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Pensacola, Florida 32520

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ORIGINAL



May 21, 1999

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

990667-51

Dear Ms. Bayo:

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

Sincerely,

Susan D. Ritenour (blue)

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

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Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esquire

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of Gulf Power Company for)
 approval of new environmental program for) Docket No.: _____
 cost recovery through the Environmental Cost) Filed: May 24, 1999
 Recovery Clause.)
 _____)

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 the Company's Plant Smith Sodium Injection System as a new program for cost recovery through the Environmental Cost Recovery Clause. As grounds for the relief requested by this petition, the Company would respectfully show:

(1) Gulf is a corporation with its headquarters located at 500 Bayfront Parkway, Pensacola, Florida 32501. The Company is an investor-owned electric utility operating under the jurisdiction of this Commission. 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. Ritenour
 Assistant Secretary and Assistant Treasurer
 Gulf Power Company
 One Energy Place
 Pensacola, FL 32520-0780

(2) Gulf seeks approval of the Plant Smith Sodium Injection System (hereafter the "Sodium Injection program") as an environmental compliance program/activity appropriate for recovery through the Environmental Cost Recovery Clause ("ECRC"). This new program is

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appropriate for ECRC recovery based on the provisions of Section 366.8255 of the Florida Statutes and the prior orders of the Commission implementing that statute.

(3) Implementation of the Sodium Injection program is necessary for Gulf to ensure compliance with the Clean Air Act Amendments of 1990, specifically that part directed at Title IV Acid Rain Phase II. The Acid Rain provisions require that certain levels of SO₂ not be exceeded. Gulf is burning low sulfur coal at Plant Smith in order to meet these SO₂ requirements. The burning of low sulfur coal decreases the efficiency of the precipitators already in use to reduce particulate matter and to maintain opacity levels at Plant Smith. This decrease in efficiency must be remedied in order for Gulf to continue to be in compliance with standards for particulate matter and opacity. Gulf has determined that treating the low sulfur coal with sodium carbonate will allow the precipitators to continue operating at a level of efficiency that will allow Gulf to meet the requirements of the Clean Air Act Amendments of 1990.

(4) The Sodium Injection program will utilize a silo storage tank and its related components to perform the sodium carbonate injection.

(5) Gulf will incur costs related to the construction of the sodium injection system in addition to administrative costs for the implementation of the Sodium Injection program. This is a new program initiated after the Company's last test year upon which its current base rates were established. As a result, the costs for the Sodium Injection program will be incurred after the Company's last test year upon which rates are based.

(6) The Sodium Injection program is a capital project. The expenditures associated with the Sodium Injection program are projected to be approximately \$77,000 for calendar year 1999. These expenses are not recovered through any other cost recovery mechanism or through

base rates. The contractor(s) selected for the work were determined through a bid process.

(7) Gulf is not requesting a change in the ECRC factors that have been approved for calendar year 1999. Moreover, the projected program expenditures are not expected to result in the need for a mid-course correction of the ECRC factors during 1999. The actual program expenditures will be addressed in an up-coming true-up cycle and will be subject to audit.

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the Sodium Injection program and the costs associated therewith for recovery through the Environmental Cost Recovery Clause consistent with this petition.

Respectfully submitted the 21st day of May, 1999.



JEFFREY A. STONE

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