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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

KENT D. HEDRICK

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 Kent D. Hedrick. My business address is Post Office Box 14042, St. Petersburg, Florida 33733.

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

A. I am employed by Progress Energy Carolina as Manager, Performance Support.

Q. What is the scope of your duties?

A. Currently, my responsibilities include managing process technology systems, both existing and emerging, for the Energy Delivery Florida organization.

Q. Please describe your educational background and professional experience.

A. I received a Bachelors of Science degree in Environmental Engineering from the University of Florida. In addition, I am a registered professional engineer in the State of Florida. Currently I hold the position of Manager, Performance

1 Support. Before then, I held several environmental management positions with
2 the Company.

3

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

6 **A.** Yes, I have.

7

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

10 **A.** No. I have moved into a new position managing process technology systems,
11 both existing and emerging, for the Energy Delivery Florida organization. My
12 environmental responsibilities are being transitioned to the Supervisor, System
13 Integrity and Environmental Services.

14

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

16 **A.** The purpose of my testimony is to explain material variances between the
17 Estimated/Actual project expenditures versus the original cost projections for
18 environmental compliance costs associated with PEF's Substation and
19 Distribution System Environmental Investigation, Remediation, and Pollution
20 Prevention Programs for the period January 2006 through December 2006.

21

22 **Q. Are you sponsoring any exhibits to your testimony?**

23 **A.** No.

1

2 **Q. Please explain the variance between the Estimated/Actual project**
3 **expenditures and the original projections for the Substation System**
4 **Program for the period January 2006 to December 2006.**

5 **A.** Project expenditures for the Substation System Program are estimated to be
6 \$2,436,252 higher than originally projected. This is primarily attributable to: 1)
7 higher than anticipated costs to remediate the West Lake Wales substation and
8 2) acceleration of remediations into 2006. The magnitude of contamination at
9 Progress Energy's West Lake Wales substation is significantly larger than
10 projected due to the extent of subsurface contamination that was not evident
11 during the original environmental inspection. To date, remediation costs at this
12 site have exceeded \$600,000 and further remediation work will be necessary
13 pending discussions with the FDEP. In addition, the number of substation
14 remediations will exceed the original projection because of the completion of
15 the target number of forecasted sites by mid-year 2006. The FDEP requires
16 Progress Energy to continue remediating substations until this phase of the
17 program is complete.

18

19 **Q. Please explain the variance between the Estimated/Actual project**
20 **expenditures and the original projections for the Distribution System**
21 **Program for the period January 2006 to December 2006.**

22 **A.** Project expenditures for the Distribution System Program are estimated to be
23 \$11,799,251 higher than originally projected. This increase is attributable to

1 the projected completion of a greater number of sites than originally planned.
2 The work plan for remediations increased due to the fact that a greater number
3 of sites have been identified as requiring remediation

4

5 **Q. Are there any new environmental programs that fall within your**
6 **responsibilities for which PEF is seeking recovery in this docket?**

7 A. No.

8

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

10 A. Yes, it does.