

One Energy Place
Pensacola, Florida 32520

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February 11, 1998

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. 980007-EI (980345-EI)

Enclosed are an original and ten copies of the Petition of Gulf Power Company for Approval of Cost Recovery for New Environmental Program.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in WordPerfect for Windows 6.1 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

DOCUMENT NUMBER-DATE

02147 FEB 12 8

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost
Recovery Clause

)
) Docket No.: 980007-EI
) Filed: February 12, 1998
)
)
)

**PETITION OF GULF POWER COMPANY FOR APPROVAL
OF COST RECOVERY FOR NEW ENVIRONMENTAL PROGRAM**

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, and pursuant to Florida Public Service Commission Order Nos. PSC-94-0044-FOF-EI and PSC-94-1207-FOF-EI, hereby petitions this Commission for approval of cost recovery for a new program through the Environmental Cost Recovery Clause. The new program is the upgrade of the existing burners at Crist Steam Plant Units 4 and 5, hereafter Crist Units 4 and 5, to incorporate Low NOx burner tips. As grounds for the relief requested by this petition, the Company would respectfully show:

Notices and communications with respect to this petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

(1) Gulf is a corporation with its headquarters located at 500 Bayfront Parkway, Pensacola, Florida 32520. The Company is an investor-owned utility operating under the jurisdiction of this Commission.

(2) Gulf hereby petitions for approval of the upgrade of burners on Crist Units 4 and 5 to incorporate Low NOx burner tips and the expenses associated therewith.¹ The upgrade to Low NOx burner tips is necessary to ensure compliance with new governmentally imposed environmental requirements which will become effective in the year 2000. The Clean Air Act Amendments of 1990, specifically that part directed at Title IV Acid Rain Phase II, impose new NOx emission specifications which will become effective in the year 2000. Upgrading the burner tips on Crist Units 4 and 5 to Low NOx burner tips will permit Gulf Power Company to meet the new NOx emission specifications and achieve compliance with the aforementioned federal regulations.

(3) The upgrades are being performed at this time to take advantage of planned turbine/boiler outages on Crist Units 4 and 5. Taking advantage of existing planned outages will allow the work to be completed without taking either unit off-line solely to perform the upgrades. In addition, upgrading the units at this time allows Gulf to take advantage of available contract labor. The upgrade on Crist Unit 4 is scheduled to be completed during the current turbine/boiler outage. Crist Unit 5 upgrade to Low NOx burner tips should be completed during the May 1998 boiler outage. Thus, all of the expenses for these upgrades will be incurred after the Company's last test year upon which rates are based.

¹Gulf files for approval at this time to comply with the notice requirements set forth in Florida Public Service Commission Order No. PSC-94-1207-FOF-EI. The expenses associated with this new environmental activity would not have a material impact on the environmental cost recovery clause sufficient to warrant a mid-course correction. Gulf proposes that the recovery of these amounts be handled at the next regularly scheduled hearing as part of the true-up.

(4) The upgrade to Low NOx burner tips is an Operating and Maintenance expense estimated at \$986,000. These expenses are not recovered through any other cost recovery mechanism or through base rates. A description of the work to be performed is attached as Exhibit A which is incorporated herein by reference.

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve for cost recovery through the Environmental Cost Recovery Clause the upgrade of burners on Crist Units 4 and 5 to incorporate Low NOx burner tips and the expenses associated therewith consistent with this petition.

Respectfully submitted the 11th day of February, 1998.



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EXHIBIT A

The upgrade of burners on Crist Units 4 and 5 to incorporate Low NOx burner tips is being performed to meet the NOx specifications of Phase II of the Clean Air Act Amendments of 1990. ABB-CE is the original manufacturer of the boilers in Crist Units 4 and 5. The requested upgrades will enable Plant Crist to comply with the Title IV Acid Rain Phase II NOx requirements in the year 2000. This Low NOx Burner System and Tilt Upgrade was developed to offer the advantages of significant NOx emissions reduction through simple nozzle tip replacement.

The following work will be performed in the burner/tilt upgrade :

Removal of the existing burners and tilt mechanisms and installation of three components that make up the Low NOx designed burner system: (1) install a Low NOx designed tip onto the existing coal nozzles; (2) install vaned, close-coupled air assemblies in place of the existing nozzle tips in the combustion air compartments directly above the coal burners; (3) install concentric-firing offset air nozzle tips in the auxiliary air compartment's air tips (those without fuel).

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)

Docket No. 970007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 14th day of February 1998 by U.S. Mail or hand delivery to the following:

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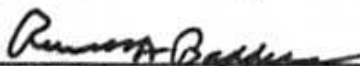
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