



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 050958-EI

IN RE: Petition for Approval of New
Environmental Program for Cost Recovery
through Environmental Cost Recovery Clause

REBUTTAL TESTIMONY

OF

LAURA R. CROUCH

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FPSC-COMMISSION CLERK

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED REBUTTAL TESTIMONY

3 OF

4 LAURA R. CROUCH

5
6 Q. Please state your name, address, occupation and employer.

7
8 A. My name is Laura R. Crouch. My business address is 702
9 North Franklin Street, Tampa, Florida 36602. I am
10 employed by Tampa Electric Company ("Tampa Electric" or
11 "the company") as Manager - Land and Water Programs in
12 the Environmental, Health and Safety Department.

13
14 Q. Please provide a brief outline of your educational
15 background and business experience.

16
17 A. I received a Bachelors Degree in Chemical Engineering
18 from the University of South Florida. I began my career
19 at Tampa Electric in 1995 as an engineer in Environmental
20 Planning with responsibility for air and chemical
21 management related activities. In 1997, I joined
22 Regulatory Affairs with responsibility for rate analyses,
23 preparing for regulatory proceedings and assisting in
24 rate design for retail special contracts. In 1999, I
25 worked in the Resource Planning department with

1 responsibility for providing engineering support towards
2 the company's integrated resource planning process and
3 business planning activities. In 2001, I was promoted to
4 Manager - Air Programs in the Environmental, Health and
5 Safety Department. In that position, I was responsible
6 for all air permitting and compliance programs. In 2005,
7 I became Manager, Land & Water Programs and my present
8 responsibilities include the management of land and water
9 permitting and compliance.

10
11 Q. What is the purpose of your rebuttal testimony?

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13 A. The purpose of my rebuttal testimony is to address
14 certain deficiencies in the direct testimony filed by Mr.
15 Thomas A. Hewson, Jr. in this proceeding on behalf of
16 Office of Public Counsel. I will explain why his
17 conclusion that certain components of Tampa Electric's
18 Big Bend Flue Gas Desulfurization ("FGD") System
19 Reliability Program do not qualify for cost recovery
20 through the Environmental Cost Recovery Clause ("ECRC")
21 is incorrect. Tampa Electric witness John Smolenski is
22 also submitting rebuttal testimony addressing certain
23 shortfalls in both Mr. Hewson's and Mr. Stamberg's
24 testimony.

25

1 Q. Have you prepared an exhibit in support of your
2 testimony?

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4 A. No.

5
6 Q. Mr. Hewson first addresses Section 31 of the Consent
7 Decree (Testimony, p. 7) and concludes at the bottom of
8 page 8 of his testimony that with two exceptions, the
9 projects identified in Tampa Electric's petition for cost
10 recovery through the ECRC were not included in the Phase
11 I or Phase II plan for optimizing the Big Bend FGD
12 system. Because of this, he claims one must conclude
13 that most of the projects listed in the petition were not
14 considered by Tampa Electric in February 2001 as being
15 necessary to comply with the Consent Decree requirements.
16 How do you respond?

17
18 A. Mr. Hewson is incorrect in his conclusion. There is no
19 correlation between Tampa Electric's Phase I and Phase II
20 FGD Optimization Plans and the company's current petition
21 seeking recovery of the Big Bend FGD System Reliability
22 Program. The two activities apply to separate
23 requirements of the Consent Decree and each activity has
24 its own distinct deadline for completion.

25

1 The Phase I and II Optimization Plans were required by
2 Paragraph 31 of the Consent Decree and were designed to
3 minimize the use of the allowed unscrubbed days provided
4 in Paragraph 29.A, 29.D for Big Bend Units 1 and 2 and
5 Paragraph 30.A for Big Bend Unit 3. The projects
6 identified in those plans were near-term improvements
7 that Paragraph 31.A(2) states, "shall include operation
8 and maintenance activities that will minimize the
9 instances during which SO₂ emissions are not scrubbed,
10 including but not limited to improvements in the
11 flexibility of scheduling maintenance on the scrubbers,
12 increases in the stock of spare parts kept on hand to
13 repair the scrubbers, a commitment to use of overtime
14 labor to perform work necessary to minimize periods when
15 the scrubbers are not functioning, and the use of all
16 existing capacity at Big Bend and Gannon Units that are
17 served by available, operational pollution control
18 equipment to minimize pollutant emissions while meeting
19 power needs." The near-term nature of the improvement in
20 the plans is further expressed in Paragraph 31.A(3),
21 which states, "Within sixty days after EPA's approval of
22 the plan or any phase of the plan, Tampa Electric shall
23 complete implementation of that plan or phase and
24 continue operation under it only to the terms of this
25 Consent Decree." It is clear from this language that the

1 plans required by Paragraph 31 do not contemplate the
2 long-term capital projects that are required by the
3 Consent Decree to support the operation of Big Bend Units
4 1, 2 and 3 once the allowed unscrubbed days are phased
5 out, beginning in 2010. These long-term capital projects
6 are part of the FGD System Reliability Program.

