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MAIL ROOM

Jack L. Haskins
Manager of Rates and Regulatory Matters
and Assistant Secretary

the southern electric system

January 22, 1996

EXHIBIT
FILE COPY

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:

Enclosed for official filing in Docket No. 960007-EI are an original and fifteen copies of the following:

00708-96 1. Petition of Gulf Power Company for Approval of Final Environmental Cost Recovery True-up Amounts for April 1995 through September 1995; Estimated Environmental Cost Recovery True-up Amounts for October 1995 through March 1996; Projected Environmental Cost Recovery Amounts for April 1996 through September 1996; and Environmental Cost Recovery Factors to be Applied Beginning with the Period April 1996 through September 1996.

00709-96 2. Prepared direct testimony of J. O. Vick.

00710-96 3. Prepared direct testimony of M. L. Gilchrist.

00711-96 4. Prepared direct testimony and exhibit of S. D. Cranmer.

ACK _____ Also enclosed is a 3.5 inch double sided, double density diskette containing the Petition in WordPerfect for Windows 6.1 format as prepared on a MS-DOS based computer.

AFS _____

APP _____ Sincerely,

CAF _____

CMU _____ *Jack L. Haskins*

CIR _____

EAT _____ *Beggs* ⁵/_{ab}

LEG _____ 1 Enclosures

LET _____ *01/26/96 v3*

OPC _____ cc: Beggs and Lane
Jeffrey A. Stone, Esquire

RCH _____

SEC _____ 1

WAS _____

OTH _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)

) Docket No. 960007-EI
)

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 22nd day of January 1996, by U.S. Mail or hand delivery to the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FILE COPY

DOCKET NO. 960007-EI

PREPARED DIRECT TESTIMONY
OF

J. O. VICK

ENVIRONMENTAL COST RECOVERY CLAUSE

APRIL 1996 - SEPTEMBER 1996

JANUARY 22, 1996

 **GULF POWER** 

DOCUMENT NUMBER-DATE

00709 JAN 22 96

FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 James O. Vick
Docket No. 960007-EI
Date of Filing January 22, 1996

5 Q. Please state your name and business address.

6 A. My name is James O. Vick and my business address is 500 Bayfront
7 Parkway, Pensacola, Florida, 32501-0328.

8
9 Q. By whom are you employed and in what capacity?

10 A. I am employed by Gulf Power Company as the Supervisor of Environmental
11 Affairs.

12
13 Q. Mr. Vick, will you please describe your education and experience?

14 A. I graduated from Florida State University, Tallahassee, Florida, in 1975 with a
15 Bachelor of Science Degree in Marine Biology. I also hold a Bachelor's
16 Degree in Civil Engineering from the University of South Florida in Tampa,
17 Florida. In addition, I have a Masters of Science Degree in Management
18 from Troy State University, Pensacola, Florida. I joined Gulf Power Company
19 in August 1978 as an Associate Engineer. I have since held various
20 engineering positions such as Air Quality Engineer and Senior Environmental
21 Licensing Engineer. In 1990, I assumed my present position as Supervisor of
22 Environmental Affairs.

23
24 Q. What are your responsibilities with Gulf Power Company?

25 A. As Supervisor of Environmental Affairs, my primary responsibility is

1 overseeing the activities of the Environmental Affairs section to ensure the
2 Company is, and remains, in compliance with environmental laws and
3 regulations, i.e., both existing laws and such laws and regulations that may
4 be enacted or amended in the future. In performing this function, I have the
5 responsibility for numerous environmental activities.

6
7 Q. Are you the same James O. Vick who has previously testified before this
8 Commission on various environmental matters?

9 A. Yes.

10
11 Q. What is the purpose of your testimony in this proceeding?

12 A. The purpose of my testimony is to support Gulf Power Company's projection
13 of environmental compliance amounts recoverable through the
14 Environmental Cost Recovery Clause (ECRC) for the period April 1996
15 through September 1996. I will discuss the amounts included in the
16 projection period for those compliance activities previously approved by the
17 Commission.

18
19 Q. Mr. Vick, please identify the capital projects included in Gulf's ECRC
20 calculations.

21 A. A listing of the environmental capital projects which have been included in
22 Gulf's ECRC calculations has been provided to Ms. Cranmer and is included
23 in Schedules 42-3P and 42-4P of her testimony. Schedule 42-4P reflects the
24 expenditures and clearings currently projected for each of these projects.
25 These amounts were provided to Ms. Cranmer, who has compiled the

1 schedules and calculated the associated revenue requirements for our
2 requested recovery. All the listed projects are associated with environmental
3 compliance activities which have been previously approved for recovery
4 through the ECRC by this Commission in Docket No. 930613-EI and past
5 proceedings in this ongoing recovery docket.

6
7 Q. Please compare the Environmental Operation and Maintenance (O&M)
8 activities listed on Schedule 42-2P of Exhibit SDC-2 to the O&M activities
9 approved for cost recovery in past ECRC dockets.

10 A. The O&M activities listed on Schedule 42-2P have all been approved for
11 recovery through the ECRC in past proceedings. These O&M activities are
12 all on-going compliance activities and are grouped into four major categories-
13 -Air Quality, Water Quality, Environmental Programs Administration, and
14 Solid and Hazardous Waste. I will discuss each O&M activity within each of
15 these major categories and the projected expenses later in my testimony.

16
17 Q. What O&M activities are included in the Air Quality category?

