

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENVIRONMENTAL COST RECOVERY
CLAUSE**

DOCKET NO. 050007-EI

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

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

JANUARY 2004 – DECEMBER 2004

APRIL 1, 2005



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

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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. 050007-EI
April 1, 2005

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 Director 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 2003, I assumed my present position as Director of
22 Environmental Affairs.

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

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

1 the activities of the Environmental Affairs section to ensure the Company is,
2 and remains, in compliance with environmental laws and regulations, i.e.,
3 both existing laws and such laws and regulations that may be enacted or
4 amended in the future. In performing this function, I am responsible for
5 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 true-up for
13 the period from January 1, 2004 through December 31, 2004.

14
15 Q. Mr. Vick, please compare Gulf's recoverable environmental capital costs
16 included in the final true-up calculation for the period January 2004 through
17 December 2004 with the approved estimated true-up amounts.

18 A. As reflected in Ms. Davis' Schedule 6A, the recoverable capital costs
19 included in the estimated true-up total \$12,429,822, as compared to the
20 actual recoverable capital costs of \$12,455,428. This results in a small
21 variance of \$25,606 or 0.2%. I will address four projects that contribute to
22 this variance.

1 Q. Please explain the capital project variance of (\$62,558) in the Crist 5, 6 & 7
2 Precipitator Projects (Line Item 1.2).

3 A. This deviation primarily resulted from retiring the Plant Crist Unit 7 precipitator
4 a month ahead of schedule.

5

6 Q. Please explain the (9.6%) variance of (\$2,384) in the Smith Waste Water
7 Treatment Facility (Line Item 1.15).

8 A. The Smith Waste Water Treatment Facility was not placed in service during
9 2004 due to permitting delays. Construction was completed in 2004, but the
10 system could not be placed in service until the Florida Department of
11 Environmental Protection (FDEP) industrial wastewater permit modification
12 was completed. The project delay created an under budget variance in the
13 Smith Waste Water Treatment facility line item (Line item 1.15).

14

15 Q. Please explain the variance of \$69,985 in the Crist DEP Project (Line Item
16 1.19).

17 A. Since the Unit 7 precipitator was placed in service on April 22, 2004, other
18 related components have been completed and placed in service as well.
19 These include the precipitator insulation and platform.

20

21 Q. Please explain the capital project variance of (\$5,542) or (74.1%) in the Crist
22 Switchyard Stormwater (Line Item 1.20).

23 A. Construction of the Crist Switchyard Stormwater project was postponed from
24 2004 to 2005 due to project design delays. Design modifications were
25 necessary because the original design incorporated the abandoned Unit 6

1 discharge structure which was reutilized after Hurricane Ivan damaged the
2 Unit 6 cooling tower. Plant Crist plans to begin construction of the
3 redesigned stormwater structure during May 2005.

4
5 Q. How do the actual O&M expenses for the period January 2004 to December
6 2004 compare to the estimated true-up?

7 A. Mrs. Davis' Schedule 4A reflects that Gulf's recoverable environmental
8 O&M expenses for the current period were \$2,676,757, as compared to the
9 estimated true-up of \$2,665,823. This results in a year-end net variance of
10 only \$10,934. I will address ten O&M projects and programs that contribute
11 to this variance.

12
13 Q. Please explain the variance of (\$23,906) in Title V (Line Item 1.3).

14 A. Gulf Power submitted Title V permit renewal applications for Plants Crist,
15 Smith, and Scholz during 2004. The revised permits became effective on
16 January 1, 2005. The 2004 permit implementation costs were
17 less than originally anticipated because several of the projects were
18 not completed until 2005.

19
20 Q. Please explain the variance of (\$41,396) in Emission Monitoring (Line
21 Item 1.5).

22 A. Gulf anticipated that two Quality Assurance / Quality Control (QA/QC) tests
23 per unit would be required at Plant Scholz. Based on good performance,
24 greater than 7.5% relative accuracy, the testing frequency was reduced to
25 one annual test per unit for both units. This reduced testing schedule

1 resulted in a (\$22,000) deviation in the Emission Monitoring category. The
2 Emission Monitoring variance also resulted from Plant Daniel personnel being
3 unable to complete the scheduled Continuous Emissions Monitoring training
4 during 2004 and the Plant Crist compliance assurance monitoring testing
5 being less than originally anticipated.

6
7 Q. Please explain the variance of (\$23,058) in the category General Water
8 Quality (Line Item 1.6).

9 A. This variance was primarily due to rebidding the surface water studies
10 laboratory analysis contract and reducing the entrainment sampling at Plant
11 Smith.

12
13 Q. Please explain the variance of \$41,517 in the category Groundwater
14 Contamination Investigation (Line Item 1.7).

15 A. The Long Point substation soil excavation costs were greater than the
16 projected expenses creating a variance in the Groundwater Contamination
17 Investigation line item. During the fourth quarter, transportation costs per
18 load were greater than originally projected for the project.

19
20 Q. Please explain the variance of \$34,526 in the category State NPDES
21 Administration (Line Item 1.8).

22 A. This variance resulted from booking the 2005 annual state National Pollution
23 Discharge Elimination System (NPDES) industrial wastewater permit fees
24 during December of 2004. The fees were projected for January of 2005.

25

1 Q. Please explain the 30% variance of \$2,697 in the category Lead and Copper
2 Rule (Line Item 1.9).

3 A. The Plant Smith chemical usage costs for corrosion control treatment in the
4 potable water system were more than the projected expenses creating a
5 variance in the Lead and Copper Rule line item.

6

7 Q. Please explain the variance of \$12,894 in the category entitled Environmental
8 Auditing/Assessment (Line Item 1.10).

9 A. This variance primarily resulted from an assessment of Gulf's stormwater
10 permitting programs at the corporate, plant, and district levels. This item was
11 not included in the 2004 budget.

12

13 Q. Please explain the variance of (\$27,335) in the category entitled General
14 Solid & Hazardous Waste (Line Item 1.11).

15 A. This variance resulted from waste removal and disposal costs at Gulf's
16 facilities being less than originally anticipated during normal operations. The
17 amount of solid and hazardous waste generated widely varies from one
18 period to the next.

19

20 Q. Please explain the variance of \$16,844 in Sodium Injection (Line Item 1.16).

21 A. The expenses that Gulf incurs for this program are dependent on the
22 available coal supply and the necessity for sodium injection. The need for
23 sodium injection was more than what was anticipated for the 2004 projection
24 period during due to a change in the coal supply .

25

1 Q. Please explain the variance of (\$8,486) in Line Item 1.17, Gulf Coast Ozone
2 Study (GCOS).

3 A. GCOS modeling is currently being conducted at a slower rate than originally
4 expected because the project is approaching completion. Gulf Power
5 anticipates that the GCOS project will be completed by 2006.

6
7 Q. Does this conclude your testimony?

8 A. Yes.

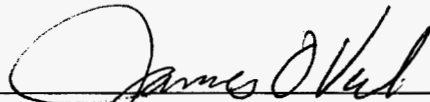
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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 050007-EI

Before me the undersigned authority, personally appeared James O. Vick, who being first duly sworn, deposes, and says that he is the Director 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
Director of Environmental Affairs

Sworn to and subscribed before me this 31st day of March, 2005.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

