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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

JEFFREY SWARTZ

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20210007-EI

April 1, 2021

Q. Please state your name and business address.

A. My name is Jeffrey Swartz. My business address is 8202 W. Venable St, Crystal River, FL 34429.

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

A. I am employed by Duke Energy Florida, LLC (“DEF” or the “Company”) as Vice President – Regulated & Renewable Energy Florida.

Q. What are your responsibilities in that position?

A. As Vice President of DEF’s Regulated & Renewable Energy organization, my responsibilities include overall leadership and strategic direction of DEF’s power generation fleet. My responsibilities include strategic and tactical planning to operate and maintain DEF’s non-nuclear generation fleet; generation fleet project and addition recommendations; major maintenance programs; outage and project management; generation facilities retirement; asset allocation; workforce

1 planning and staffing; organizational alignment and design; continuous business
2 improvement; retention and inclusion; succession planning; and oversight of
3 numerous employees and hundreds of millions of dollars in assets and capital and
4 O&M budgets.

5
6 **Q. Please describe your educational background and professional experience.**

7 A. I earned a Bachelor of Science degree in Mechanical Engineering from the United
8 States Naval Academy in 1985. I have 20 years of power plant and production
9 experience at DEF in various managerial and executive positions in fossil steam,
10 combustion turbine and nuclear plant operations. I also managed new
11 construction and O&M projects. I have extensive contract negotiation and
12 management experience. My prior experience includes nuclear engineering and
13 operations experience in the United States Navy and project management,
14 engineering, supervisory and management oversight experience with a pulp, paper
15 and chemical manufacturing company.

16
17 **Q. Have you previously filed testimony before this Commission in connection**
18 **with DEF's Environmental Cost Recovery Clause ("ECRC")?**

19 A. Yes.

20
21 **Q. What is the purpose of your testimony?**

22 A. The purpose of my testimony is to explain material variances between actual and
23 actual/estimated project expenditures for environmental compliance costs

1 associated with DEF's Integrated Clean Air Compliance Program (Project 7.4),
2 Mercury and Air Toxics Standards ("MATS") - Anclote Gas Conversion Project
3 (Project 17.1), and Mercury & Air Toxics Standards (MATS) – CR 1&2 (Project
4 17.2) for the period January 2020 – December 2020.

5
6 **Q. How do actual O&M expenditures for January 2020 – December 2020**
7 **compare with DEF's actual/estimated projections for the Clean Air**
8 **Interstate Rule/Clean Air Mercury Rule (CAIR/CAMR) Crystal River**
9 **Program (Project 7.4)?**

10 A. The CAIR/CAMR Crystal River O&M variance is \$74,748 or 0.5% higher than
11 projected. This variance is primarily attributable to \$893k higher than expected
12 CAIR Crystal River – Base, and a \$778k lower than expected CAIR Crystal River
13 – Energy (Reagents).

14
15 **Q. Please explain the O&M variance between actual project expenditures and**
16 **actual/estimated projections for the CAIR Crystal River Project – Base for**
17 **January 2020 - December 2020?**

18 A. O&M costs for CAIR Crystal River Project – Base were \$892,906 or 8% higher
19 than projected. This was primarily due to \$439k to support Units 4&5 for an
20 outage which was not included in the projection, and \$454k in contractor costs for
21 increased limestone handling expenses due to higher than forecasted generation
22 run times at Units 4&5.

23

1 **Q: Please explain the O&M variance between actual project expenditures and**
2 **actual/estimated projections for the CAIR Crystal River Project – Energy**
3 **(Reagents) (Project 7.4) for January 2020 - December 2020?**

4 A: O&M costs for CAIR Crystal River Project – Energy (Reagents) were \$777,668
5 or 18% lower than projected. This was primarily due to a \$1.5M higher than
6 projected credit for beneficial Gypsum Disposal (Sale). Variance for other
7 reagents were \$161k (13%) higher for Ammonia Expense, \$131k (5%) lower for
8 Limestone Expense, \$15k (216%) higher for Dibasic Acid Expense, \$438k (39%)
9 higher for Hydrated Lime Expense, and \$221k (100%) higher Caustic Expense.

10

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

12 A. Yes.