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March 30, 2001

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. 010007-EI are an original and ten copies of the following:

1. Prepared direct testimony of J. O. Vick.
2. Prepared direct testimony and exhibit of S. D. Ritenour.

Sincerely,

Susan D. Ritenour

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

APP _____
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Vick
DOCUMENT NUMBER-DATE

04005 APR-26

FPSC-RECORDS/REPORTING

Ritenour
DOCUMENT NUMBER-DATE

04006 APR-26

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 000007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 30th day of March 2001 by U.S. Mail or hand delivery to the following:

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See

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENVIRONMENTAL COST RECOVERY
CLAUSE**

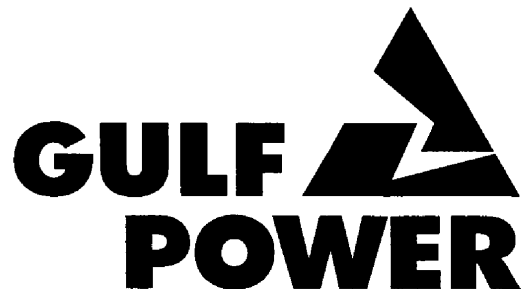
DOCKET NO. 010007-EI

**PREPARED DIRECT TESTIMONY
OF
JAMES O. VICK**

**FINAL TRUE-UP FILING
FOR THE PERIOD**

JANUARY 2000 – DECEMBER 2000

APRIL 2, 2000



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

04005 APR-28

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. 010007-EI
April 2, 2001

5 Q. Please state your name and business address.

6 A. My name is James O. Vick and my business address is One Energy
7 Place, Pensacola, Florida, 32520.

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

10 A. I am employed by Gulf Power Company as the Manager of
11 Environmental 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
15 with a Bachelor of Science Degree in Marine Biology. I also hold a
16 Bachelor's Degree in Civil Engineering from the University of South
17 Florida in Tampa, Florida. In addition, I have a Masters of Science
18 Degree in Management from Troy State University, Pensacola, Florida.
19 I joined Gulf Power Company in August 1978 as an Associate Engineer.
20 I have since held various engineering positions such as Air Quality
21 Engineer and Senior Environmental Licensing Engineer. In 1996, I
22 assumed my present position as Manager of Environmental Affairs.

23

04005-01
4/2/01

1 Q. What are your responsibilities with Gulf Power Company?

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

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

11 A. Yes.

12
13 Q. Mr. Vick, what is the purpose of your testimony?

14 A. The purpose of my testimony is to provide Gulf Power Company's true-
15 up for the period from January 1, 2000 through December 31, 2000.

16
17 Q. Mr. Vick, please compare Gulf's recoverable environmental capital
18 costs included in the final true-up calculation for the period January 1,
19 2000 through December 31, 2000 with the approved estimated true-up
20 amounts.

21 A. As reflected in Ms. Ritenour's Schedule 6A, the recoverable capital
22 costs included in the estimated true-up total \$8,396,638, as compared
23 to the actual capital costs of \$8,386,686. This results in a variance of
24 (\$9,952). This difference is primarily attributed to a variance in the
25 capital costs associated with SO₂ allowances as described below.

1 Q. Please explain the variance of (\$8,535) in the capital category entitled
2 SO₂ Allowances (Line Item 1.18).

3 A. The Company's proceeds from the spring allowance auction are
4 unpredictable from year to year and were unbudgeted for the current
5 period.

6

7 Q. How do the actual O&M expenses for the period January 1, 2000 to
8 December 31, 2000 compare to the estimated true-up?

9 A. Mrs. Ritenour's Schedule 4A reflects that Gulf's recoverable
10 environmental O&M expenses for the current period were \$1,812,150,
11 as compared to the estimated true-up of \$2,285,913. This results in a
12 year-end variance of (\$473,763). I will address ten O&M projects and
13 programs that contribute to this variance.

14

15 Q. Please explain the variance of \$26,078 in Title V (Line Item 1.3).
16 This variance is due to costs associated with the implementation of a
17 new permit condition in the Plant Smith Title V permit. Patrolling
18 requirements included in the permit require Gulf Power to ensure that
19 public access is restricted from areas of the plant property and to
20 conduct routine patrolling. Fencing and no-trespassing notices have
21 been installed to restrict public access to areas of concern as
22 identified by FDEP.

