



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 020007-EI

Certificate of Service

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**ENVIRONMENTAL COST RECOVERY  
CLAUSE**

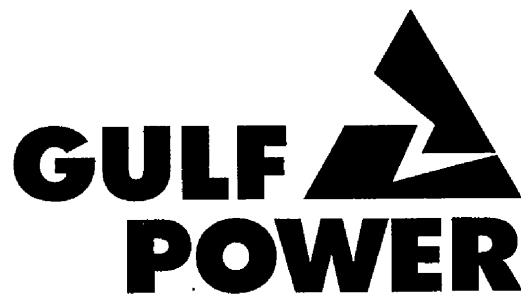
**DOCKET NO. 020007-EI**

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

**PROJECTION FILING  
FOR THE PERIOD**

**JANUARY 2003 – DECEMBER 2003**

**SEPTEMBER 9, 2002**



**A SOUTHERN COMPANY**

DOCUMENT NUMBER 0277

09496 SEP-98

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. 020007-EI  
September 9, 2002

5 Q. Please state your name and business address.

6 A. My name is James O. Vick and my business address is One Energy  
7 Place, 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  
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 1996, I  
22 assumed my present position as Manager of Environmental Affairs.

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

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

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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  
4 may be enacted or amended in the future. In performing this function, I  
5 have the 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  
13 projection of environmental compliance costs recoverable through the  
14 Environmental Cost Recovery Clause (ECRC) for the period from January  
15 2003 through December 2003.

16  
17 Q. Mr. Vick, please identify the capital projects included in Gulf's ECRC  
18 calculations.

19 A. A listing of the environmental capital projects, which have been included  
20 in Gulf's ECRC calculations, has been provided to Ms. Ritenour and is  
21 included in Schedules 3P and 4P of her testimony. Schedule 4P reflects  
22 the expenditures, clearings, retirements, salvage and cost of removal  
23 currently projected by month for each of these projects. These amounts  
24 were provided to Ms. Ritenour, who has compiled the schedules and  
25 calculated the associated revenue requirements for Gulf's requested

1 recovery. All of the listed projects are associated with environmental  
2 compliance activities which have been previously approved for recovery  
3 through the ECRC by this Commission in Docket No. 930613-EI and past  
4 proceedings of this ongoing recovery docket or one of several spin-off  
5 dockets from the ECRC.

6  
7 Q. Mr. Vick, please identify any expansions of previously approved capital  
8 projects for the projection period that are required for environmental  
9 compliance.

10 A. There are two previously approved capital projects that will be expanded.  
11 These include Continuous Emission Monitoring (CEMs) and Low Nox  
12 Burners. During the 2003 recovery period the CEMs project includes the  
13 replacement of gas analyzers at Plant Crist (PE 1154) and the  
14 replacement of flow monitors at Plant Scholz (PE 1324 and PE 1325).  
15 The gas analyzers and flow monitors are necessary in order to provide  
16 Gulf with the accuracy and reliability needed to measure SO<sub>2</sub>, NO<sub>x</sub>, CO<sub>2</sub>,  
17 opacity, and gas flow and further maintain compliance with the Clean Air  
18 Act Amendment (CAAA) requirements. Expenditures for this project are  
19 expected to be \$360,000 and will be allocated on an energy basis, as is  
20 all other equipment associated with emission monitoring. All of the  
21 existing analyzers are approaching the end of their useful life, and will be  
22 retired upon replacement.  
23 Gulf anticipates spending \$1,300,000 on the Low Nox Burner for Unit 7 at  
24 Plant Crist. The existing burners are approaching the end of their useful  
25 life and must be replaced in order to maintain compliance with the Clean

1 Air Act Acid Rain Program requirements.

2

3 Q. Please compare the Environmental Operation and Maintenance (O & M)  
4 activities listed on Schedule 2P of Exhibit SDR-3 to the O & M activities  
5 approved for cost recovery in past ECRC dockets.

6 A. All of the O & M activities listed on Schedule 2P have been approved for  
7 recovery through the ECRC in past proceedings. These O & M activities  
8 are all on-going compliance activities and are grouped into four major  
9 categories-Air Quality, Water Quality, Environmental Affairs  
10 Administration, and Solid and Hazardous Waste.

