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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

**DONALD R. ENNIS**

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 Donald R. Ennis. 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 Carolinas as Manager, Environmental  
Permitting and Compliance.

**Q. Have you previously filed testimony before this Commission in connection  
with Progress Energy Florida'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.

PROGRESS ENERGY FLORIDA

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

2 A. The purpose of my testimony is to provide estimates of the costs that will be  
3 incurred in the year 2009 for Progress Energy Florida's ("PEF's" or  
4 "Company's") Substation Environmental Investigation, Remediation, and  
5 Pollution Prevention Program (Project #1), which was previously approved in  
6 PSC Order No. PSC-02-1735-FOF-EI, Distribution System Environmental  
7 Investigation, Remediation, and Pollution Prevention Program (Project #2),  
8 which was previously approved in PSC Order No. PSC-02-1735-FOF-EI, and  
9 the Sea Turtle Coastal Street Lighting Program (Project #9), which was  
10 previously approved in PSC Order No. PSC-05-1251-FOF-EI.

11

12 **Q. What costs do you expect to incur in 2009 in connection with the Substation**  
13 **System Investigation, Remediation and Pollution Prevention Program**  
14 **(Project #1)?**

15 A. For 2009, we estimate PEF will incur total O&M expenditures of approximately  
16 \$6.8 million in remediation costs for the Substation System Investigation,  
17 Remediation and Pollution Prevention Program. This amount includes  
18 estimated costs for remediation activities at 41 substation sites that have already  
19 been identified as requiring remediation.

20

21 **Q. What steps is the Company taking to ensure that the level of expenditures**  
22 **for the Substation System Program is reasonable and prudent?**

1 A. PEF works annually with the Florida Department of Environmental Protection  
2 (“FDEP”) to determine the specific substation sites to be remediated to ensure  
3 compliance with FDEP criteria. The Company also provides quarterly reports to  
4 FDEP on progress made in remediating substation sites. To ensure the level of  
5 expenditures is reasonable and prudent, the Company selected contractors  
6 through a competitive bidding process and reviews invoices for accuracy.

7

8 **Q. What costs do you expect to incur in 2009 in connection with the**  
9 **Distribution System Investigation, Remediation and Pollution Prevention**  
10 **Program (Project #2)?**

11 A. For 2009 we estimate total O&M expenditures of approximately \$8.3 million  
12 for the Distribution System Investigation, Remediation and Pollution Prevention  
13 Program to perform remediation activities at approximately 870 sites. This  
14 estimate assumes approximately 150 3-phase transformer sites at an average cost  
15 of \$14,500 per site, approximately 730 single-phase transformer sites at an  
16 average cost of \$8,500 per site as well as program management costs.

17

18 **Q. What steps is the Company taking to ensure that the level of expenditures**  
19 **for the Distribution System program is reasonable and prudent?**

20 A. To ensure the level of expenditures is reasonable and prudent, the Company  
21 closely monitors remediation work, performs sample testing of inspection  
22 results, and provides quarterly reports to the FDEP on progress made in  
23 remediating distribution sites.

1 **Q. What costs do you expect to incur in 2009 in connection with the Sea**  
2 **Turtle/Street Lighting Program (Project #9)?**

3 A. For 2009, the projected expenses for the Sea Turtle/Street Lighting Program are  
4 \$25,000. This amount includes \$5,000 in O&M costs and \$20,000 in capital  
5 expenditures to satisfy to ensure compliance with sea turtle ordinances in  
6 Franklin and Gulf Counties and the City of Mexico Beach. The capital  
7 expenditures will be spent on modifications and/or replacement of applicable  
8 lighting fixtures. The estimated O&M projections include research costs  
9 associated with street light technology studies.

10

11 **Q. What steps is the Company taking to ensure that the level of expenditures**  
12 **for the Sea Turtle/Street Lighting Program is reasonable and prudent?**

13 A. PEF is cooperating with local governments and appropriate regulatory agencies  
14 to develop compliance plans that allow flexibility to make only those  
15 modifications necessary to achieve compliance. PEF will ensure that evaluation  
16 of each streetlight requiring modification occurs so that only those activities  
17 necessary to achieve compliance are performed in a reasonable and prudent  
18 manner. In addition, PEF will evaluate emerging technologies and incorporate  
19 their use where reasonable and prudent.

20

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

22 A. Yes, it does.