

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 DIRECT TESTIMONY OF
3 PATRICIA Q. WEST
4 ON BEHALF OF
5 DUKE ENERGY FLORIDA
6 DOCKET NO. 130007-EI
7 AUGUST 1, 2013
8

9 **Q. Please state your name and business address.**

10 A. My name is Patricia Q. West. My business address is 299 First Avenue North,
11 St. Petersburg, FL 33701.
12

13 **Q. Have you previously filed testimony before this Commission in Docket No.**
14 **130007-EI?**

15 A: Yes, I provided direct testimony on April 1, 2013.
16

17 **Q: Has your job description, education, background, and professional**
18 **experience changed since that time?**

19 A: No.
20

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

22 A. The purpose of my testimony is to explain material variances between 2013
23 estimated/actual cost projections versus original 2013 cost projections for
24 environmental compliance costs associated with FPSC-approved environmental

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1 programs under my responsibility. These programs include Pipeline Integrity
2 Management (PIM) Program (Project 3), Above Ground Storage Tank Program
3 (Project 4), Phase II Cooling Water Intake (Project 6), CAIR/CAMR Continuous
4 Mercury Monitoring System (CMMS) (Projects 7.2 & 7.3), Best Available
5 Retrofit Technology (BART) Program (Project 7.5), Arsenic Groundwater
6 Standard (Project 8), Underground Storage Tanks (Project 10), Modular Cooling
7 Towers (Project 11), Thermal Discharge Permanent Cooling Tower Project
8 (Project 11.1), Greenhouse Gas Inventory and Reporting (Project 12), Mercury
9 TMDL (Project 13), Hazardous Air Pollutants (HAPs) ICR Program (Project
10 14), Effluent Limitation Guidelines Information Collection Request (ICR)
11 Program (Project 15), National Pollutant Discharge Elimination System
12 (NPDES) Program (Project 16), Mercury & Air Toxics Standards (MATS)
13 Program – Crystal River (CR) 4&5 (Project 17), and MATS Program CR1&2
14 (Project 17.2) for the period January 2013 through December 2013.

15
16 **Q: Please explain the variance between estimated/actual project expenditures**
17 **and original projections for the Pipeline Integrity Management Program**
18 **(Project 3) for the period January 2013 to December 2013.**

19 A: O&M expenditures for the PIM Program are expected to be \$221,000 or 37%
20 lower than originally projected. This decrease is primarily attributable to a
21 delay of a Florida Department of Transportation (FDOT) project and smaller
22 scope of environmental risk reduction work than originally projected.

23
24 Capital expenditures for the PIM Program are expected to be \$1.1 million lower

1 than originally projected. This decrease is due to the correction of prior years
2 accounting adjustments as explained in the direct testimony of Thomas G.
3 Foster.

4

5 **Q. Please explain the variance between estimated/actual project expenditures**
6 **and original projections for the CAIR/CAMR – Peaking Program (Project**
7 **7.2) for the period January 2013 to December 2013.**

8 A. O&M expenditures for the CAIR/CAMR – Peaking Program are expected to be
9 \$47,000 or 69% higher than originally projected. This variance is mainly due to
10 payments for air emissions testing performed at the Bartow and Higgins plants
11 in accordance with 40 CFR Part 75, Appendix E, made in 2013 versus 2012.

12

13 **Q: Please explain the variance between estimated/actual project expenditures**
14 **and original projections for the Best Available Retrofit Technology**
15 **Program (Project 7.5) for the period January 2013 to December 2013.**

16 A: O&M expenditures for the BART Program are expected to be \$12,000 or 74%
17 lower than originally projected. This variance is primarily due to performance
18 of annual routine particulate matter emissions testing at full load to demonstrate
19 BART compliance instead of various partial loads resulting in reduced testing
20 costs.

21

22 **Q: Please explain the variance between estimated/actual project expenditures**
23 **and original projections for the Arsenic Groundwater Standard (Project 8)**
24 **for the period January 2013 to December 2013.**

1 A: O&M expenditures for the Arsenic Groundwater Standard are expected to be
2 \$10,000 or 32% lower than originally projected as a result of reduced consultant
3 fees to finalize the plan of study addendum report for submittal to the Florida
4 Department of Environmental Protection (FDEP) .

5

6 **Q. Please explain the variance between estimated/actual project expenditures**
7 **and original projections for the Thermal Discharge Permanent Cooling**
8 **Tower (Project 11.1) for the period January 2013 to December 2013.**

9 A. Capital expenditures for the Thermal Discharge Permanent Tower are expected
10 to be \$135,000 or 65% lower than originally projected. As explained in the
11 petition filed in Docket No. 130007-EI and Docket 130091-EI, DEF announced
12 on February 5, 2013, that it will retire Crystal River Unit 3 (CR3). Due to the
13 reduction in thermal loading resulting from the retirement of CR3, construction
14 of the thermal discharge permanent cooling tower is no longer necessary.

15

16 **Q: Please explain the variance between estimated/actual project expenditures**
17 **and original projections for the National Pollutant Discharge Elimination**
18 **System Program (Project 16) for the period January 2013 to December**
19 **2013.**

20 A: O&M expenditures for the NPDES Program are expected to be \$98,000 or 21%
21 lower than originally projected mainly due to timing of FDEP's approval of the
22 plan of studies (POS) at the Anclote plant and a copper mixing zone study at the
23 Suwannee plant. Anclote's POS was approved by the FDEP in May 2013 and
24 implementation is expected to commence during the fourth quarter of 2013.