11

12 Q. What O & M activities are included in the Air Quality category?

13 A. There are five O & M activities included in this category:

14

15 The first, Sulfur (Line Item 1.1) reflects operational expenses associated  
16 with the burning of low sulfur coal. This item refers to the flue gas sulfur  
17 injection system needed to improve the collection efficiency of the Crist  
18 Unit 7 electrostatic precipitator. This system is required due to the  
19 burning of low sulfur coal at this unit pursuant to the sulfur dioxide  
20 requirements of the CAAA. Expenses during the projected recovery  
21 period total \$30,000.

22

23 The second activity listed on Schedule 2P, Air Emission Fees (Line Item  
24 1.2) represents the expenses projected for the annual fees required by the  
25 CAAA that are payable to DEP. The expenses projected for the recovery

1 period total \$759,817.

2  
3 The third activity listed on Schedule 2P, Title V Permits (Line Item 1.3),  
4 represents projected expenses associated with the implementation of  
5 the Title V permits. The total estimated expense for the Title V Program  
6 during 2003 is \$76,810.

7  
8 The fourth activity listed on Schedule 2P, Asbestos Fees (Line Item 1.4),  
9 consists of the fees required to be paid to the Florida Department of  
10 Environmental Protection (FDEP) for the purpose of funding the State's  
11 asbestos abatement program. The expenses projected for the recovery  
12 period total \$4,500.

13  
14 The fifth activity listed on Schedule 2P, Emission Monitoring (Line Item  
15 1.5), reflects an ongoing O & M expense associated with the Continuous  
16 Emission Monitoring equipment (CEM) as required by the CAAA. These  
17 expenses are incurred in response to the federal Environmental  
18 Protection Agency's (EPA) requirements that the Company perform  
19 Quality Assurance/Quality Control (QA/QC) testing for the CEMs,  
20 including Relative Accuracy Test Audits (RATA) and Linearity Tests.  
21 Other activities within this category include the testing, development, and  
22 implementation of new Periodic Monitoring and Compliance Assurance  
23 Monitoring (CAM) associated with the Clean Air Act Amendment.  
24 The expenses expected to occur during the 2003 recovery period for  
25 these activities total \$577,779.



1 Q. What O & M activities are included in Water Quality?

2 A. General Water Quality (Line Item 1.6), identified in Schedule 2P, includes  
3 Soil Contamination Studies, Dechlorination, Groundwater Monitoring Plan  
4 Revisions and Surface Water Studies. All of the programs included in  
5 Line Item 1.6, General Water Quality, have been approved in past  
6 proceedings. The expenses expected to be incurred during the projection  
7 recovery period for these activities total \$379,118.

8  
9 The second activity listed in the Water Quality Category, Groundwater  
10 Contamination Investigation (Line Item 1.7), was previously approved for  
11 environmental cost recovery in Docket No. 930613-EI. This activity is  
12 projected to incur incremental expenses totaling \$394,797.

13  
14 Line Item 1.8, State NPDES Administration, was previously approved for  
15 recovery in the ECRC and reflects expenses associated with annual fees  
16 for Gulf's three generating facilities in Florida. These expenses are  
17 expected to be \$49,500 during the projected recovery period.

18  
19 Finally, Line Item 1.9, Lead and Copper Rule, was also previously  
20 approved for ECRC recovery and reflects sampling, analytical and  
21 chemical costs related to lead and copper in drinking water. These  
22 expenses are expected to total \$16,500 during 2003.

23

24 Q. What activities are included in the Environmental Affairs Administration  
25 Category?

1 A. Only one O & M activity is included in this category on Schedule 2P (Line  
2 Item 1.10) of Ms. Ritenour's exhibit. This Line Item refers to the  
3 Company's Environmental Audit/Assessment function. This program is an  
4 on-going compliance activity previously approved and is expected to incur  
5 \$1,000 of expenses during the recovery period.

6  
7 Q. What O & M activities are included in the Solid and Hazardous Waste  
8 category?

9 A. Only one program, General Solid and Hazardous Waste (Line Item 1.11)  
10 is included in the Solid and Hazardous Waste category on Schedule 2P.  
11 This activity involves the proper identification, handling, storage,  
12 transportation and disposal of solid and hazardous wastes as required by  
13 federal and state regulations. This program is an on-going compliance  
14 activity previously approved and is projected to incur incremental  
15 expenses totaling \$190,208.