18 A. There are five O&M activities included in this category:

19 The first, Sulfur (Line Item 1.1), reflects an ongoing operational
20 expense associated with the burning of low sulfur coal. This item refers to
21 the flue gas sulfur injection system needed to improve the collection
22 efficiency of the Crist Unit 7 electrostatic precipitator and is required due to
23 the burning of low sulfur coal at this unit pursuant to the sulfur dioxide
24 requirements of the Clean Air Act Amendments (CAAA). The expenses
25 projected for the recovery period total \$11,496.

1 The second activity listed on Schedule 42-2P, Air Emission Fees (Line
2 Item 1.2), represents the expenses projected for the annual fees required by
3 the CAAA. The expenses projected for the recovery period total \$154,000.

4 The third activity listed on Schedule 42-2P, Title V Permits (Line Item
5 1.3), represents projected expenses associated with the preparation of Title V
6 permit applications and the subsequent implementation of the Title V permits.
7 The total estimated expense for the Title V Program during the recovery
8 period is \$49,548.

9 The fourth activity listed on Schedule 42-2P, Asbestos Fees (Line Item
10 1.4), is required to be paid to the Florida Department of Environmental
11 Protection (FDEP) for the purpose of funding the State's asbestos removal
12 program. The expenses projected for the recovery period total \$2,496.

13 The fifth activity listed on Schedule 42-2P, Emission Monitoring (Line
14 Item 1.5), reflects an ongoing O&M expense associated with the new
15 Continuous Emission Monitoring equipment (CEM) as required by the CAAA.
16 These expenses are incurred in response to the federal Environmental
17 Protection Agency's (EPA) requirements that the Company perform Quality
18 Assurance/Quality Control (QA/QC) testing for the CEMs, including Relative
19 Accuracy Test Audits (RATA) and Linearity Tests. The expenses projected
20 to occur during the recovery period for these activities total \$151,602.

21

22 Q. What O&M activities are included in Water Quality?

23 A. General Water Quality (Line Item 1.6), identified in Schedule 42-2P, includes
24 Soil Contamination Studies, Dechlorination, Groundwater Monitoring Plan
25 Revisions, Surface Water Studies, and Daniel Groundwater Monitoring. All

1 the programs included in Line Item 1.6, General Water Quality, have been
2 approved in past proceedings. The expenses projected to occur during the
3 recovery period for these activities total \$408,246.

4 The second activity listed in the Water Quality Category, Groundwater
5 Contamination Investigation (Line Item 1.7), was previously approved for
6 environmental cost recovery in Docket No. 930613-EI. This activity is
7 projected to incur incremental expenses totaling \$639,191 during the
8 recovery period.

9 Line Item 1.8, State NPDES Administration, was previously approved
10 for recovery in the ECRC and reflects expenses associated with the filing of
11 two permit applications. These expenses are expected to incur \$15,000
12 during the recovery period.

13 Finally, Line Item 1.9, Lead and Copper Rule, was also previously
14 approved for ECRC recovery and reflects sampling and analytical costs for
15 lead and copper in drinking water. These expenses are expected to total
16 \$15,888 during the recovery period.

17
18 Q. What activities are included in the Environmental Affairs Administration
19 Category?

20 A. Only one O&M activity is included in this category on Schedule 42-2P (Line
21 Item 1.10) of my exhibit. This Line Item refers to the Company's
22 Environmental Audit/Assessment function. This program is an on-going
23 compliance activity previously approved and is projected to incur expenses
24 totaling \$846 during the recovery period.

25

1 Q. What O&M activities are included in the Solid and Hazardous Waste
2 category?

3 A. Only one program, General Solid and Hazardous Waste (Line Item 1.11), is
4 included in the Solid and Hazardous Waste category on Schedule 42-2P.
5 This activity involves the proper identification, handling, storage,
6 transportation and disposal of solid and hazardous wastes as required by
7 Federal and State regulations. This program is an on-going compliance
8 activity previously approved and is projected to incur incremental expenses
9 totaling \$88,062 during the recovery period.

10
11 Q. How did you derive the O&M expenses the Company identified in
12 Ms. Cranmer's exhibits for consideration in the Environmental Cost Recovery
13 Clause?

14 A. We have based this information on projected 1996 environmental expenses
15 for the time frame of April 1996 through September 1996. O&M expenses
16 resulting from environmental compliance activities projected to occur from
17 April 1, 1996, through the end of the recovery period on September 30, 1996,
18 are listed on Schedule 42-2P. This information was provided to Ms. Cranmer
19 for her to include in the calculation of the total revenue requirements.

20
21 Q. For the period October 1995 through March 1996, are there significant
22 variances in expenditures, and if so, please explain these variances.

23 A. Yes. One category, General Water Quality, has an estimated budget
24 variance for the covered period of \$665,392. As discussed in my previous
25 testimony filed November 17, 1995, delays in project approval by the FDEP

1 resulted in project delays and consequently an under estimate in the April
2 1995 through September 1995 recovery period. The FDEP approved the
3 Smith Soil Contamination Remedial Action Plan (EWO 4377) in August 1995
4 and the project was accelerated during the last quarter of 1995. This
5 resulted in the variance in the General Water Quality category. All other
6 activities are still estimated to fall within the previously approved projections.
7

8 Q. Does this conclude your testimony?

9 A. Yes.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 960007-EI

Before me the undersigned authority, personally appeared James O. Vick, who being first duly sworn, deposes, and says that he is the Supervisor of Environmental Affairs of Gulf Power Company, a Maine corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.

James O. Vick
James O. Vick
Supervisor of Environmental Affairs

Sworn to and subscribed before me this 19th day of January, 1996.

Rollanda R. Cothran
Notary Public, State of Florida at Largo

Commission Number:
Commission Expires:

