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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DIRECT TESTIMONY OF
PATRICIA Q. WEST
ON BEHALF OF
PROGRESS ENERGY FLORIDA
DOCKET NO. 080007-EI
August 29, 2008

Q. Please state your name and business address.

A. My name is Patricia Q. West. My business address is 299 1st Avenue North, St. Petersburg, Florida, 33701.

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

A. I am employed by the Environmental Health and Safety Services Section of Progress Energy Florida ("PEF" or "Company") as Manager of Environmental Services / Energy Supply Florida.

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

A. Yes, I have.

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

A. Yes.

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

2 A. This testimony provides estimates of the costs that will be incurred in the year
3 2009 for environmental programs that fall within the scope of my
4 responsibilities to support PEF's power generation group. These programs
5 include the Pipeline Integrity Management Program (Project 3), the
6 Aboveground Storage Tanks Secondary Containment Program (Project 4), the
7 Phase II Cooling Water Intake 316(b) Program (Project 6), the Integrated Air
8 Compliance Program associated with Anclote plant and combustion turbines, the
9 Clean Air Mercury Rule, the Arsenic Groundwater Standard Program (Project
10 8), the Underground Storage Tank Program (Project 10), the Modular Cooling
11 Tower Program (Project 11), and the Green House Gas Inventory and Reporting
12 Program.

13
14 **Q. What costs does the Company expect to incur in 2009 in connection with
15 the Pipeline Integrity Management Program (Project 3)?**

16 A. For 2009, we project that PEF will incur a total of \$1,101,000 in operation and
17 maintenance ("O&M") expenses and \$60,000 in capital expenditures to comply
18 with the Pipeline Integrity Management ("PIM") regulations (49 CFR Part 195).
19
20 PEF is projecting to spend \$279,000 in O&M on PIM Program Implementation
21 which includes general program management and oversight by PEF employees
22 and contractors who assist with regulatory review, auditing and procedures
23 management, document updates, High Consequence Area ("HCA") reviews,
24 spill analyses, integrity assessment planning, pipeline mapping, data integration,

1 risk analyses, monitoring of program effectiveness, evaluation of preventive and
2 mitigative measures to protect HCAs, and coordination of remedial actions to
3 address integrity issues. An additional \$732,000 in O&M will be required to run
4 the internal inspection tools that detect, locate, and quantify corrosion and
5 deformation anomalies along the pipeline; these inspections are required at
6 intervals not to exceed five years and the baseline assessment was completed in
7 2004. The project will involve project planning and management, equipment
8 specification, contract development, pipeline cleaning, a caliper tool run,
9 placement of above ground markers for each tool run, a geometry tool run, an
10 ultrasonic tool run, an inertial measurement unit run, interpretation of tool data,
11 validation of results, rerunning any tools that do not provide complete and
12 accurate results, third party review of results, completion of any emergency
13 repairs, data integration, developing a reassessment interval, and planning long
14 term repairs. PEF is projecting to spend \$90,000 of O&M for risk reduction
15 modifications to the pipeline.

16
17 PEF is projecting to spend \$60,000 of capital in 2009 to complete the
18 Supervisory Control and Data Acquisition (“SCADA”) system replacement that
19 began in 2007.

20
21 **Q. What steps is the Company taking to ensure that the level of expenditures**
22 **for the Pipeline Integrity Management Program is reasonable and prudent?**

1 A. As additional work is identified to comply with the PIM regulations, PEF will
2 identify qualified suppliers of the necessary services through a competitive
3 bidding process where reasonable and appropriate.

4

5 **Q. What costs do you expect to incur in 2009 in connection with the**
6 **Aboveground Storage Tank Secondary Containment Program (Project 4)?**

7 A. PEF is projecting to spend \$1.337 million in capital expenditures in 2009.
8 These costs are for the tank upgrade work at Higgins and Bartow which
9 includes: cleaning the tank, performing required inspections, installing and
10 testing new steel double bottom, preparing and coating new bottom and pipe
11 modifications.

12

13 **Q. What steps is the Company taking to ensure that the level of expenditures**
14 **for the Aboveground Storage Tank Secondary Containment Program is**
15 **reasonable and prudent?**

16 A. As additional work is identified to comply with the Aboveground Storage Tank
17 regulations, PEF will identify qualified suppliers of the necessary services
18 through a competitive bidding process where reasonable and appropriate.

19

20 **Q. What costs do you expect to incur in 2009 in connection with the Phase II**
21 **Cooling Water Intake Program (Project 6)?**

22 A. PEF is not anticipating any costs to be incurred in 2009.

23

1 **Q. What costs do you expect to incur in 2009 in connection with the CAIR /**
2 **CAMR Program (Project 7)?**

3 A. As discussed in the testimony of PEF witness Michael Kennedy, PEF is moving
4 forward with its Integrated Clean Air Compliance Plan to ensure that the
5 Company can meet Clean Air Interstate Rule's ("CAIR's") imminent
6 compliance deadlines in the event the U.S. Court of Appeals for the District of
7 Columbia revisits its recent decision vacating CAIR. PEF witness Dale
8 Wilterdink discusses the status of the Crystal River emission control
9 components of the compliance plan. In addition, PEF will incur \$67,700 in
10 O&M expenditures for the new emission monitoring systems at the combustion
11 turbine sites. PEF estimates that O&M costs for ongoing software vendor
12 support of these new systems will be \$43,700 in 2009 and \$24,000 in air
13 emissions testing costs in the event that emissions totals or maintenance
14 activities require such testing.

15
16 **Q. In your pre-filed testimony submitted on August 4, 2008, you stated that**
17 **PEF is in negotiations with the provider of Continuous Mercury**
18 **Monitoring System ("CMMS") equipment to avoid or minimize cost**
19 **implications for equipment ordered prior to the vacatur of CAIR. What is**
20 **the status of those negotiations?**

21 A. The negotiations are still pending. Until these negotiations are finalized, PEF
22 will not incur any further costs. As stated in Michael Kennedy's testimony, the
23 Florida Department of Environmental Protection ("FDEP") is currently in the
24 process of gathering data in an effort to adopt new rules establishing mercury

1 emission standards for various industrial sources, including coal-fired power
2 plants. Due to the uncertainty around this program, PEF has assumed that
3 payment will have to be made for the equipment at this time, but has not made
4 any assumptions as to when it will be installed. To the extent actual costs are
5 different than current projections, PEF will reflect this in future filings and these
6 amounts will be subject to true-up.

7

8 **Q. What costs do you expect to incur in 2009 in connection with the Arsenic**
9 **Groundwater Standard Program (Project 8)?**

10 A. PEF is currently working with FDEP to comply with the terms of the renewed
11 industrial wastewater permit for the Crystal River Energy Complex (issued
12 January 9, 2007) and the modified Conditions of Certification (issued November
13 29, 2007). Based upon discussions with the FDEP, PEF is projecting O&M
14 expenditures of approximately \$78,000. These costs are being deferred from
15 2008 because of delays in obtaining the renewed permit and will include
16 groundwater study costs, results assessment, and possible remediation to address
17 potential exceedances of the new standard.

18

19 **Q. What steps is the Company taking to ensure that the level of expenditures**
20 **for the Arsenic Groundwater Standard Program is reasonable and**
21 **prudent?**

22 A. As additional work is identified to comply with the new arsenic standard, PEF
23 will identify qualified suppliers of the necessary services through a competitive
24 bidding process where reasonable and appropriate.

1 **Q. What costs do you expect to incur in 2009 in connection with the**
2 **Underground Storage Tanks Program (Project 10)?**

3 A. PEF is not anticipating any expenditures for this program during 2009.
4

5 **Q. What costs do you expect to incur in 2009 in connection with the Modular**
6 **Cooling Tower Program (Project 11)?**

7 A. PEF is projecting to spend approximately \$3.4 million in O&M expenditures in
8 2009 for rental fees associated with the five-year lease agreement that began in
9 2006. These costs are necessary to ensure compliance with the thermal
10 discharge limit in the FDEP industrial wastewater permit for PEF's Crystal
11 River plant while minimizing de-rates of PEF's Crystal River Units 1 and 2. *See*
12 *Order NO. PSC-07-0722-FOF-EI issued in Docket No. 060162-EI (Sep. 5,*
13 *2007).* As discussed in the pre-filed testimony of PEF witness Daniel Roderick,
14 PEF is implementing a new Thermal Discharge Compliance Project to provide a
15 more permanent solution to the thermal discharge compliance issue.
16

17 **Q. What costs do you expect to incur in 2009 in connection with the Green**
18 **House Gas Inventory and Reporting Program?**

19 A. PEF is projecting to spend approximately \$56,680 in O&M in 2009. These
20 costs are for annual Climate Registry fee as well as consulting fees and third-
21 party verification of the inventory.
22

1 **Q. What steps is the Company taking to ensure that the level of the**
2 **expenditure for the Green House Gas Inventory and Reporting Program is**
3 **reasonable and prudent?**

4 A. In 2007 PEF issued a request for proposal to several consultants with expertise
5 in this area. Bids were received and reviewed. A contract was established in
6 November 2007 and the work through 2009 will be performed under this
7 contract.

8

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

10 A. Yes it does.