

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY OF

3 KEVIN MURRAY

4 ON BEHALF OF

5 PROGRESS ENERGY FLORIDA

6 DOCKET NO. 100007-EI

7 August 2, 2010

8

9 **Q. Please state your name and business address.**

10 A. My name is Kevin Murray. My business address is 299 First Avenue North, Saint
11 Petersburg, Florida 33701.

12

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

14 A. I am employed by Progress Energy Florida ("PEF") as General Manager of Plant
15 Construction Projects.

16

17 **Q. What are your responsibilities as General Manager of Florida Construction
18 Projects?**

19 A. As General Manager of Projects, I am responsible for the oversight of PEF's major fossil
20 generation projects, including the Crystal River Units 4 and 5 air quality control system
21 projects, "Crystal River CAIR".

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23 **Q. Please describe your educational background and professional experience.**

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1 A. I received my Bachelor of Science Degree in Mechanical Engineering from the
2 University of Arizona. I have 17 years of professional experience in engineering and
3 project management within the electric power industry. I started my career in the power
4 industry with Westinghouse Power Generation (now Siemens) based in Orlando, where I
5 was employed as an engineer working on power plant proposals. During this time, I
6 received an award for my work on a project in Thailand. I went to work for El Paso
7 Corporation as an engineer and then as a project manager. I was involved in projects in
8 both North and South America, including 1-year residency in Brazil. I joined Progress
9 Energy in 2004 and served as the director of engineering for the Company's new fossil
10 power projects. In 2008, I was promoted to General Manager of Projects for Progress
11 Energy Florida, which includes responsibility for implementing the Crystal River Units
12 4 and 5 air quality control system projects.

13
14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to summarize the status of PEF's implementation of the
16 Crystal River CAIR Project, including the variance between actual 2010
17 Estimated/Actual Projection and the 2010 Projected expenditures submitted in Docket
18 No. 090007-EI.

19
20 **Q. What is the current status of the Crystal River CAIR Project?**

21 A. The Crystal River CAIR Project has met the in-service dates set forth in the Integrated
22 Clean Air Compliance Plan approved by the Commission in Docket No. 070007-EI.
23 Over the past year, we have achieved several significant project milestones including:
24

- Crystal River Unit 4 SCR in service in May 2010; and;

- 1 • Crystal River Unit 4 FGD in service in May 2010

2 All of the environmental equipment set forth in PEF's Commission-approved Integrated
3 Clean Air Compliance Plan has been placed in-service. The Crystal River CAIR Project
4 is now focused on bringing the project to a close.

5

6 **Q. How do the estimated/actual project expenditures for the Crystal River CAIR**
7 **Project compare with PEF's projection project expenditures for the period**
8 **January 2010 to December 2010?**

9 A. The Estimated/Actual total capital expenditures for the Crystal River CAIR Projects in
10 2010 are \$61.6 million, which is approximately \$3.5 million or 6% higher than PEF's
11 2010 Projection filing. The difference is primarily attributable to work carried forward
12 from 2009 to 2010, a revised cost of removal estimate for retired equipment and
13 additional labor costs.

14

15 **Q. How do the estimated/actual capital investment activities for the Crystal River**
16 **CAIR Project compare with PEF's original projections for the period January 2010**
17 **to December 2010?**

18 A. PEF is projecting capital investment activities to be \$29.4 million or 15% lower for this
19 program than originally projected. This variance is mainly attributable to the change in
20 the Weighted Average Cost of Capital approved in the 2010 Rate Case (Docket No.
21 090079-EI), and the change in depreciation rates approved in Order PSC-10-0131-FOF-
22 EI.

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1 Q. Does this conclude your testimony?

2 A. Yes, it does.