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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

JEFF SWARTZ

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 130007-EI

April 1, 2013

Q. Please state your name and business address.

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

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

A. I am employed by Progress Energy Florida (PEF) as 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 strategic and tactical planning to operate and maintain PEF’s non-nuclear generation fleet; generation fleet project and additions recommendations; major maintenance programs; outage and project management; retirement of generation facilities; asset

COM 5
AFD 1
APA 1
ECO 1
ENG 4
GCL 1
IDM
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CLK 1-CLP

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

5

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

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

17

18 **Q. Have you previously filed testimony before this Commission in connection**
19 **with Progress Energy Florida's Environmental Cost Recovery Clause**
20 **(ECRC)?**

21 A. Yes.

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 project expenditures and estimated/actual project expenditures for
3 environmental compliance costs associated with PEF's Integrated Clean Air
4 Compliance Program (Project 7.4) for the period January 2012 through
5 December 2012.

6
7 **Q. How do actual expenditures for the CAIR Crystal River Project compare**
8 **with PEF's estimated expenditures for the period January 2012 to**
9 **December 2012?**

10 A. CAIR Crystal River Project operation and maintenance (O&M) expenditures
11 were \$2,747,465 or 11% higher than projected in the Estimated/Actual Filing.
12 This variance is primarily attributable to \$2,005,846 higher than expected costs
13 for CAIR Crystal River Project 7.4 – Energy and \$717,286 higher than expected
14 costs for CAIR Crystal River Project 7.4 - Base.

15
16 **Q. Please explain the variance between actual project expenditures and the**
17 **estimated/actual projections for the CAIR Crystal River Project – Energy**
18 **for the period January 2012 to December 2012?**

19 A. PEF's costs for reagents and by-products for 2012 were \$2,005,846 or 22%
20 higher than in the Estimated/Actual Filing. This variance is attributable to a
21 combined limestone and hydrated lime pricing and usage variance of
22 \$1,216,760, a \$481,958 gypsum variance due to increased costs to facilitate

1 removal from the site, and a \$307,128 ammonia pricing and usage variance as a
2 result of increased fuel burn at Crystal River Units 4 and 5.

3

4 **Q: Please explain the variance between actual project expenditures and the**
5 **estimated/actual projections for the CAIR Crystal River Project – Base for**
6 **the period January 2012 to December 2012?**

7 A: PEF costs were \$717,286 or 5% higher than in the Estimated/Actual Filing.
8 This variance is primary driven by a change in accounting classification related
9 to the Vehicle Barrier System (VBS) and removal of Crystal River Units 4 and 5
10 clinker deposits. \$412,487 of the variance is due to classifying costs for fixing a
11 VBS drainage issue as capital versus O&M in the 2012 Estimated/Actual Filing.
12 \$386,610 of the variance is due to costs necessary to remove clinkers within the
13 interior of the absorber.

14

15 **Q: Does this conclude your testimony?**

16 A: Yes.