

One Energy Place
Pensacola, Florida 32520

850 444 6111



April 18, 2001

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

D10562-EI

Dear Ms. Bayo:

Enclosed are an original and fifteen copies of the Petition of Gulf Power Company for Approval of Cost Recovery for New Environmental Program to be filed with the Commission.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in Wordperfect 8 format as prepared on a Windows NT based computer.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone

DOCUMENT NUMBER DATE

04997 APR 20 2001

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of Gulf Power Company for)
approval of new environmental program for) Docket No.: D10562-EI
cost recovery through the Environmental Cost) Filed: April 19, 2001
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 Consumptive Use-Shield Water Substitution Project 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 Company's Consumptive Use-Shield Water Substitution Project as an environmental compliance program/activity appropriate for recovery through the Environmental Cost Recovery Clause ("ECRC"). This new program is 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) The Consumptive Use-Shield Water Project is necessary for Gulf to ensure compliance with a new environmental requirement that is a part of the Consumptive Use Permit issued by the Northwest Florida Water Management District ("NFWFMD") for Gulf's Plant Smith in August 1999. A copy of the relevant permit is attached hereto as Exhibit "A". Specifically, Condition 6 of Gulf's Consumptive Use Permit requires that Plant Smith reduce groundwater usage at the plant by 25% by December 31, 2004. The goal of this project is to reduce both the groundwater usage and the saltwater intrusion into the groundwater at Plant Smith. To achieve this goal this project will substitute the groundwater currently being used to meet the shield water requirement with "recycled" water from the ash pond. A 7.5 HP centrifugal pump capable of delivering 300 GPM against 30 feet of total dynamic head along with a support structure, associated valves and controls, and power will be installed at the recycle structure. Two thousand feet of 3 inch pipe along with associated supports and valves will be installed to deliver the recycled water to the shield water system. The use of "recycled" water from the ash pond will potentially reduce Gulf's groundwater usage by 15% at Plant Smith. The method of achieving the remaining reduction in groundwater usage required by the permit is still under consideration.

(4) Gulf will incur costs related to the Company's Consumptive Use-Shield Water Substitution Project. The capital expenditures associated with the project are projected to be approximately \$50,000 for calendar year 2001. At this time, Gulf is not able to determine the amount, if any, of maintenance expense that may incur as a result of this Project. These expenditures should be allocated to the rate classes on a demand basis.

(5) The expenses and/or expenditures associated with the activities discussed herein are not recovered through any other cost recovery mechanism or through base rates. This new activity is being initiated after the Company's last test year upon which its current base rates were established. As a result, the expenses and/or expenditures associated with this activity will be incurred after the Company's last test year upon which rates are based.

(6) Gulf is not requesting a change in the ECRC factors that have been approved for calendar year 2001. Moreover, the projected expenditures/expenses are not expected to result in the need for a mid-course correction of the ECRC factors during 2001. The actual expenditures/expenses 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 Company's Consumptive Use-Shield Water Substitution Project and the costs associated therewith for recovery through the Environmental Cost Recovery Clause consistent with this petition or grant other relief as is just and reasonable.

Respectfully submitted the 18th day of April, 2001.

A handwritten signature in black ink, appearing to read "J. Stone", written over a horizontal line.

JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 7455

Beggs & Lane

P. O. Box 12950

Pensacola, Florida 32576-2950

(850) 432-2451

Attorneys for Gulf Power Company



Northwest Florida Water Management District

ACT

81 Water Management Drive, Havana, Florida 32333
(U.S. Highway 90, 10 miles west of Tallahassee)

(850) 539-5999 • (Suncom) 771-2080 • (Fax) 539-4380

EXHIBIT A

Douglas E. Barr
Executive Director

September 2, 1999

Gulf Power, Inc.
Lansing Smith Electric Generating Plant
One Energy Place
Pensacola, FL 32520-0328

NOTICE OF AGENCY ACTION
Individual Water Use Permit No. 850073
Consumptive Use Permit Application No. I 05717

Dear Permittee:

Your Individual Water Use Permit was approved by the Governing Board of the Northwest Florida Water Management District at a public hearing on August 26, 1999. The permit issued is subject to the terms and conditions set forth in the enclosed permit document. As you are legally responsible for compliance with the conditions of the permit please read the document thoroughly. Pay close attention to any condition(s) of the permit which require the one-time or periodic submittal of information to the District.

If the property where the withdrawal facility is located changes ownership, the permit must be transferred. A permit transfer request must be made on NFWMD Form A2-F and approved by the Executive Director. If the permit is not transferred you may remain responsible for compliance with the conditions of the permit.

If you have any questions concerning the permit document or if the District can be of any other service, please let us know.

