

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

JEFF SWARTZ

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 110007-EI

April 2, 2012

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

A. My name is Jeff Swartz. My business address is 299 1<sup>st</sup> Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Progress Energy Florida as Vice President – Power Generation Operations 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; recommending projects and additions to the generation fleet; major maintenance programs; outage and project management; recommending retirement

COM 5  
APA 1  
ECR 6  
GCL 1  
RAD 1  
SRC  
ADM  
OPC  
CLK  
CitRep 1

1 of generation facilities; asset allocation; workforce planning and staffing;  
2 organizational alignment and design; continuous business improvements; retention  
3 and inclusion; succession planning; overseeing hundreds of employees and  
4 hundreds of millions of dollars in assets and capital and operating budgets.

5

6 I have also assumed David Sorricks' ECRC responsibilities.

7

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

9 A. I earned a Bachelor of Science degree in Mechanical Engineering from the United  
10 States Naval Academy 1985. I have 10 years of power plant and production  
11 experience in various managerial and executive positions within Progress Energy  
12 managing Fossil Steam Operations, Combustion Turbine (CT) Operations and  
13 Nuclear plant operations. While at Progress Energy, I have managed new unit  
14 projects from construction to operations, and I have extensive contract negotiation  
15 and management experience. My prior experience also includes nuclear  
16 engineering and operations experience in the United States Navy and project  
17 management, engineering, supervisory and management experience with a pulp,  
18 paper and chemical manufacturing company.

19

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

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

22

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

1 A. The purpose of my testimony is to explain material variances between actual  
2 operation and maintenance (O&M) expenditures and estimated/actual cost  
3 projections for environmental compliance costs associated with PEF's Integrated  
4 Clean Air Compliance Program for the period January 2011 through December  
5 2011.

6  
7 **Q. How do the actual project expenditures for the CAIR Crystal River (Project  
8 7.4) compare with PEF's Estimated/Actual Filing project expenditures for the  
9 period January 2011 to December 2011?**

10 A. CAIR Crystal River O&M expenditures were \$1,392,584 or 5% higher than  
11 projected in the Estimated/Actual Filing. This variance is primarily attributable to  
12 \$1,423,229 higher than expected costs for CAIR Crystal River Project 7.4 –  
13 Energy.

14  
15 **Q. Please explain the variance between the actual project expenditures and  
16 estimated/actual projections for the CAIR Crystal River (Project No. 7.4 –  
17 Energy) for the period January 2011 to December 2011.**

18 A. PEF's costs for reagents and by-products for 2011 were \$1,423,229 or 12% higher  
19 than estimated in the Estimated/Actual Filing. This variance is attributed to higher  
20 than budgeted volumes and higher expenses for gypsum removal. In 2011, actual  
21 production of gypsum was 478,792 tons compared to a projection of 430,890 tons.  
22 Actual production exceeded the projected amount primarily due to higher actual

1 capacity factors for Crystal River Units 4 and 5. In addition, increased production  
2 and suppressed market sales led to more gypsum being land filled than expected.

3

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

5 **A. Yes.**