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Pensacola, Florida 32520

Tel 850.444.6111



August 7, 2003

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Enclosed for official filing in Docket No. 030007-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,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

DOCUMENT NUMBER - DATE
07279 AUG-8 8
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 030007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 7th day of August 2003 by U.S. Mail or hand delivery to the following:

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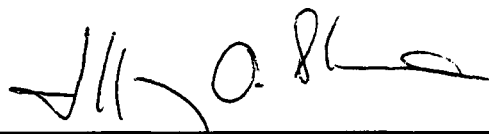
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENVIRONMENTAL COST RECOVERY
CLAUSE**

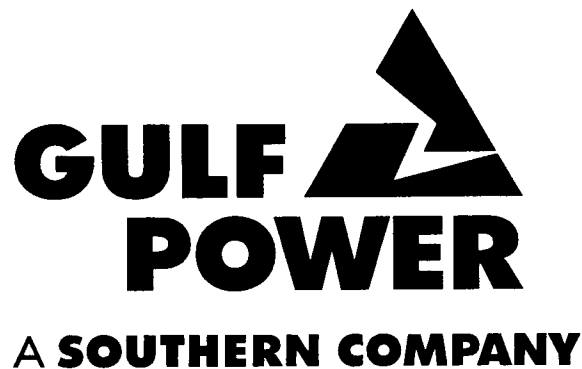
DOCKET NO. 030007-EI

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

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

JANUARY 2003 – DECEMBER 2003

AUGUST 8, 2003



DOCUMENT NUMBER-DATE

07279 AUG-88

FPSC-COMMISSION CLERK

1 GULF POWER COMPANY

2
3 Before the Florida Public Service Commission
4 Prepared Direct Testimony of
5 James O. Vick
6 Docket No. 030007-EI
7 August 8, 2003

8

9 Q. Please state your name and business address.

10 A. My name is James O. Vick and my business address is One Energy Place,
11 Pensacola, Florida, 32520.

12

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

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

16

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

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

1 of Environmental Affairs.

2

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

4 A. As Manager of Environmental Affairs, my primary responsibility is
5 overseeing the activities of the Environmental Affairs section to ensure the
6 Company is, and remains, in compliance with environmental laws and
7 regulations, i.e., both existing laws and such laws and regulations that may
8 be enacted or amended in the future. In performing this function, I have the
9 responsibility for numerous environmental activities.

10

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

13 A. Yes.

14

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

16 A. The purpose of my testimony is to support Gulf Power Company's estimated
17 true-up for the period from January 1, 2003 through December 31, 2003.
18 This true-up is based on six months of actual and six months of projected
19 expenses.

20

21 Q. Mr. Vick, please compare Gulf's recoverable environmental capital costs
22 included in the estimated true-up calculation for the period January 1, 2003
23 through December 31, 2003 with approved projected amounts.

24 A. As reflected in Ms. Ritenour's Schedule 6E, the recoverable capital
25 costs approved in the original projection total \$8,505,631, as compared to the

1 estimated true-up amount of \$8,416,756. This results in a projected variance
2 of (\$88,875). The major variance is related to CEMS, which I will discuss
3 below.

4
5 Q. Please explain the variance of (\$59,882) in the capital category entitled
6 CEMS (Line Item 1.5).

7 A. This variance resulted from postponing the CEMS flow monitor replacement
8 projects at Plant Scholz until 2005 and canceling the CEMS gas analyzer
9 project for Units 1, 2, and 3 at Plant Crist. The Crist project was canceled
10 because Crist Unit 1 has been retired and Units 2 and 3 will be retired by May
11 2006 as a result of the agreement between Gulf and the Florida Department
12 of Environmental Protection (DEP) approved in Order No. PSC-02-1396-
13 PAA-EI. The Scholz project was postponed after a performance evaluation
14 was conducted which revealed that the Scholz CEMS replacement could be
15 delayed until 2005. However, the evaluation revealed that a change in the
16 Scholz precipitator controls is needed to restore a reasonable correlation
17 between opacity and particulate matter. This correlation is necessary in order
18 to be able to use opacity monitoring as a reasonable method of measuring
19 particulate matter emissions as required by the new performance
20 specifications of the Compliance Assurance Monitoring (CAM) requirements
21 under Title V of the Clean Air Act. This method of monitoring is less capital
22 intensive than a stand alone continuous particulate compliance monitor. The
23 cost of changing the controls serves as a partial offset in this reporting cycle
24 to the variance related to the postponement of the Scholz CEMS replacement.

25

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

3 A. Ms. Ritenour's Schedule 4E reflects that Gulf's recoverable environmental
4 O&M expenses for the current period are now estimated to be \$2,900,377 as
5 compared to the original projection of \$2,738,603. This will result in a year-
6 end variance of \$161,774. There are five O&M projects and programs
7 contributing to this variance which I will discuss – Groundwater
8 Contamination Investigation; Auditing/Assessment; Sodium Injection; Gulf
9 Coast Ozone Study (GCOS); and SO₂ Allowances.

10
11 Q. Please explain the \$500,508 variance in Groundwater Contamination
12 Investigation (Line Item 1.7).

13 A. Due to a change in personnel during the 2003 ECRC projection cycle the
14 expenses budgeted for geological consulting services which are recoverable
15 costs were inadvertently excluded from the ECRC projection.

16
17 Q. Please explain the variance of \$10,050 in Auditing/Assessment (Line Item
18 1.10).

19 A. As discussed in Gulf's 2002 Final True-Up, it has become necessary to
20 conduct a more extensive auditing/assessment program in order to ensure
21 compliance with environmental regulations. This level of activity is expected
22 to continue.

23
24 Q. Please explain the variance of (\$43,000) in Sodium Injection (Line Item 1.16).

1 A. The expenses that Gulf incurs for this program are dependent on the
2 available coal supply and the necessity for sodium injection. The chemical
3 composition of the current coal supply at Plant Smith does not require sodium
4 injection.

5
6 Q. Please explain the variance of (\$152,441) in Line Item 1.17, Gulf Coast
7 Ozone Study (GCOS).

8 A. The expected completion date for the GCOS project has been
9 extended due to a delay in the final 8 hour ozone standard rule development
10 by the Environmental Protection Agency (EPA). Gulf expects this project to
11 fully resume once EPA finalizes the rule.

12
13 Q. What has contributed to the (\$153,343) variance in SO₂ allowances in Line
14 Item 1.18?

15 A. The Company's proceeds from the spring allowance auction are
16 unpredictable from year to year and were therefore unbudgeted for the
17 current period.

18
19 Q. Does this conclude your testimony?

20 A. Yes.


21
22
23
24
25

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 030007-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

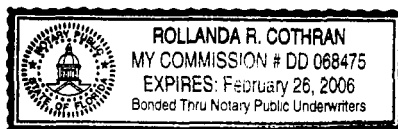
Sworn to and subscribed before me this 7th day of August, 2003.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:



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