Sincerely,

W. G. Gowens, Chief
Bureau of Ground Water Regulation
Division of Resource Regulation

WGG/tp
Enclosure
cc: Rachel A. Terry

CHARLES W. ROBERTS
Chair - Tallahassee

JOYCE ESTES
Vice Chair - Eastpoint

JUDY BYRNE RILEY
Secretary/Treasurer
Fort Walton Beach

WAYNE BODIE
DeFuniak Springs

JOHN O. DE LORGE
Cantonment

SHARON T. GASKIN
Wewahitchka

L. E. MCMULLIAN, JR.
Sneads

JOHN R. MIDDLEMAS, JR.
Panama City

J. RUSSELL PRICE
Tallahassee

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
INDIVIDUAL WATER USE PERMIT**
(NWFWMMD Form No. A2-E)

Permit granted to: _____ Permit No.: 850073 Modification/Renewal

Gulf Power Company _____ Date Permit Granted: August 26, 1999
Lansing Smith _____
Electric Generating Plant _____ Permit Expires On: August 27, 2004
One Energy Place _____ Source Classification: Floridan Aquifer, North
Pensacola, Florida 32520-0328 _____ Bay, Recycled Water
(Legal Name and Address) Use Classification: Power Generation
Public Supply

County: Bay Area: B Location: Section 25, 36 1/4 Section _____

Application No.: I05717 Township 2 South Range 15 West

Terms and standard conditions of this Permit are as follows:

1. That all statements in the application and in supporting data are true and accurate and based upon the best information available, and that all conditions set forth herein will be complied with. If any of the statements in the application and in the supporting data are found to be untrue and inaccurate, or if the Permittee fails to comply with all of the conditions set forth herein, then this Permit shall be revoked as provided by Chapter 373.243, Florida Statutes.
2. This Permit is predicated upon the assertion by the Permittee that the use of water applied for and granted is and continues to be a reasonable and beneficial use as defined in Section 373.019(4), Florida Statutes, is and continues to be consistent with the public interest, and will not interfere with any legal use of water existing on the date this Permit is granted.
3. This Permit is conditioned on the Permittee having obtained or obtaining all other necessary permit(s) to construct, operate and certify withdrawal facilities and the operation of water system.
4. This Permit is issued to the Permittee contingent upon continued ownership, lease or other present control of property rights in underlying, overlying, or adjacent lands. This Permit may be assigned to a subsequent owner as provided by Chapter 40A-2.351, Florida Administrative Code, and the acceptance by the transferee of all terms and conditions of the Permit.

5. This Permit authorizes the Permittee to make a combined average annual withdrawal of 265,800,000* gallons of water per day, a maximum combined withdrawal of 276,880,000** gallons during a single day, and a combined monthly withdrawal of 8,531,200,000*** gallons. Withdrawals for the individual facilities are authorized as shown in the table below in paragraph six. However, the total combined amount of water withdrawn by all facilities listed in paragraph six shall not exceed the amounts identified above.
6. Individual Withdrawal Facility Authorization

WITHDRAWAL POINT ID NO.	LOCATION SEC.TWN.RNG	GALLONS/DAY AVERAGE	GALLONS/DAY MAXIMUM
LSGP #1	Sec. 36, T2S, R15W		720,000
LSGP #2	Sec. 36, T2S, R15W		720,000
LSGP #3	Sec. 36, T2S, R15W		720,000
LSGP #4	Sec. 25, T2S, R15W		720,000
LGSP 1A/NB	Sec. 36, T2S, R15W		68,256,000
LGSP 1B/NB	Sec. 36, T2S, R15W		68,256,000
LGSP 2A/NB	Sec. 36, T2S, R15W		68,256,000
LGSP 2B/NB	Sec. 36, T2S, R15W		68,256,000
* 1,200,000 Ground Water – 264,600,000 Surface Water ** 2,880,000 Ground Water – 274,000,000 Surface Water *** 37,200,000 Ground Water – 8,494,000,000 Surface Water			

7. The use of the permitted water withdrawal is restricted to the use classification set forth by the Permit. Any change in the use of said water shall require a modification of this Permit.
8. The District's staff, upon proper identification, will have permission to enter, inspect and observe permitted and related facilities in order to determine compliance with the approved plans, specifications and conditions of this Permit.
9. The District's staff, upon providing prior notice and proper identification, may request permission to collect water samples for analysis, measure static and/or pumping water levels and collect any other information deemed necessary to protect the water resources of the area.
10. The District reserves the right, at a future date, to require the Permittee to submit pumpage records for any or all withdrawal point(s) covered by this Permit.
11. Permittee shall mitigate any significant adverse impact caused by withdrawals permitted herein on the resource and legal water withdrawals and uses, and on adjacent land use, which existed at the time of permit application. The District reserves the right to curtail