16  
17 Q. In addition to the four major O & M categories listed above, are there any  
18 other O & M activities which have been approved for recovery?

19 A. Yes. There are five other O & M categories which have been approved in  
20 past proceedings. They are Above Ground Storage Tanks, Low NOx, Ash  
21 Pond Diversion Curtains, Mercury Emissions, Sodium Injection System,  
22 and Gulf Coast Ozone Study (GCOS).

23  
24 Q. What O & M activities are included in the Above Ground Storage Tanks?

25 A. Only one program, Above Ground Storage Tanks (Line Item 1.12), is

1 included in this category. This program is expected to incur \$25,000 of  
2 expenses during 2003.

3

4 Q. Please identify the activities included in the Low NOx (Line Item 1.3)  
5 category.

6 A. This project was for the purchase and installation of Low NOx burner tips  
7 at Plant Crist on Units 4 & 5 and at Plant Smith on Unit 1 to comply with  
8 Phase II requirements of the CAAA. There are no expenses projected for  
9 this project during the 2003 recovery period.

10

11 Q. Please identify the activity included in the Mercury Emissions (Line Item  
12 1.15) category.

13 A. This program, approved by the Commission for recovery in Docket  
14 No. 981973-EI, pertains to requirements for Gulf to periodically analyze  
15 coal shipments for mercury and chlorine content. There are no expected  
16 expenses during the 2003 recovery period. The EPA only mandated that  
17 shipments of coal would be analyzed for mercury and chlorine during  
18 1999. No further notices of continued sampling requirements of coal  
19 shipments beyond 1999 have been issued by EPA, therefore no expenses  
20 have been planned for this activity.

21

22 Q. What activity is included in the Sodium Injection (Line Item 1.16)  
23 category?

24 A. The sodium injection system, approved in Docket Number No. 990667-EI  
25 for inclusion in the ECRC, involves sodium injection to the coal supply at

1 Plant Smith to enhance precipitator efficiencies when burning low sulfur  
2 coal. Projected expenses for the purchase of sodium bicarbonate are  
3 expected to be \$49,000 in 2003.

4  
5 Q. Please identify the activity included in the Gulf Coast Ozone Study (Line I  
6 Item 1.17) category.

7 A. This program, approved for recovery in Docket No. 991834-EI for  
8 inclusion in the ECRC involves a joint modeling analysis between Gulf  
9 Power and the State of Florida to provide an improved basis for  
10 assessment of eight-hour ozone air quality for Northwest Florida. The  
11 project models past episodes of high ozone levels in Northwest Florida  
12 and will be used in developing potential control strategies for both  
13 stationary and mobile sources to provide a comprehensive evaluation of  
14 the area as required under Title I of the Clean Air Act. This will support  
15 FDEP's State Implementation Plan (SIP) revisions, which are required by  
16 July 2003. This evaluation is considered pre-engineering work necessary  
17 to evaluate the most viable, low cost emission control technologies  
18 available that may be required to meet the new eight-hour ambient air  
19 ozone standard. Expenses for this project during the 2003 recovery  
20 period are anticipated to be \$235,000. Consistent with Order No. PSC-  
21 00-1167-PAA-EI, all of these expenses are projected as recoverable  
22 through the ECRC because the amount of expenditures on non-ECRC  
23 environmental studies during 2003 is projected to exceed the amount  
24 included in the last approved rate case budget.

25

1 Q. Please describe the activity included in the SO2 allowances (Line Item  
2 1.18)

3 A. This program includes expenses for SO2 allowances for Gulf's plants.  
4 The expenses are offset by gains realized from the sale of SO2  
5 allowances.

6  
7 Q. Are there any project or program expenses resulting from either new or  
8 more stringent environmental regulations which may significantly increase  
9 O & M costs for the recovery period January 2003 through December  
10 2003?

11 A. Gulf Power is not aware of any at this time.

12  
13 Q. Mr. Vick, does this conclude your testimony?

14 A. Yes.

15

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AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 020007-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 5<sup>th</sup> day of September 2002.

Rollanda Cothran  
Notary Public, State of Florida at Large

Commission Number:  
  
Commission Expires:

