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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

DAVID SORRICK

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 100007-EI

AUGUST 2, 2010

Q. Please state your name and business address.

A. My name is David Sorrick. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Progress Energy Florida in the capacity of Vice President Power Generation – Florida.

Q. What are your responsibilities in that position?

A. As Vice President of PEF’s Power Generation organization, my responsibilities include overall leadership and strategic direction of PEF’s power generation fleet.

My major duties and responsibilities include developing and implementing strategic and tactical plans to operate and maintain PEF’s non-nuclear generation fleet; recommend major modifications and additions to the generation fleet; major maintenance programs; outage and project management;

1 support services for the fleet; recommending retirement of generation facilities;
2 asset allocation; workforce planning and staffing; organizational alignment and
3 design; continuous business improvements; retention and inclusion; succession
4 planning; overseeing hundreds of employees and hundreds of millions of dollars
5 in assets and capital and operating budgets.
6

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

8 A. I earned a Bachelor of Science degree in Electrical Engineering from the
9 University of Tennessee at Chattanooga in 1986 and an MBA from the University
10 of South Florida in 2006. I am also a Florida Registered Professional Engineer
11 and Licensed Electrical Contractor.

12

13 I have 20 years of power plant and production experience in various engineering,
14 supervisory, managerial and executive positions within Progress Energy
15 managing Fossil Steam Operations, Combustion Turbine (CT) Operations, and
16 CT Services as well as new plant construction. While at Progress Energy, I have
17 managed new unit projects from construction to operations and I have extensive
18 contract negotiation and management experience with Progress Energy and
19 General Electric. My prior experience also includes nuclear engineering positions
20 at Tennessee Valley Authority and project management experience with General
21 Electric.

22

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

1 A. The purpose of my testimony is to explain material variances between the
2 Estimated/Actual project O&M expenditures and the original cost projections
3 for environmental compliance costs associated with PEF's, Integrated Clean Air
4 Compliance Program for the period January 2010 through December 2010.

5

6 **Q. What current PSC-approved projects are you responsible for?**

7 A. I am responsible for the CAIR Crystal River Project No. 7.4 O&M costs.

8

9 **Q. How do the estimated/actual project expenditures for the CAIR Crystal
10 River (Project 7.4) compare with PEF's projection project expenditures for
11 the period January 2010 to December 2010?**

12 A. PEF is projecting O&M expenditures to be \$1,441,464 or 6% lower for this
13 program than originally projected. This variance is being driven by a \$6,293,665
14 decrease in CAIR Crystal River Project 7.4 – Energy and a \$4,852,201 increase
15 in CAIR Crystal River Project 7.4 – Base.

16

17 **Q. Please explain the variance between the Estimated/Actual project
18 expenditures and the original projections for the CAIR Crystal River
19 (Project No. 7.4 – Energy) for the period January 2010 to December 2010.**

20 A. The \$6,293, 665 decrease in the project is due to PEF's success in increasing
21 the beneficial reuse of synthetic gypsum in the production of Portland Cement
22 and Wallboard allowing higher sales of gypsum than originally forecasted.
23 Furthermore, the decrease in the ammonia consumption rate as well as the delay

1 of initial operation of the Acid Mist Mitigation System until summer 2010
2 resulted in costs being lower than originally projected.

3

4 **Q. Please explain the variance between the Estimated/Actual project**
5 **expenditures and the original projections for the CAIR Crystal River**
6 **(Project No. 7.4 – Base) for the period January 2010 to December 2010.**

7 A. The \$4,852,201 increase in the project is primarily attributable to PEF gaining a
8 better understanding of the daily operational requirements on the new air
9 emission controls that were placed into service; as well as the finalization of
10 maintenance contracts. At the time of the original 2010 projection, Unit 5 had
11 been in-service for approximately two months. As PEF gained experience
12 operating this equipment, we continued to evaluate the associated O&M costs
13 and the methodology used in estimating these costs. PEF determined the best
14 approach to project the O&M costs associated with Units 4 and 5 were to use
15 actual expenses from Unit 5. The actual expenses from several months of
16 operation of Unit 5 became the basis for the combined estimated expenses for
17 both Units 4 and 5. These actual expenses, plus the projected expenses
18 contributed to the increase.

19

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

21 A. Yes it does.