- permitted withdrawal rates if the withdrawal causes significant adverse impact on the resource and legal uses of water, or adjacent land use, which existed at the time of permit application.
12. Permittee shall not cause significant saline water intrusion or increased chloride levels. The District reserves the right to curtail permitted withdrawal rates if withdrawals cause significant saline water intrusion or increased chloride levels.
 13. The District, pursuant to Section 373.042, Florida Statutes, at a future date, may establish minimum and/or management water levels in the aquifer, aquifers, or surface water hydrologically associated with the permitted withdrawals; these water levels may require the Permittee to limit withdrawal from these water sources at times when water levels are below established levels.
 14. Nothing in this Permit should be construed to limit the authority of the Northwest Florida Water Management District to declare water shortages and issue orders pursuant to Section 373.175, Florida Statutes, or to formulate and implement a plan during periods of water shortage pursuant to Section 373.246, Florida Statutes, or to declare Water Resource Caution Areas pursuant to Chapters 40A-2.801, and 62-40.41, Florida Administrative Code
 - (a) In the event of a declared water shortage, water withdrawal reductions shall be made as ordered by the District.
 - (b) In the event of a declared water shortage or an area as a Water Resource Caution Area, the District may alter, modify or inactivate all or parts of this permit.
 15. The Permittee shall properly plug and abandon any well determined unsuitable for its intended use, not properly operated and maintained, or removed from service. The well(s) shall be plugged and abandoned to District Standards in accordance with Section 40A-3.531, Florida Administrative Code.
 16. Any Specific Permit Condition(s) enumerated in Attachment A are herein made a part of this Permit.



Authorized Signature
Northwest Florida Water Management District

ATTACHMENT
Gulf Power Company
Lansing Smith Plant

Individual Water Use Permit No. 850073
Individual Water Use Application No. I05717

1. The Permittee shall record the data required on the Water Use Summary Reporting Form, NFWFMD A2-I, and submit copies to the District by January 31 of each year. The withdrawals shall be reported separately by source (ground water, surface, and recycled). The ground and surface water withdrawals shall also be provided as an aggregate. The first report is due by January 31, 2000.
2. The Permittee, by January 31, April 30, July 31, and October 31 of each year, shall report the following information as specified below:
 - a. Water quality results from tests conducted on each production well of the system during the first two weeks of the months of January, April, July, and October as appropriate to the reporting period. The water quality analysis shall test for the following chemical concentrations: chloride, sodium, sulfate, bicarbonate, carbonate, calcium, magnesium, potassium, and total dissolved solids. Prior to sampling, the Permittee shall purge approximately three to five well volumes from each well, and shall report with each set of test results, the duration of purging, purge volume, and purge rates used.
 - b. Static water level data for each production well as recorded during the first two weeks of January, April, July, and October as appropriate to the reporting period. The Permittee shall contact the District for assistance in designing the method and specifics of data collection. The water level data shall be referenced to mean sea level.

The Permittee, in the event drawdowns are detected greater than those predicted by the applicant's model or water quality degrades in any well to the level of concern by the District, shall immediately initiate the monthly collection, analysis, and reporting of water samples from all wells identified by the District at such time. The Permittee shall submit a written plan to the District identifying the specific actions it will implement to address the issue(s) of concern. Monthly water quality sampling shall continue until such time as determined by the District.

The first water use, water quality and water level reports are due by January 31, ²⁰⁰⁰1999. *KT*

3. The Permittee shall continue to return approximately 95% or more of the surface water withdrawn.

4. The Permittee, at the time of construction, shall install an in-line totaling flow meter at the well head of proposed well LSGP #4. The Permittee shall install and maintain in working order in-line totaling flow meters on all other ground water wells by August 31, 2000.
5. The Permittee shall not exceed a withdrawal rate of 2,000 gallons per minute from the Floridan Aquifer. The Permittee, at the earliest possible time, shall implement a schedule to automatically rotate the pumping of the wells in a manner to minimize impact to the resource and any nearby existing users. Additionally, the Permittee shall maximize to the extent practical the use of proposed well LSGP #4 to reduce demands placed on the existing wells located at the main facility.
6. The Permittee shall implement measures to increase water conservation and efficiency at the facility. The Permittee's water conservation/efficiency program shall have as a goal the reduction of its projected ground water withdrawal needs by 25% by December 31, 2004. The Permittee, by January 31 of each year, shall submit to the District a report detailing the actions taken, and progress during the pervious year, in achieving the stated goal.
7. The Permittee shall mitigate impacts attributable to the authorized withdrawal that interferes with users of water in the vicinity of Gulf Power's wells. The Permittee shall report the occurrence of any such impacts to the District and shall identify the mitigation action undertaken to address the impacts.
8. The Permittee, when corresponding with the District (e.g., pumping reports), shall reference its wells by the Florida Unique Identification Number.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Gulf Power Company for)
approval of new environmental program for)
cost recovery through the Environmental Cost)
Recovery Clause.)
_____)

Docket No. _____

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 18th day of April 2001 by U.S. Mail or hand delivery to the following:

Marlene Stern, Esquire
Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

Matthew M. Childs, Esquire
Steel, Hector & Davis
215 South Monroe, Suite 601
Tallahassee FL 32301

John Roger Howe, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Room 812
Tallahassee FL 32399-1400

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Ms. Debra Swim
LEAF
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