7
8 The projects that comprise the Big Bend FGD System
9 Reliability Program are required to address Paragraph 40
10 of the Consent Decree, which defines the specific points
11 in time when Big Bend Units 1, 2 and 3 must terminate the
12 usage of allowed unscrubbed days and cease to generate
13 electricity during FGD outages. Specifically, Paragraph
14 40 requires Big Bend Unit 3 to be continuously scrubbed
15 effective January 1, 2010 and Big Bend Units 1 and 2 must
16 be continuously scrubbed effective January 1, 2013.

17
18 Q. Is Mr. Hewson correct in his statement that Tampa
19 Electric did include two of the 13 projects of the Big
20 Bend FGD System Reliability Program in the company's
21 Section 31 Phase I and Phase II components of its FGD
22 Optimization Plans?

23
24 A. No, he is not. The 13 projects were not included because
25 none was intended to meet the intermediate requirements

1 of minimizing the days of unscrubbed operation of Big
2 Bend Units 1 through 3 prior to the 2010 and 2013
3 deadlines set forth in the Consent Decree. The two
4 projects that Mr. Hewson refers to are not the same
5 projects Tampa Electric listed in its petition. The
6 projects referred to by Mr. Hewson, components of Tampa
7 Electric's FGD Optimization Study, are identified by
8 number (No. 8, 10 and 11) and then described as "Replace
9 and repair inlet and outlet ducts" (Big Bend Units 3 and
10 4 only), "Replace/redesign C tower absorber nozzles" and
11 "Replace/redesign D tower demister packing for high
12 capacity," respectively. The project descriptions are
13 very similar, but upon careful review, the projects
14 themselves are definitely not the same. Therefore none
15 of the petition's 13 projects were ever listed in the FGD
16 Optimization Plan required by Section 31 of the Consent
17 Decree.

18
19 Also, upon reading the question put to Mr. Hewson, it is
20 clear that the projects were to be ones that were
21 intended "to minimize instances in which SO₂ emissions are
22 not scrubbed." By definition then, these projects were
23 to cover the period when unscrubbed operation is
24 permitted. However, the projects being addressed in the
25 petition are to cover the operation of the units after

1 that period, after the deadlines of 2010 and 2013 occur.
2 They cover the period when the Consent Decree requires
3 that there be no further SO₂ emissions that are not
4 scrubbed.

5
6 Clearly, Tampa Electric did not erroneously omit 11 out
7 of 13 projects that Mr. Hewson claims should have been
8 included in the company's Phase I and Phase II FGD
9 Reliability Plans for how to reduce the unscrubbed days
10 of operation on an intermediate basis prior to the 2010
11 and 2013 deadlines. Instead, Tampa Electric has properly
12 included all 13 projects in its current petition as
13 essential components of its long term program to comply
14 with the Consent Decree's prohibition of unscrubbed
15 operations beginning in 2010 and fully implemented in
16 2013.

17
18 Q. On pages 9 and 10 of his testimony, Mr. Hewson discusses
19 Tampa Electric's quarterly compliance reports to the
20 United States Environmental Protection Agency ("EPA"),
21 Hillsborough County and the Florida Department of
22 Environmental Protection. He states, "Since almost all
23 of the [Big Bend FGD System Reliability Program] projects
24 in Tampa Electric's petition were not identified in the
25 Phase I and Phase II reports, they have not been

1 explicitly identified in TECO's Quarterly Compliance
2 Reports' response as a required element of their approved
3 plan to minimize the number of unscrubbed events." He
4 further states he "...would have expected that TECO would
5 have included the thirteen projects (that are contained
6 in their ECRC petition) as part of their Quarterly
7 Compliance Report responses if they had been essential
8 elements in their Consent Decree compliance." How do you
9 respond?

10
11 **A.** Again, Mr. Hewson assumes an incorrect relationship
12 between the Big Bend FGD System Reliability Program
13 projects in Tampa Electric's petition and the Phase I and
14 II FGD Optimization Plans. As I previously stated, there
15 are two distinct, unrelated, non-simultaneous activities
16 designed to accomplish two separate and unique
17 requirements of the Consent Decree and each has its own
18 deadline for completion. Simply stated, the 13 projects
19 that comprise the Big Bend FGD System Reliability Program
20 would not be identified in the Phase I or Phase II FGD
21 Optimization Plans because they are not being implemented
22 to address the requirements of Paragraph 31 of the
23 Consent Decree. This paragraph only addresses the
24 requirement for the minimization of unscrubbed operating
25 days.

