

One Energy Place
Pensacola, Florida 32520

850.444.6111



May 29, 1998

Mr. Greg Smith
Compliance/Enforcement Section Supervisor
Northwest District
160 Governmental Center
Pensacola, Florida 32501-5794

Re: Warning Letter #32-1329
Scholz Electric Generating Plant
Wastewater Permit #FL0002283

Dear Mr. Smith:

As requested by the Department in the above referenced letter, Gulf Power Company met with agency representatives on May 26, 1998 to discuss an alleged ground water violation at Plant Scholz. The purpose of the meeting was to discuss the issue and allow both parties the opportunity to present any facts that may help to resolve the matter.

The ground water issue at Plant Scholz is nickel that has been reported as slightly over the primary drinking water standard in one well. As discussed during the May 26th meeting, this issue was addressed by Gulf Power in 1995 when we conducted an investigation in an attempt to determine the cause of the elevated nickel. Gulf Power Company provided the results of this investigation on June 26, 1995 and have since kept the Department apprised of our actions.

The results of that study, which were submitted to the Department in 1995, concluded that the cause of the nickel was the interaction of groundwater with a naturally occurring subsurface clay. Since that date, Gulf Power Company has continued monitoring in accordance with the Plant's approved groundwater monitoring plan. A formal, more detailed report of that investigation will be submitted to the Department by June 30, 1998.

According to the Department's warning letter, the May 26th meeting was also for the purpose of discussing entering into a Consent Order that would include any necessary corrective actions. As we discussed on the 26th, the purpose of a Consent Order is to identify and resolve alleged violations of some applicable

May 29, 1998

Page Two

rule or law administered by the Department. In this case, Gulf Power believes the basis for requiring a Consent Order is unjustified due to the fact that at our meeting, we presented facts that prove there is not a groundwater violation at Plant Scholz. The nickel exceedance at the one monitor well location in that Plant's groundwater monitoring network is caused by natural conditions present. The report that will be submitted at the end of June will substantiate that fact legally and technically, and that, accordingly, there is no "violation" of applicable Florida law.

As you are aware, the Scholz NPDES Permit is currently up for renewal with the Department and Tallahassee has already issued a preliminary draft. Mr. Craig Diltz, of the Department's Industrial Wastewater Section in Tallahassee, has requested that this issue be finalized within 90 days from our May 26th meeting so that the permit may be finalized in a timely manner.

We appreciate the opportunity to meet with you earlier this week and trust that we will be able to resolve this issue in the near future. If you have any questions, please contact me at 850.444-6311.

Sincerely,



James O. Vick
Manager of Environmental Affairs

cc: Department of Environmental Protection – N.W. District
Vic Hulstrand
Bill Evans

Department of Environmental Protection - Tallahassee
Craig Diltz
Bryan Baker

Gulf Power Company
Lewis Jeffers
Mike Markey
Joe Neese
Rachel Terry