1 Suwannee's POS was approved by the FDEP the first quarter of 2013 and
2 monitoring commenced the second quarter of 2013.

3
4 Capital expenditures for the NPDES Program are expected to be \$9.3 million
5 higher than originally projected. This variance is primarily due to the
6 development of a comprehensive compliance plan for the Bartow freeboard
7 project, with more certainty regarding scope and associated costs. With the
8 concurrence of FDEP, the compliance deadline for this project is expected to
9 move to December 2014. The scope of this work includes the civil, structural,
10 mechanical piping and equipment, electrical, instrumentation and controls
11 engineering, fabrication and installation for re-routing waste water from existing
12 percolation ponds to either a Waste Water Containment Tank, a Reuse Surge
13 Tank and a Discharge Surge Tank and/or to the plant cooling water loop
14 between the existing intake screens and the existing condensers for discharge to
15 surface water. This scope of work includes the repurposing of two existing fuel
16 oil tanks to function as the Reuse Surge Tank and Discharge Surge Tank which
17 consists of the removal of any fuel oil sludge, removal of the internal floating
18 roofs, and sandblasting and epoxy coating of the inside of the tanks for waste
19 water storage. The FDEP has been made aware of the change in project scope
20 and is in agreement with the Company's plan to comply with the NPDES
21 permit.

22
23 **Q: Please explain the variance between estimated/actual project expenditures**
24 **and original projections for the Mercury & Air Toxics Standards (MATS)**

1 **Program – CR4&5 (Project 17) for the period January 2013 to December**
2 **2013.**

3 A: O&M expenditures for the MATS – CR4&5 Program are expected to be
4 \$198,000 higher than originally projected. This variance is due to operating
5 expenses associated with the carbon traps used to monitor mercury emissions
6 and chemical profiling of mercury emissions to better understand their fate in
7 the emissions stream.

8
9 Capital expenditures for MATS – CR4&5 are expected to be \$9.6 million or
10 96% lower than originally projected. The variance is due to the decision to limit
11 capital expenditures to the installation of particulate matter emission monitors
12 and rely upon carbon traps to monitor mercury in lieu of continuous emissions
13 monitors, offset by the transfer of \$94,901 of CAIR/CAMR CMMS CR4&5
14 costs to the MATS – CR4&5 Program. Considering the MATS rule has
15 replaced CAMR, DEF believes that it is appropriate to subsume its
16 CAIR/CAMR CMMS CR4&5 costs into the MATS project. This will better
17 facilitate execution of MATS compliance program activities and provide a
18 central collection point for all costs associated with the MATS program. This
19 was proposed and approved for Florida Power and Light’s Continuous Mercury
20 Emission Monitor costs by the Commission in Order No. PSC-12-0613-FOF-EI,
21 Docket No. 120007-EI. It was also proposed and approved for Tampa Electric
22 Company CAMR program costs by the Commission in Order No. PSC-13-0191-
23 PAA-EI, Docket No. 120302-EI.

24

1 **Q: Please explain the variance between estimated/actual project expenditures**
2 **and original projections for the Mercury & Air Toxics Standards (MATS)**
3 **Program – CR1&2 (Project 17.2) for the period January 2013 to December**
4 **2013.**

5 A: O&M expenditures for the MATS – CR1&2 Program are expected to be
6 \$786,000 for alternative coal trials on Crystal River Units 1&2 as discussed in
7 my April 1, 2013, direct testimony filed in this docket. DEF is evaluating
8 alternative fuel options that would allow CR1&2 to continue operating in
9 compliance with MATS for a limited period of time.

10

11 Capital expenditures for MATS – CR1&2 Program are shown to be \$194,000
12 higher than originally projected due to the transfer of CAIR/CAMR CMMS
13 CR1&2 costs to the MATS – CR1&2 Program. As explained above, given the
14 MATS rule has replaced CAMR, DEF believes that it is appropriate to subsume
15 its CAIR/CAMR CMMS CR1&2 costs into the MATS project.

16

17 **Q: Please provide an update of Best Available Retrofit Technology (BART)**
18 **regulations.**

19 A: In 2012 DEF worked with the Florida Department of Environmental Protection
20 (FDEP) to develop and finalize specific BART permits to address the SO2 and
21 NOx requirements for Crystal River Units 1&2. Subsequently, FDEP submitted
22 to EPA a revised State Implementation Plan (SIP) containing unit-specific
23 BART determinations for Crystal River Units 1&2. The SO2 and NOx BART
24 permits for these units call for installation of dry flue gas desulfurization (Dry

1 FGD) and selective catalytic reduction (SCR) by December 31, 2017, or
2 alternatively the discontinuation of the use of coal in Units 1&2 by December
3 31, 2020. On April 30, 2013, Duke Energy provided notice to the FDEP that the
4 Company has decided to cease burning coal in Units 1&2 by December 31,
5 2020. The EPA SIP is expected to be finalized in August 2013.

6

7 **Q: Please provide an update of 316(b) regulations.**

8 A: On June 23, 2013, the EPA announced that it reached an agreement with the
9 Riverkeeper to re-extend the deadline for issuing the 316(b) rule to November 4,
10 2013.

11

12 **Q. Does this conclude your testimony?**

13 A. Yes.