

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENVIRONMENTAL COST RECOVERY
CLAUSE**

DOCKET NO. 000007-EI

PREPARED DIRECT TESTIMONY
OF
JAMES O. VICK

FINAL TRUE-UP FILING
FOR THE PERIOD

JANUARY 1999 – DECEMBER 1999

APRIL 3, 2000



DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 James O. Vick
Docket No. 000007-EI
April 3, 2000

5 Q. Please state your name and business address.

6 A. My name is James O. Vick and my business address is One Energy Place,
7 Pensacola, Florida, 32520-0328

8
9 Q. By whom are you employed and in what capacity?

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

23
24 Q. What are your responsibilities with Gulf Power Company?

25 A. As Manager of Environmental Affairs, my primary responsibility is

1 overseeing the activities of the Environmental Affairs section to ensure the
2 Company is, and remains, in compliance with environmental laws and
3 regulations, i.e., both existing laws and such laws and regulations that may
4 be enacted or amended in the future. In performing this function, I have the
5 responsibility for numerous environmental activities.

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

9 A. Yes.

10
11 Q. Mr. Vick, what is the purpose of your testimony?

12 A. The purpose of my testimony is to support Gulf Power Company's final true-
13 up for the period from January 1, 1999 through December 31, 1999.

14
15 Q. Mr. Vick, please compare Gulf's environmental capital recoverable costs
16 included in the true-up calculation for the period January 1, 1999 through
17 December 31, 1999 with the estimated true-up amounts previously approved.

18 A. As reflected in Ms. Ritenour's Schedule 6A, the recoverable capital costs
19 included in the true-up calculation total \$8,771,974, as compared to the
20 estimated true-up amount of \$8,501,512. This resulted in a variance of
21 \$270,462, most of which is due to a change in schedule format per the
22 request of the FPSC staff and a small portion of which is related to a small
23 cost overrun on one of our approved capital projects.

1 Q. Please explain the variance of \$269,425 reflected for SO2 allowances (Line
2 Item 1.17 of Ms. Ritenour's Schedule 6A).

3 A. As noted earlier, this apparent variance is due to a change in schedule format
4 per the request of the FPSC staff. The emission allowance expenses and the
5 amortization of deferred gains associated with the sale of emission
6 allowances are now reported on Schedules 4A and 5A. When the actual
7 amounts from Schedules 6A, (Line 1.17), and Schedule 4A (Line Item 1.17),
8 are added together and compared to the estimated true-up amount, the
9 variance is only \$487.

10
11 Q. Please explain the variance of \$993 in the capital category Sodium Injection
12 (Line Item 1.12 of Ms. Ritenour's Schedule 6A).

13 A. This recently approved capital project refers to the installation of a sodium
14 injection system at Plant Smith. The project encountered small cost overruns
15 due to mechanical and electrical modifications to the system. Mechanically,
16 modifications were required on the #1 coal conveyor belt system.

17 Additionally, concrete slabs were extended to support portions of the injection
18 system. Electrically, remote wiring was planned to be used, but this
19 application proved impractical from an operations standpoint. Consequently,
20 direct wiring was installed on the tripper and unloader.

21

22 Q. How do actual O&M expenses compare to the amounts included in the
23 estimated true-up?

1 A. Ms. Ritenour's Schedule 4A reflects that Gulf incurred a total of \$3,164,576 in
2 recoverable O&M expenses for the period as compared to the amount
3 included in the estimated true-up of \$3,839,895. This resulted in a variance
4 of (\$675,319). I will address nine O&M projects and programs that
5 contributed to this variance.

6
7 Q. Please explain the \$28,592 variance in the Title V category (Line Item 1.3).

8 A. This variance was caused by additional expenses being incurred during
9 November and December as a result of the U.S. Environmental Protection
10 Agency's (EPA) objection to the Florida Department of Environmental
11 Protection (FDEP) final Title V permits for our generating plants. These
12 additional expenses were incurred in the development of the new Periodic
13 Monitoring provisions of Gulf's Title V permits to resolve EPA's issues prior to
14 the January 1, 2000 state deadline for final Title V permits to be issued. Title
15 V permits were ultimately issued with EPA approval for all three Gulf Power
16 territorial plants.

17
18 Q. Please explain the \$51,966 variance in the Emission Monitoring category
19 (Line Item 1.5).

20 A. Changes to the CFR 60 Part 75 regulations in mid-1999 required that the
21 continuous emission monitors (CEMs) measure more accurately. This, in
22 turn, required that the CEM ranges and spans be changed, which included
23 the replacement of all of the daily calibration gasses as well as audit gasses.

