMDL issues next year (2009) include completion of the process of commenting on and critiquing DEP's plans of study and science plans, and then reviewing DEP's initial data concerning: (1) quantification of wet and dry mercury deposition in Florida; (2) quantification of the relationships between Florida sources of mercury emissions and mercury deposition at various locations; and (3) development of a model that correlates mercury emissions with fish tissue levels. It is expected that there will be opportunities to meet with DEP periodically to discuss the significance of the "work in progress" on these matters and address whether and to what extent there should be adjustments in the data collection and other work related to the mercury TMDL. Moreover, it is expected that as these and other scientific issues are discussed, related policy issues also will be addressed, such as differentiating between in-state and out-of-state source of mercury emissions, accounting for other sectors of the regulated community (such as cement manufacturers), and developing reasonable endpoints (fish tissue concentrations).

In 2010, HGS would continue to support the FCG in coordinating on the mercury TMDL with DEP and DEP's technical consultants. As in 2009, this will occur both informally and at occasional formal workshops and meetings. In 2010 there will be greater emphasis on assessing the significance of the initial data and other results, and as necessary evaluating potential mercury TMDL ramifications of any new state or federal CAMR-type regulations imposing mercury limits on FCG members. Also in 2010, there likely will be more dialogue with DEP with the policy issues described above.

In 2011 it is expected that HGS will assist the FCG in evaluating the data and modeling efforts, and bringing more focus and attention to the policy issues as well as TMDL implementation issues. Especially towards the end of 2011 it is likely that HGS will assist the FCG in working with DEP informally to develop details on a draft mercury TMDL rule.

For planning purposes, it seems reasonable to anticipate attorney fees of \$30,000 in 2010 and \$40,000 in 2011.

YEAR	2008	2009	2010	2011
Amount	\$0	\$55,000	\$30,000	\$40,000

Split by Total Environmental Committee Hg TMDL Funding Request

MEMBER	ALLOCATION PERCENTAGE	2008 Total Hg TMDL Assessment	2009 Hg TMDL	2010 Hg TMDL	2011 Hg TMDL	Total Request
Florida Municipal Power Agency	4.70343	\$10,583	\$14,345	\$5,644	\$5,879	\$36,452
Gainesville Regional Utilities	3.18606	\$7,169	\$9,717	\$3,823	\$3,983	\$24,692
Gulf Power Company	10.66654	\$24,000	\$32,533	\$12,800	\$13,333	\$82,666
JEA	10.04425	\$22,600	\$30,635	\$12,053	\$12,555	\$77,843
Lakeland Electric	3.62293	\$8,152	\$11,050	\$4,348	\$4,529	\$28,078
City of Lake Worth Utilities	2.10322	\$4,732	\$6,415	\$2,524	\$2,629	\$16,300
OUC	5.29331	\$11,910	\$16,145	\$6,352	\$6,617	\$41,023
Progress Energy-Florida	30.06420	\$67,644	\$91,696	\$36,077	\$37,580	\$232,998
Reedy Creek Improvement District	2.25540	\$5,075	\$6,879	\$2,706	\$2,819	\$17,479
Seminole Electric Cooperative	9.69521	\$21,814	\$29,570	\$11,634	\$12,119	\$75,138
City of Tallahassee	3.64649	\$8,205	\$11,122	\$4,376	\$4,558	\$28,260
Tampa Electric Company	12.50108	\$28,127	\$38,128	\$15,001	\$15,626	\$96,883
City of Vero Beach	2.21787	\$4,990	\$6,765	\$2,661	\$2,772	\$17,189
						\$0.00
TOTAL ASSESSMENT	100.00	\$225,000	\$305,000	\$120,000	\$125,000	\$775,000