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March 21, 1997

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:

RE: Docket No. **970007-EI**

Enclosed for official filing in the above docket are an original and ten (10) copies of the following:

1. Prepared direct testimony and exhibit of S. D. Cranmer - 03089-97
2. Prepared direct testimony of J. O. Vick — 03090-97

Sincerely,

*Susan D. Cranmer*

Susan D. Cranmer  
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane  
Jeffrey A. Stone

ACK \_\_\_\_\_  
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V.S. \_\_\_\_\_  
W.H. \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery )  
Clause )  
\_\_\_\_\_ )

Docket No. 970007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished  
this 21st day of March 1997 by U.S. Mail or hand delivery to the following

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FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**DOCKET NO. 970007-EI**

PREPARED DIRECT TESTIMONY  
OF

J. O. VICK

**ENVIRONMENTAL COST RECOVERY CLAUSE**

SEPTEMBER 1996 - APRIL 1996

MARCH 24, 1997



13090 11/24/97

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 James O. Vick

5 Docket No. 970007-EI

6 Date of Filing: March 24, 1997

7 Q. Please state your name and business address.

8 A. My name is James O. Vick and my business address is 500 Bayfront Parkway,  
9 Pensacola, Florida, 32501-0328.

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

11 A. I am employed by Gulf Power Company as the Manager of Environmental Affairs.

12 Q. Mr. Vick, will you please describe your education and experience?

13 A. I graduated from Florida State University, Tallahassee, Florida in 1975 with a  
14 Bachelor of Science Degree in Marine Biology. I also hold a Bachelor's Degree in  
15 Civil Engineering from the University of South Florida in Tampa, Florida. In addition,  
16 I have a Masters of Science Degree in Management from Troy State University,  
17 Pensacola, Florida. I joined Gulf Power Company in August 1978 as an Associate  
18 Engineer. I have since held various engineering positions such as Air Quality  
19 Engineer and Senior Environmental Licensing Engineer. In 1996, I assumed my  
20 most recent position as Manager of Environmental Affairs.

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

22 A. As Manager of Environmental Affairs, my primary responsibility is overseeing the  
23 activities of the Environmental Affairs Department to ensure the Company is, and  
24 remains, in compliance with environmental laws and regulations, i.e., both existing  
25

1 laws and such laws and regulations that may be enacted or amended in the  
2 future. In performing this function, I have the responsibility for numerous  
3 environmental programs and projects.  
4

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

7 A. Yes.  
8

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

10 A. The purpose of my testimony is to support Gulf Power Company's true-up period  
11 ending September 30, 1996. In her testimony and schedules, Ms. Cranmer has  
12 identified the carrying costs (including depreciation expense and dismantlement  
13 costs) associated with environmental investment and the O&M expenses  
14 included in the true-up period. I will discuss the primary reasons for variances  
15 between the projected and actual costs.  
16

17 Q. Please compare Gulf's recoverable environmental capital costs included in the  
18 true-up calculation for the period April through September 1996.

19 A. As reflected in Ms. Cranmer's Schedule 6A, the recoverable capital costs  
20 included in the true-up calculation total \$4,465,117 as compared to the  
21 estimated true-up amount of \$4,488,630. This resulted in a variance of  
22 (\$23,513). Variances in these projects/programs were not significant and do not  
23 require further detailed explanation.  
24  
25

- 1 Q. How do Gulf's actual O&M expenses compare to the amounts included in the  
2 estimated true-up?
- 3 A. Ms. Cranmer's Schedule 4A reflects that Gulf incurred a total of \$819,118 in  
4 recoverable O&M expenses for the period as compared to the amount included  
5 in the estimated true-up of \$1,233,132. This results in a variance of (\$414,014).  
6 I will address the variances for the O&M projects/programs.  
7
- 8 Q. Please explain the reasons for the variances in O & M expenses during the  
9 period April through September 1996.
- 10 A. With the exception of three categories with insignificant variances, Emission  
11 Monitoring (Line Item 1.5), State NPDES Administration (Line Item 1.8) and  
12 Environmental Auditing/Assessment (Line Item 1.10), each of the categories  
13 contributing to the variances will specifically be discussed in my testimony.  
14
- 15 Q. Please explain the \$2,230 variance in the Sulfur (Line Item 1.1) category.
- 16 A. As explained in previous testimony, the injection of raw sulfur into the flue gas  
17 enhances the collection efficiency of the Crist Unit 7 electrostatic precipitator  
18 when burning low sulfur coal. Sulfur use is dependent upon the quality and  
19 content of the fuel supply at Crist. Expenses during this period were for a  
20 service visit to Plant Crist to review the SO<sub>3</sub> system performance and provide a  
21 written report on system status and recommendations on system maintenance  
22 and improvements.  
23
- 24 Q. Please explain the (\$67,500) variance in Air Emission Fees (Line Item 1.2).
- 25 A. Air Emission Fees for Plant Daniel were projected to be \$67,500 for Plant Daniel

