

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

IN RE: FUEL & PURCHASED POWER)
COST RECOVERY AND CAPACITY COST)
RECOVERY PROJECTIONS JANUARY)
2004 THROUGH DECEMBER 2004)

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**DIRECT TESTIMONY
OF
DR. STEPHEN A. SMITH
ON BEHALF OF
SOUTHERN ALLIANCE FOR CLEAN
ENERGY**

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2 **PREPARED DIRECT TESTIMONY**
3 **OF**
4 **DR. STEPHEN A. SMITH**
5 **ON BEHALF OF**
6 **SOUTHERN ALLIANCE FOR CLEAN ENERGY**
7

8 **Q.** Please state your name, address and the organization you
9 are associated with.

10
11 **A.** Dr. Stephen A. Smith. P.O. Box 1842; Knoxville,
12 Tennessee 37901-1842. I am the executive director of
13 Southern Alliance for Clean Energy (SACE).
14

15 **Q.** Please describe your organization and its mission and
16 goals.

17
18 **A.** SACE is a nonprofit Tennessee corporation that has
19 members who reside in the State of Florida. SACE's
20 purposes include the performance of educational research
21 and programs concerning the environment, public health,
22 and economic impacts of energy use and policy in the
23 Southeast. SACE's purposes also include advocacy for
24 energy plans, policies and systems that best serve the
25 environmental, public health and economic interests of

1 the communities in the Southeast.

2

3 **Q.** Are you authorized on behalf of your organization to
4 speak on its behalf before this Commission?

5

6 **A.** Yes.

7

8 **Q.** What is the purpose of your testimony?

9

10 **A.** The purpose of my testimony is to express SACE's support
11 for ceasing coal-fired generation of electricity at Tampa
12 Electric's Gannon Station. SACE believes it is clearly in
13 the public interest for this Commission to encourage and
14 support Tampa Electric's closing of all coal-fired
15 operations at Gannon Station at the earliest possible
16 date.

17

18 **Q.** Are you familiar with the Consent Decree and Consent
19 Final Judgment Tampa Electric signed with the
20 Environmental Protection Agency ("EPA"), the Department
21 of Justice ("DOJ") and the Florida Department of
22 Environmental Protection ("DEP")?

23

24 **A.** I am, generally. On November 3, 1999, EPA initially sued
25 Tampa Electric and six other electric utilities for

1 violation of the Clean Air Act related to maintenance
2 activities that, among other things, EPA contended
3 unlawfully extended the lives of existing coal units and
4 were beyond routine maintenance. DEP soon thereafter
5 filed a similar complaint in state court. Tampa Electric
6 was the first utility to settle in the EPA litigation.
7 In stark contrast, other utilities have strenuously
8 fought the litigation and persuaded EPA to gut the Clean
9 Air Act provisions that are the basis for the litigation.
10 It is my understanding that Tampa Electric is spending
11 about \$1 billion to comply with the settlement, and \$750
12 million of this amount is for the repowering of Gannon
13 Station. It is also my understanding that Tampa Electric
14 will be ratebasing the repowering costs and does not plan
15 to seek a rate increase for such costs. Tampa Electric
16 should be commended for settling the EPA litigation.

17
18 In particular, I am pleased with the significant
19 reductions in SO₂, NO_x and particulate matter that will
20 result from repowering the coal-fired Gannon Station to
21 the much cleaner burning natural gas-fired Bayside
22 Station. This repowering will bring enormous benefits to
23 the environment in the Tampa Bay area and its residents.
24 An October 2000 study by Abt Associates linked power
25 plant particulate emissions to 494 premature deaths, 409

1 hospitalizations and 8,070 asthma attacks annually in the
2 Tampa Bay area. This study also found that a 75%
3 reduction in particulate emissions would result in a
4 significant reduction in these health impacts, and
5 switching from coal to natural gas in the Gannon facility
6 is an important step forward in reducing overall air
7 pollution levels in the Tampa Bay area. These reductions
8 should be made as soon as possible.
9

10 **Q.** Are you familiar with the current shutdown schedule for
11 the remaining coal-fired units at Gannon Station?
12

13 **A.** Yes. It is my general understanding that the federal and
14 state judgments that have been entered require that these
15 units cease burning coal on or before December 31, 2004.
16 I also understand that Tampa Electric has shut down
17 Gannon Units 1 and 2 and plans to shut down Gannon Units
18 3 and 4 in the fall of this year.
19

20 **Q.** Does SACE favor shutting these units down in accordance
21 with Tampa Electric's current schedule?
22

23 **A.** Yes, it does. The sooner these units cease burning coal,
24 the greater the benefits to all who live and work in the
25 area served by Tampa Electric.

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Q. Please summarize your testimony.

A. SACE encourages the Commission to commend Tampa Electric for the environmental benefits that will result from the conversion of its coal-fired Gannon Station generation to the cleaner burning natural gas-fired Bayside Station. SACE urges the Commission to encourage Tampa Electric to cease coal-fired generation at the Bayside Station at the earliest practicable date and, at the very least, not to take any action that would discourage the utility from doing so. The current schedule Tampa Electric is operating under will significantly reduce the SO₂, NO_x and particulate emissions in the Tampa Electric service area compared to running those units on coal for a short time longer. SACE recommends that the Commission recognize the reasonableness of the company's current plan and to concur with it.

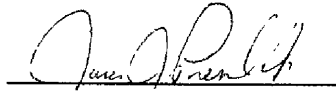
Q. Does this conclude your testimony?

A. Yes.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of this Direct Testimony of Dr. Stephen A. Smith on behalf of Southern Alliance for Clean Energy has been served upon all persons below by United States Postal Service First Class Mail with postage prepaid.

This 2nd day of October, 2003.



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