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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

KENT D. HEDRICK

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 070007-EI

April 2, 2007

Q. Please state your name and business address.

A. My name is Kent D. Hedrick. My business address is 299 First Avenue North, St. Petersburg, Florida 33701.

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

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

Q. Please describe your educational and professional background in the environmental field.

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.

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

CMP _____
CDM 5
CTR Orig
ECR 1
GCL _____
OPC _____
RCA 1
SCR _____
SGA _____
SEC _____
OTH _____

1 A. Yes, I have.

2

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

5 A. Yes.

6

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

8 A. My testimony provides Progress Energy Florida's Actual True-Up costs
9 associated with the following environmental compliance activities for the period
10 January 2006 through December 2006: Substation Environmental Investigation,
11 Remediation, and Pollution Prevention (Project No.1); Distribution System
12 Environmental Investigation, Remediation, and Pollution Prevention (Project
13 No.2); and Sea Turtle – Coastal Street Lighting (Project No.9).

14

15 **Q. How did actual O&M and Capital expenditures for January 2006 thru**
16 **December 2006 compare with PEF's estimated / actual projections as**
17 **presented in previous testimony and exhibits?**

18 A. Details regarding each of the identified projects are provided below:

19 **O&M Project Variances:**

20 **1. Substation Environmental Investigation, Remediation, and Pollution**

21 **Prevention (Project No.1):** Project expenditures were \$1,583,097 or 44.0%
22 more than projected. This variance is primarily attributable to remediations
23 at 6 substation sites having more work performed than was estimated. The

1 amount of remediation needed at substations is difficult to estimate because
2 of the potential spread of contamination beneath the surface. The full
3 magnitude of contamination is not known until work begins.

4

5 **2. Distribution System Environmental Investigation, Remediation, and**
6 **Pollution Prevention (Project No.2):** Program expenses were \$2,617,485
7 or 16.1% less than projected. This variance is primarily due to a lower
8 number of sites being remediated than re-projected for the 2006 work plan.
9 The lower number of sites remediated was caused primarily by insufficient
10 contract resource availability during the fourth quarter of 2006.

11 Remediation work identified in 2006 that was not completed is planned to be
12 completed in 2007. Progress Energy Florida has also implemented changes
13 to our work process to better optimize resource planning and scheduling.
14 These changes include: performance metrics tied directly with
15 environmental objectives; advanced communication with contractors starting
16 in December 2006 regarding the 2007 work plan; and applying the
17 operational experience gained with the high volume of environmental work
18 during 2006.

19

20 **3. Sea Turtle – Coastal Street Lighting (Project No.9):** Project expenditures
21 were \$72,631 or 66.8% lower than expected. This variance is attributable to
22 not performing the lighting research that was planned and not fully
23 completing compliance activities in certain areas. Progress Energy Florida

1 is working with the University of Florida to conduct research on identifying
2 the lighting characteristics that are not adverse to sea turtles. This research
3 is intended to be used to develop new lighting technology that will add to the
4 limited compliance options that exist presently. The research was delayed
5 until 2007 to allow time to better develop the components of the research
6 and to identify a potential lighting supplier to take part in the technology
7 evaluation and development. Progress Energy Florida has identified a
8 potential lighting partner and is currently working with the University of
9 Florida to finalize the research plan. These research activities are expected
10 to occur in 2007. Progress Energy Florida completed compliance activities
11 on St. George Island in Franklin County. Additional compliance activity
12 was planned for Mexico Beach but was not completed because of continued
13 evaluation to determine the most prudent compliance options to implement.
14 These compliance activities are expected to occur in 2007.

15

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

17 A. Yes it does.

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