23

24 Q. Please explain the variance of (\$2,252) in Asbestos Fees (Line Item 1.4).

1 A. This variance is explained by the fact that Gulf's generating plants had
2 less asbestos abatement in the current period than was anticipated.
3 The projected expenses for this project were based on Gulf's history of
4 abatement in previous years.

5

6 Q. Please explain the variance of (\$18,343) in Emission Monitoring (Line
7 Item 1.5).

8 A. Gulf's estimated true-up for Emission Monitoring included semi-annual
9 quality assurance testing on emission monitors as required by the
10 Environmental Protection Agency (EPA). The frequency of this quality
11 assurance testing is based on the performance of the monitors, and as
12 such, the cost of testing decreases if the units qualify for reduced
13 testing frequency as allowed by the Acid Rain Part 75 rules. The
14 performance of the emission monitors during the recovery period met
15 the criteria for reduced testing, and therefore the associated
16 monitoring costs were less than expected.

17

18 Q. Please explain the variance of (\$385,886) in Line Item 1.7, Groundwater
19 Contamination Investigation.

20 A. This variance is primarily due to an error in the original projection that
21 went undetected at the time of the estimated true-up. The variance
22 was partially offset by \$124,000 of expenses that were incurred in 1999
23 and inadvertently booked to a non-recovery account during that
24 recovery period.

25

1 Q. Please explain the variance of (\$8,911) in the category entitled Lead
2 and Copper Rule (Line Item 1.9).

3 A. This variance is due to chemical usage at Plant Crist that was less than
4 what was anticipated. In addition, Plant Smith inadvertently charged
5 their expenses for this program to a non-ECRC account. This error was
6 detected after the books were closed for 2000. Gulf will recover these
7 charges during the 2001 recovery period.

8
9 Q. Please explain the variance of (\$12,991) in the category entitled
10 Environmental Auditing and Assessment (Line Item 1.10).

11 A. The costs associated with this program were less than what was
12 projected due to a reduction in the scope of the auditing that was
13 required during the recovery period.

14
15 Q. Please explain the variance of (\$42,091) in the category entitled
16 General Solid & Hazardous Waste (Line Item 1.11).

17 A. This variance is due to an error in the original projection, which did not
18 take into account \$88,800 for the base rate adjustment approved in
19 order PSC-94-0044-FOF-EI. The variance was partially offset by \$41,000
20 in unanticipated waste removal costs incurred during the projection
21 period.

22
23 Q. Please explain the variance of \$5,980 in the category entitled Above
24 Ground Storage Tanks (Line Item 1.12).

1 A. According to FDEP's Above Ground Storage Tank regulation 62-761.500
2 F.A.C., all tanks are required to be equipped with a system to prevent
3 or contain fuel oil spills. In response to the requirements of this rule, the
4 costs associated with this project were incurred to equip the tanks with
5 liquid level gauges that are readily visible to those responsible for the
6 CT fuel oil, significantly reducing the risk of a fuel oil spill.

7
8 Q. Please explain the variance of \$3,855 in Sodium Injection (Line Item
9 1.16).

10 A. The expenses that Gulf incurs for this program are dependent on the
11 available coal supply and the necessity for sodium injection. The
12 necessity for sodium injection based on the current coal supply was
13 greater than what was anticipated for the period.

14
15 Q. Please explain the variance of (\$27,900) in Line Item 1.17, Gulf Coast
16 Ozone Study (GCOS).

17 A. The variance in expenses for this program is attributable to an
18 unexpected delay in modeling work being performed by the project
19 contractor. This delay was the result of a judicial review of the 8 hour
20 ozone lawsuit.

21 Q. Does this conclude your testimony?

22 A. Yes.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 010007-EI

Before me the undersigned authority, personally appeared James O. Vick, who being first duly sworn, deposes, and says that he is the Manager 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
Manager of Environmental Affairs

Sworn to and subscribed before me this 30th day of March, 2001.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