1 Mr. Hewson is also incorrect in his conclusion that Tampa
2 Electric should have reported the 13 projects contained
3 in the Big Bend FGD System Reliability Program in its
4 response to question B.2 of the required quarterly
5 compliance reports provided to the three agencies.
6 Question B.2 of the quarterly report requires Tampa
7 Electric to "Report on implementation of the approved
8 scrubber optimization plan in compliance with Paragraph
9 31, [and to] [d]escribe the steps taken to reduce the
10 number of days of unscrubbed emissions and provide an
11 estimate of the days of unscrubbed emissions avoided as
12 the result of such steps." Since the 13 projects address
13 generating unit operations after unscrubbed emissions are
14 no longer allowed, clearly it would be inappropriate to
15 report such projects in response to question B.2 which
16 focuses solely on compliance relative to only Paragraph
17 31 and the near-term time frame in which unscrubbed
18 emission days are still allowed but are to be minimized.

19
20 Q. On pages 11 and 12 of his testimony, Mr. Hewson states
21 that Tampa Electric's inclusion of four of the Big Bend
22 FGD System Reliability projects in its Quarterly
23 Compliance Report response to section C.7 stands as an
24 acknowledgment that the four projects were "not required"
25 by the Consent Decree. Do you agree with this

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assessment?

A. No I do not. Tampa Electric included those projects in the quarterly reports because they had commenced, met the criteria of being greater than \$250,000 in cost and were accounted for as capital projects. By including projects in the quarterly reports that meet the threshold requirements for inclusion, Tampa Electric achieved the benefit of EPA's covenant not to sue for environmental civil claims with respect to those projects in the future, as provided for in Paragraph 44 of the Consent Decree. Tampa Electric's approach was to err on the side of reporting compliance projects in order to obtain future protection against litigation. The wording of Paragraph 44 and its relationship to the report form do not change the nature of the projects. Each of the four projects Mr. Hewson refers to is essential to Tampa Electric's compliance with the Consent Decree. Were it not for the Consent Decree deadlines in 2010 for Big Bend Unit 3 and 2013 for Big Bend Units 1 and 2 to no longer operate these units unscrubbed, Tampa Electric would not need to invest in these four projects or the balance of projects contained in the Big Bend FGD System Reliability Program. Mr. Hewson essentially is putting the report format over the true substance and purpose of the four

1 projects in question and the functions they will perform.
2 If not for the Consent Decree, Tampa Electric would not
3 need to implement any of the Big Bend FGD System
4 Reliability projects. This fact is not altered by the
5 way the company reports progress to EPA. In comparison,
6 the Consent Decree mandates that if Tampa Electric is to
7 continue combusting coal at Big Bend Station, the company
8 must install Selective Catalytic Reduction ("SCR")
9 technology on Big Bend Units 1, 2 and 3. Tampa Electric
10 notified EPA of its election to continue combusting coal
11 in these units and was then obligated by the Consent
12 Decree to install SCRs. That was an explicit requirement
13 of the Consent Decree, yet the company included the SCRs
14 in its quarterly reports to secure the safe harbor
15 provision of Paragraph 44 of the Consent Decree. Tampa
16 Electric's inclusion of the SCRs in its C.7 response did
17 not render them "not required" by the Consent Decree, any
18 more than including the four projects Mr. Hewson refers
19 to makes them "not required" by the Consent Decree.

20
21 Q. In your opinion, are the 13 projects listed in Tampa
22 Electric's Big Bend FGD System Reliability Program
23 petition required to comply with Section 40 of the
24 Consent Decree?
25

1 **A.** Yes they are, for the reasons I have described as well as
2 those addressed in the direct and rebuttal testimony of
3 other Tampa Electric witnesses. These projects would not
4 be required but for the 2010 and 2013 deadlines set forth
5 in the Consent Decree.

6
7 **Q.** In your opinion, do all of the projects in Tampa
8 Electric's Big Bend FGD System Reliability Program
9 qualify for cost recovery under the three mechanisms
10 delineated in the company's petition, namely, a new ECRC
11 program entitled Big Bend FGD System Reliability Program,
12 an existing ECRC approved program entitled Big Bend Units
13 1 and 2 FGD Program and base rates?

14
15 **A.** Yes they do, for reasons described in detail in the
16 direct and rebuttal testimony of Tampa Electric witness
17 Howard T. Bryant.

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

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21 **A.** Yes it does.
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