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

The southern electric company

May 18, 1995

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 950007-EI

Enclosed for official filing in the above docket are an original and fifteen (15) copies of the following:

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

JACK 1
AFA 2
AND _____
C _____
E _____
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I _____
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L _____
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S _____
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Sincerely,

Jack L. Haskins

Dudley

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone

Cranmer
DOCUMENT NUMBER-DATE
04869 MAY 19 95
"Our business is customer satisfaction"
FPSC-RECORDS/REPORTING

Vick
DOCUMENT NUMBER-DATE
04870 MAY 19 95
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 950007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 18th day of May 1995 by U.S. Mail or hand delivery to the following:

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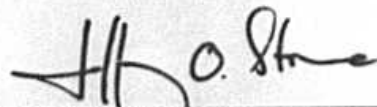
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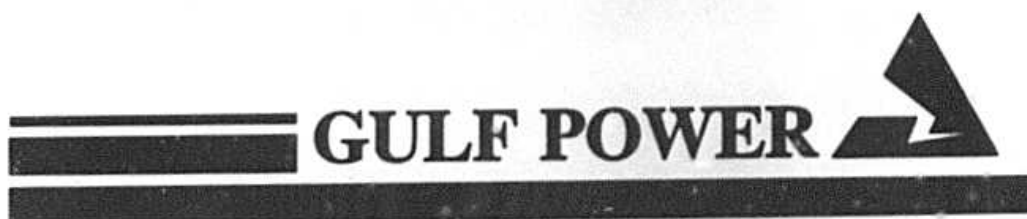
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950007-EI

**PREPARED DIRECT TESTIMONY
AND EXHIBIT OF
J. O. VICK**

ENVIRONMENTAL COST RECOVERY CLAUSE

**FINAL TRUE-UP
MAY 19, 1995**



DOCUMENT NUMBER-DATE
04870 MAY 19 95
FPSC-RECORDS/REPORTING

GULF POWER COMPANY

Before the Florida Public Service Commission

Prepared Direct Testimony of

James O. Vick

Docket No. 950007-EI

Date of Filing: May 19, 1995

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 James O. Vick

Docket No. 950007-EI

Date of Filing: May 19, 1995

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
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. I
19 joined Gulf Power Company in August 1978 as an Associate Engineer. I
20 have since held various engineering positions such as Air Quality
21 Engineer and Senior Environmental Licensing Engineer. In 1989, I
22 assumed my present position as Supervisor of Environmental Affairs.
23
24
25

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

2 A. As Supervisor 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 and
5 regulations, i.e., both existing laws and such laws and regulations that
6 may be enacted or amended in the future. In performing this function, I
7 have the responsibility for numerous environmental programs and
8 projects.

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

12 A. Yes.

13
14 Q. What is the purpose of your testimony in this proceeding?

15 A. The purpose of my testimony is to support Gulf Power Company's true-up
16 period ending March 31, 1995. In her testimony and schedules, Ms.
17 Cranmer has identified the carrying costs (including depreciation
18 expense) associated with environmental investment and the O&M
19 expenses included in the true-up period. I will discuss the primary
20 reasons for the variances between the projected and actual costs.

21
22 Q. Please compare Gulf's project-to-date environmental capital expenditures
23 included in the true-up calculation through March 1995 with the approved
24 project amounts.

25 A. As reflected in Ms. Cranmer's Schedule 4, Page 1, the project-to-date

1 capital expenditures included in the true-up calculation total \$65,549,076.
2 This results in a variance of \$744,076 above the projected amount of
3 \$64,805,000. The reasons for the variance will be further explained in my
4 testimony.

5
6 Q. Mr. Vick, please explain in detail the capital projects which were
7 responsible for the variance in projected-vs-actual costs for the period.

8 A. First, Line Item 2 on Ms. Cranmer's schedule, Crist 5, 6 & 7 Precipitator
9 Projects resulted in a variance of \$1,055,425 under the projected amount
10 of \$25,469,000. The variance is attributed to our initial estimated project
11 costs being higher than actual costs. The project is basically complete
12 with the exception of some minor work remaining.

13 Secondly, Line Item 4, Crist 6 & 7 Low NOx Burners had a variance
14 of \$1,095,031 over the projected amount of \$15,486,000. This variance is
15 the result of necessary modifications to the scope of work originally
16 planned. The vendor man-power which was necessary for equipment
17 installation exceeded estimates included in the contract which in turn
18 increased total project costs. There were also delays in invoice
19 processing during the period. Although the project is complete and in-
20 service, we anticipate that additional equipment adjustments will be
21 necessary in the future.

22 Line Item 11, Smith Stormwater Collection System, had a period-to-
23 date variance of \$762,415 under the projected amount of \$2,947,000.
24 This is attributed to poor weather conditions during the period which
25 delayed the work schedule and consequently delayed invoice processing.

1 Nonetheless, the project remains scheduled for completion in mid-June
2 at which time remaining invoices will be processed.

3 Finally, Line Item 13, Daniel Ash Management Project exceeded
4 the projected amount by \$1,314,592. Although these expenditures are
5 over projection, total recoverable costs remain under projection due to
6 this interest-bearing project being cleared to service later than expected.

7
8 Q. Turning to the Company's O&M expenses, how do Gulf's actual O&M
9 expenses compare to the projected levels?

10 A. Ms. Cranmer's Schedule 3 reflects that Gulf incurred a total of \$1,169,100
11 in recoverable expenses for the period as compared to the approved
12 amount of \$1,294,532. There are several projects and programs which
13 are responsible for the variance.

14
15 Q. Please explain the reasons for the variance in O & M expenses.

16 A. There are four projects/programs that caused the variance for the six-
17 month period. These are General Water Quality, Groundwater Monitoring
18 Investigation, Environmental Auditing and Assessment and General Solid
19 and Hazardous Waste.

20 Under General Water Quality, expenses for the period were
21 \$329,311 as compared to a projected level of \$515,672. The Plant Smith
22 Soil Contamination project was delayed pending project approvals from
23 the Florida Department of Environmental Protection. Once necessary
24 project approvals have been obtained from that agency, the project will
25 accelerate and expenses will, over time, be back on target.

1 The Groundwater Monitoring Investigation exceeded projections by
2 a total of \$70,046. This variance is the result of Gulf's decision to
3 purchase treatment equipment previously leased on a monthly basis from
4 a contractor. The decision to purchase the previously leased equipment
5 was made in order to reduce the revenue requirements for this project
6 over time. In the short run, we incurred some increased costs related to
7 advancing the processing of the previous vendor's invoices in order to
8 cancel the contractual agreements. Through ownership of treatment
9 equipment, future project costs will be reduced.

10 There were minimal activities in the Environmental Auditing and
11 Assessment program which is reflected in a (\$42,301) variance for the
12 period. The program will increase in scope later this year and expenses
13 overall will be back on target.

14 Finally, General Solid and Hazardous Waste expenses exceeded
15 the projected figure in the amount of \$16,266. Material transportation and
16 disposal costs for this program will generally fluctuate according to the
17 amounts of materials generated through our operations. These costs are
18 expected to be back on target by year end.

19
20 Q. Mr. Vick, does this conclude your testimony?

21 A. Yes.
22
23
24
25

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 950007-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
Supervisor of Environmental Affairs

Sworn to and subscribed before me this 18th day of May, 1995.



Notary Public, State of Florida at Large

Commission Number: CC117163

Commission Expires: My commission expires July 10, 1998.