1 during the period as compared to \$0 actual expenses. No fees were required for  
2 Daniel during 1996 due to implementation of SO<sub>2</sub> substitution plans. The  
3 substitution plan resulted in the redesignation of Daniel Units 1 & 2 as Phase I  
4 substitution unit. The Clean Air Act Amendments of 1990 do not require  
5 emission fees for Phase I substitution units.  
6

7 Q. Please explain the (\$6,077) variance in the Title V category (Line Item 1.3).

8 A. The Title V permitting is on-going. Expenses incurred during the period for the  
9 permitting process were less than anticipated due to delays in the  
10 implementation of the Title V program by the Florida Department of  
11 Environmental Protection (FDEP). Gulf Power anticipates receiving draft Title V  
12 permits in 1997 and can expect additional expenses from the permitting process.  
13

14 Q. Please explain the (\$1,664) variance in the Asbestos Fees category (Line Item  
15 1.4).

16 A. Asbestos Fee Notifications were anticipated to be incurred during routine  
17 maintenance activities. No asbestos containing materials (ACM) were  
18 encountered during normal maintenance activities for which notification fees  
19 would have been required, resulting in zero expenditures for the period.  
20

21 Q. Please explain the variance of (\$161,964) in the General Water Quality category  
22 (Line Item 1.6).

23 A. One approved ECRC project, Smith CT Soil Contamination, primarily contributed  
24 to this variance. Gulf was successful in modifying, and in some cases  
25 eliminating, certain design elements to the Florida Department of Environmental

1 Protection (FDEP) approved project remediation system. These modifications,  
2 in conjunction with minor delays in remediation system start-up, resulted in the  
3 variance. Modifications to the remediation system resulted in a substantial cost  
4 savings to Gulf, and significantly reduced projected O & M costs for the period.  
5

6 Q. Please explain the (\$168,328) variance in the Groundwater Monitoring  
7 Investigation category (Line Item 1.7).

8 A. Delays in the Substation Contamination Investigation project as of September  
9 1996 have since been resolved and project activities and subsequent expenses  
10 were on target with projected expenses at year end 1996.  
11

12 Q. Please explain the variance of (\$2,870) in the Lead and Copper category (Line  
13 Item 1.9).

14 A. A review of O & M costs associated with this program revealed that a reduction  
15 in chemical use could be implemented without jeopardizing regulatory  
16 compliance. The reduction in chemical purchases resulted in the variance.  
17

18 Q. Please explain the (\$10,749) variance in the General Solid and Hazardous  
19 Waste category (Line Item 1.11).

20 A. This program historically encounters fluctuations in approved program activities,  
21 which are directly related to the quantities of solid and hazardous waste  
22 generated through Gulf's operations and which require proper disposal within  
23 regulatory guidelines. During this recovery period, those quantities of waste  
24 requiring disposal were less than expected.  
25

1 Q. Does this conclude your testimony?

2 A. Yes.

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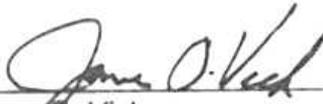
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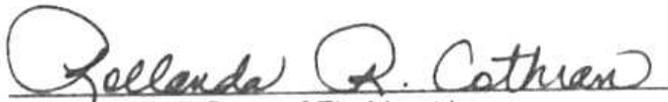
STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 970007-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 24th day of March 1997.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

