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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DIRECT TESTIMONY OF
DAVID SORRICK
ON BEHALF OF
PROGRESS ENERGY FLORIDA
DOCKET NO. 110007-EI
AUGUST 1, 2011

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;

COM 5
APA 1
ECR 6
GCL 1
RAD 1
SSC
ADM
OPC
CLK CF RPR

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

21

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

23 A. The purpose of my testimony is to explain material variances between the
24 Estimated/Actual project O&M and capital expenditures and the original cost

1 projections for environmental compliance costs associated with PEF's,
2 Integrated Clean Air Compliance Program for the period January 2011 through
3 December 2011.

4

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

6 A. I am responsible for the CAIR Crystal River Project No. 7.4 O&M and capital
7 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 2011 to December 2011?**

12 A. PEF is projecting O&M expenditures to be \$81,603 or 0.3% higher for this
13 program than originally projected. This variance is being driven by a \$944,129
14 decrease in CAIR Crystal River Project 7.4 – Energy, \$914,325 increase in
15 CAIR Crystal River Project 7.4 – Base and an \$111,407 increase in CAIR
16 Crystal River Project 7.4 – A&G.

17

18 **Q. Please explain the variance between the Estimated/Actual project**
19 **expenditures and the original projections for the CAIR Crystal River**
20 **(Project No. 7.4 – Energy) for the period January 2011 to December 2011.**

21 A. The \$0.9 million decrease in the project is primarily due to ammonia and
22 limestone costs being \$1.3 and \$1.1 million lower than originally projected,
23 respectively, and gypsum net disposal costs being \$1.3 million higher than
24 originally projected. Additionally, PEF incurred \$0.2 million in costs for the

1 purchase of caustic in order to condition the ph in the bottom ash. The caustic is
2 required to adjust the ph level in the bottom ash to within acceptable limits.

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 2011 to December 2011.**

7 A. The \$0.9 million increase in the project is primarily attributable to costs
8 incurred to handle the fly ash from units 4 & 5. This fly ash has elevated levels
9 of ammonia (NH₃) present and requires more precautions while handling.
10 These precautions take more effort and time, thereby increasing the cost to
11 handle.

12

13 **Q. How do the estimated/actual project expenditures for the Crystal River CAIR**
14 **Project compare with PEF's projection project expenditures for the period**
15 **January 2011 to December 2011?**

16 A. The estimated/actual total capital expenditures for the Crystal River CAIR Projects
17 in 2011 are \$6.6 million, which is approximately \$5.1 million or 345% higher than
18 PEF's 2011 Projection filing. The difference is primarily attributable to project
19 closeout work carried forward from 2010 to 2011. As mentioned in Mr. Kevin
20 Murray's April 1st testimony, 2010 expenditures were approximately \$5.8 million
21 lower than projected in the 2010 estimated/actual filing. In Docket 100007, PEF
22 expected to materially finish project closeout in 2010 but since that time some
23 activities moved into 2011 due to outage schedules and the discovery of additional
24 work required for close out.

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

2 **A. Yes it does.**