

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

PATRICIA Q. WEST

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 060007-EI

AUGUST 4, 2006

Q. Please state your name and business address.

A. My name is Patricia Q. West. My business address is 100 Central Avenue, St. Petersburg, Florida, 33701.

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

A. I am employed by the Environmental Services Section of Progress Energy Service Company, LLC (“Progress Energy” or “Company”) as Manager of Competitive Commercial Operations / Energy Supply Florida. In that position I have responsibility to ensure support for the implementation of compliance strategies pertaining to regulatory requirements for power generation facilities in Florida.

Q. Have you previously filed testimony before this Commission in connection with Progress Energy Florida’s Environmental Cost Recovery Clause?

A. Yes, I have.

1 **Q. Have your duties and responsibilities remained the same since you last filed**
2 **testimony in this proceeding?**

3 **A.** Yes.

4

5 **Q. What is the purpose of your testimony?**

6 **A.** The purpose of my testimony is to explain material variances between the
7 Estimated/Actual project expenditures and the original cost projections for
8 environmental compliance costs associated with PEF's Above Ground Storage
9 Tank Secondary Containment Program, Underground Storage Tank Program,
10 Phase II Cooling Water Intake Program, Arsenic Groundwater Standard
11 Program, and the Integrated Air Compliance Program for the new Clean Air
12 Interstate Rule (CAIR) and a new Clean Air Mercury Rule (CAMR) for the
13 period January 2006 through December 2006.

14

15 **Q. Please explain the variance between the Estimated/Actual project**
16 **expenditures and the original projections for the Above Ground Storage**
17 **Tank Secondary Containment Program for the period January 2006 to**
18 **December 2006.**

19 **A.** PEF is projecting capital expenditures to be \$46,996 higher for this program
20 than originally projected. This variance is primarily attributable to unanticipated
21 costs associated with transferring fuel out of the tanks in order to enable the
22 work to be performed, as well as higher contractor costs.

23

1 **Q. Please explain the variance between the Estimated/Actual project**
2 **expenditures and the original projections for the Phase II Cooling Water**
3 **Intake Program for the period January 2006 to December 2006.**

4 **A.** PEF is projecting O&M expenditures to be \$573,746 lower than previously
5 projected for this program. The variance is primarily attributable to reduced
6 study work requirements at Crystal River and Suwannee, as well as reduced
7 contract study costs for Suwannee due to a change in the staff complement. The
8 original projection included costs for both entrainment and impingement studies
9 at Crystal River and Suwannee. The results of additional assessments at those
10 sites have indicated that PEF will be able to demonstrate compliance with the
11 entrainment standards, which will eliminate the need for entrainment studies.

12
13 **Q. Please explain the variance between the Estimated/Actual project**
14 **expenditures and the original projections for the Clean Air Interstate Rule**
15 **(CAIR) and the Clean Air Mercury Rule (CAMR) for the period January**
16 **2006 to December 2006?**

17 **A.** For the Crystal River and Anclote projects in 2006, PEF anticipates spending
18 approximately \$18 million capital dollars less than originally projected
19 excluding AFUDC. The \$9 million Crystal River variance is the result of
20 continuing project evaluations and schedule changes. The projections were
21 originally developed with the Unit 4 and Unit 5 projects being performed in a
22 sequential manner; however, as the projects have progressed, it has become
23 evident that performing the projects in parallel will be more efficient for
24 purchasing materials and for sequencing construction. The Crystal River project

1 has no bearing on the ECRC recoverable balance because it is accruing AFUDC.
2 The \$9 million Anclote Unit 1 variance is attributable to the deferral of
3 installing NOx reduction equipment pending additional study work that is
4 necessary.

5
6 The Combustion Turbine (CT) projects are expected to exceed the original
7 capital expenditure projection by \$703,246 due to changes in the compliance
8 strategy. The original projection included the installation of sample ports in
9 2006; however, in order to assure compliance with the 2009 Federal deadline,
10 PEF has decided to accelerate into 2006 the design and procurement of required
11 meters and controls, which were originally scheduled for 2007.

12
13 **Q. Please explain the variance between the Estimated/Actual project**
14 **expenditures and the original projections for the Arsenic Groundwater**
15 **Standard Program for the period January 2006 to December 2006.**

16 **A.** PEF projects O&M expenditures to be \$50,000 lower for this program than
17 originally projected. PEF cannot proceed with work without DEP approval,
18 which is anticipated to be received through the issuance of the final permit by
19 December 2006. As a result, work has been deferred until 2007.

20
21 **Q. Please explain the variance between the Estimated/Actual project**
22 **expenditures and the original projections for the Underground Storage**
23 **Tank Program for the period January 2006 to December 2006.**

1 **A.** PEF is projecting capital expenditures to be \$23,000 higher than originally
2 projected for this program. The variance is primarily attributable to higher than
3 anticipated contractor costs for work being performed at Crystal River.

4

5 **Q.** **Does this conclude your testimony?**

6 **A.** Yes it does.