

ORIGINAL



August 17, 2001

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. 010007-EI are an original and ten copies of the following:

1. Prepared direct testimony of J. O. Vick. 10219-01
2. Prepared direct testimony and exhibit of S. D. Ritenour. 10220-01

Sincerely,

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

2001 AUG 28 9:28 AM
ENCLOSURES

2001 AUG 30
DISTRIBUTION CENTER
Eggs and Lane
Jeffrey A. Stone, Esquire

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CAF	_____
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OPC	_____
PAI	_____
RGO	_____
SEC	_____ <i>I</i>
SER	_____
OTH	_____

DOCUMENT NO. DATE

10219-01 08/20/01
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 010007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 17th day of August 2001 by U.S. Mail or hand delivery to the following:

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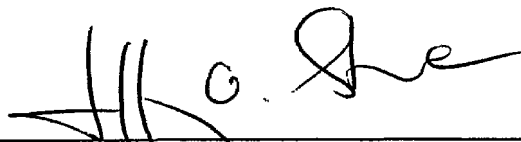
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENVIRONMENTAL COST RECOVERY
CLAUSE**

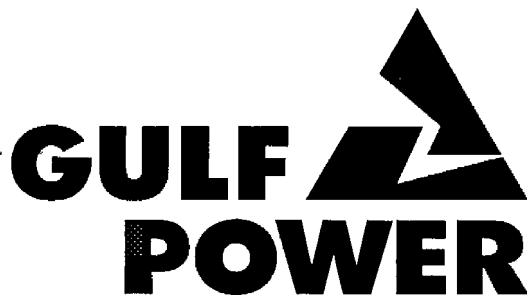
DOCKET NO. 010007-EI

**PREPARED DIRECT TESTIMONY
OF
JAMES O. VICK**

**ESTIMATED TRUE-UP FILING
FOR THE PERIOD**

JANUARY 2001 – DECEMBER 2001

AUGUST 20, 2001



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

10219 AUG 20 01

FPSC-COMMISSION CLERK

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 James O. Vick

Docket No. 010007-EI

Date of Filing: August 20, 2001

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.

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 estimated
13 true-up for the period from January 1, 2001 through December 31, 2001.
14 This true-up is based on seven months of actual and five months of projected
15 expenses.

16
17 Q. Mr. Vick, please compare Gulf's recoverable environmental capital costs
18 included in the estimated true-up calculation for the period January 1, 2001
19 through December 31, 2001 with approved projected amounts.

20 A. As reflected in Ms. Ritehour's Schedule 6E, the recoverable capital costs
21 approved in the original projection total \$8,194,477, as compared to the
22 estimated true-up amount of \$8,152,424. This results in a projected variance
23 of (\$42,053). I will discuss the major variances below.

- 1 Q. Please explain the variance of (\$16,429) in the capital category entitled
2 CEMS (Line Item 1.5).
- 3 A. CEMS replacement project has been postponed due to an unexpected delay
4 in the shipment of the necessary equipment by the vendor. All of the CEMS
5 related projects scheduled for this year will be completed by December.
6
- 7 Q. Please explain the variance of (\$18,932) in the capital category entitled
8 Substation Contamination Mobile Groundwater Treatment System (Line
9 Item 1.6).
- 10 A. The variance in the Mobile Groundwater Treatment System project is due to
11 extended negotiations with vendors regarding the purchase price of the
12 system.
13
- 14 Q. Please explain the variance of \$2,823 in Line Item 1.17, Smith Shield Water
15 project.
- 16 A. The Smith Shield Water Project was approved by the Commission on
17 August 14, 2001. Consequently, no expenses for this project were included
18 in the projection for 2001.
19
- 20 Q. Please explain the variance of (\$11,659) in the capital category entitled SO2
21 Allowances (Line Item 1.19).
- 22 A. The Company's proceeds from the spring allowance auction are
23 unpredictable from year to year and were unbudgeted for the current period.
24
25

1 Q. How do the estimated actual O&M expenses compare to the original
2 projection?

3 A. Mrs. Ritenour's Schedule 4E reflects that Gulf's recoverable environmental
4 O&M expenses for the current period are now estimated to be \$2,428,250, as
5 compared to the original projection of \$2,902,338. This results in a year-end
6 variance of (\$474,088). I will address seven O&M projects and programs that
7 contribute to this variance.

8

9 Q. Please explain the variance of \$3,887 in the activity entitled Sulfur (Line
10 Item 1.1).

11 A. Through July 2001, a total of \$4,750 has been spent on unscheduled
12 maintenance repairs to the Plant Crist Unit 7 Sulfur Burner System. These
13 repairs were required in order to return the system to its normal operating
14 capacity.

15

16 Q. Please explain the \$69,788 variance in the Air Emission Fees category (Line
17 Item 1.2).

18 A. 2001 was the first year for Gulf Power to pay emission fees for several
19 sources previously exempt from these fees. Fee projections are based on
20 generation projections for future years using estimated fuel quality. The
21 actual fees are calculated based upon emissions from the previous year.
22 Variances between projected and actual fees can be attributed to electricity
23 demand, fuel quality, and unexpected unit outages.

24

25

1 Q. Please explain the variance of (\$75,841) in Emission Monitoring (Line
2 Item 1.5).

3 A. Not all of the projected expenses have been incurred due to Compliance
4 Assurance Monitoring (CAM) testing that was cancelled as a result of
5 equipment failure at Plant Crist. Until the equipment needed for the test is
6 replaced, the results of the CAM tests would not produce meaningful
7 information. The testing will be rescheduled pending equipment replacement
8 and availability of the contractor.

9

10 Q. Please explain the variance of \$4,767 in Environmental Auditing /
11 Assessment (Line Item 1.10)

12 A. This variance is due to the addition of a second environmental assessment
13 scheduled to occur during the year.

14

15 Q. Please explain the variance of (\$3,726) in Sodium Injection (Line Item 1.16).

16 A. The current coal supply at Plant Smith does not require the use of sodium
17 injection. Depending on the coal supply during the remainder of the year,
18 Gulf may incur expenses for this program during the remainder of the
19 recovery period.

20

21 Q. Please explain the variance of (\$316,131) in Line Item 1.17, Gulf Coast
22 Ozone Study.

23 A. The expected completion date for the GCOS project has been extended due
24 to a delay in the final rule development by EPA. Gulf expects to spend
25 \$185,145 for the ongoing modeling and analysis for this project in 2001.

1 Q. What has contributed to the (\$153,839) variance in SO₂ allowances (Line
2 Item 1.18)?

3 A. The Company's proceeds from the spring allowance auction are
4 unpredictable from year to year and were unbudgeted for the current period.
5

6 Q. Does this conclude your testimony?

7 A. Yes.
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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 010007-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
James O. Vick
Manager of Environmental Affairs

Sworn to and subscribed before me this 16th day of August, 2001.

Rollanda R. Cothran
Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