1 The CFR Part 75 changes also required a modification in reporting format.
2 This change resulted in software/hardware modifications to the audit (test)
3 trailer. We also encountered equipment failures in the audit trailer,
4 specifically, to the Uninterruptible Power Supply (UPS) and the NOx
5 analyzers, both of which required maintenance.
6

7 Q. Please explain the (\$173,231) variance in the General Water Quality category
8 (Line Item 1.6).

9 A. The Plant Smith remediation project which was approved as part of Gulf's
10 original petition in Docket 930613-EI, was scheduled for major maintenance
11 activities during the recovery period. Gulf had expected to find some
12 remediation equipment that would require either maintenance or replacement
13 expenditures. Inspection of the system equipment revealed that no major
14 maintenance or replacements would be necessary at this time.
15

16 Q. Please explain the (\$290,837) variance in the Groundwater Monitoring
17 Investigation category (Line Item 1.7)

18 A. Due to delays in a Remedial Action Plan (RAP) approval from the FDEP at
19 the Tyndall Field site, implementation of the RAP was postponed. The RAP
20 at the Tyndall Field site is now expected to commence by May 2000. In
21 addition, soil excavation activities at the retired Water Works substation site
22 were postponed. This delay was attributed to an underground distribution
23 line located at the site. Excavation activities could not commence until our

1 Power Delivery group relocated the line. Site excavation activities at the
2 Water Works substation site are now underway.

3
4 Q. Please explain the \$34,500 variance in the State NPDES Administration
5 category (Line Item 1.8).

6 A. Fees of \$34,000 due annually to the State of Florida for NPDES program
7 administration funding were paid in December of 1999. At the time of the
8 1999 projection, it was not anticipated that these fees would be paid before
9 January 2000.

10

11 Q. Please explain the (\$14,970) variance in the Environmental
12 Auditing/Assessment category (Line Item 1.10).

13 A. The 1999 audit plan at the time of our projection filing initially called for a
14 broader scope of environmental audits at Gulf facilities. However, the audit
15 plan was subsequently modified to focus more specifically on non-
16 environmental audits in this time frame, which resulted in lower actual
17 environmental audit expenses.

18

19 Q. Please explain the (\$7,049) variance in the Mercury Emissions category (Line
20 Item 1.15).

21 A. This approved activity resulted from an EPA mandate that required periodic
22 sampling of coal shipments for mercury and chloride levels. The mandate

1 required that at a minimum, every third shipment be sampled and analyzed.
2 If statistical analysis indicated coal quality was below established criteria for
3 mercury and chlorides, then sampling frequencies could be reduced to every
4 sixth or twelfth shipment. Our projection was based on the assumption that
5 every third shipment would require analysis. Gulf's coal supply was such that
6 the sampling frequencies were reduced to every sixth shipment, which in
7 turn, resulted in lower actual analytical expenses.
8

9 Q. Please explain the (\$32,459) variance in the Sodium Injection category (Line
10 Item 1.16).

11 A. The projection calculation was based on the maximum quantity of sodium
12 carbonate needed during the transitional August-December, 1999 time period
13 for a test burn of the system. This equated to approximately seven shipments
14 (50,000 lbs.) of sodium purchases. Only one shipment of sodium was
15 actually purchased during the period. The test was conducted only on one
16 unit due to an unplanned outage on the coal unloader, resulting in the
17 inability to burn the low sulfur coal supply from the barges. Instead, Gulf
18 continued to burn the existing high sulfur coal supply. The system is now
19 operational and properly functioning.
20

21 Q. Please explain the variance of (\$269,912) reflected for SO2 allowances (Line
22 Item 1.17).

1 A. As mentioned earlier in the investment section of my testimony, this apparent
2 variance is due to a change in schedule format per the request of the FPSC
3 staff. The emission allowance expenses and amortization of deferred gains
4 associated with the sale of emission allowances are now reported on
5 Schedules 4A and 5A. When the actual amounts from Schedule 4A
6 (Line 1.17) and Schedule 6A (Line Item 1.17), are added together and
7 compared to the estimated true-up amount on Schedule 6A, the variance is
8 only \$487.

9
10 Q. Does this conclude your testimony?

11 A. Yes.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 000007-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

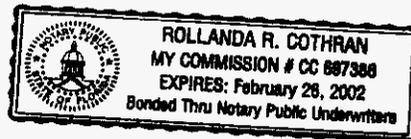
Sworn to and subscribed before me this 31st day of March, 2000.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:



One Energy Place
Pensacola, Florida 32520

850.444.6111

ORIGINAL



March 31, 2000

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:

Enclosed for official filing in Docket No. 000007-EI are an original and ten copies of the following:

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

Sincerely,

Susan D. Ritenour

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG *TCW*
 LEG _____
 MAS *370g*
 OPC _____
 RRR _____
 SEC *T*
 WAW _____
 OTH _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 000007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 21st day of March 2000 by U.S. Mail or hand delivery to the following:

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