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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

JEFF SWARTZ

ON BEHALF OF

DUKE ENERGY FLORIDA

DOCKET NO. 130007-EI

AUGUST 1, 2013

Q. Please state your name and business address.

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

Q. Have you previously filed testimony before this Commission in Docket No. 130007-EI?

A: Yes, I provided direct testimony on April 1, 2013.

Q: Has your job description, education background and professional experience changed since that time?

A: No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain material variances between 2013 estimated/actual cost projections versus original 2013 cost projections for environmental compliance costs associated with FPSC-approved environmental

COM 5
AFD 1
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ENG 5
GCL 1
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CLK 1

1 programs under my responsibility, including DEF's Integrated Clean Air
2 Compliance Program (Project 7.4).

3

4 **Q. How do the estimated/actual O&M project expenditures compare with**
5 **original projections for the CAIR Crystal River Program (Project 7.4) for**
6 **the period January 2013 to December 2013?**

7 A. O&M expenditures are expected to be \$7.2 million or 26% higher for this
8 program than originally projected. This variance is primarily driven by a \$6.7
9 million or 63% increase in CAIR Crystal River Project 7.4 – Energy.

10

11 **Q. Please explain the variance between the estimated/actual O&M project**
12 **expenditures and the original projections for the CAIR Crystal River**
13 **(Project 7.4 – Energy) for the period January 2013 to December 2013.**

14 A. The \$6.7 million increase is primarily due to higher ammonia, limestone,
15 hydrated lime and gypsum costs as compared to projections.

16

17 **Q. How do the estimated/actual capital project expenditures compare with**
18 **original projections for the CAIR Crystal River Program (Project 7.4) for**
19 **the period January 2013 to December 2013?**

20 A. Capital expenditures are expected to be \$6.7 million or 145% higher for this
21 program than originally projected. This difference primarily consists of
22 \$445,000 of lower CR4 catalyst project costs due to a reduction in vendor
23 pricing, \$1.9 million deferral of 2013 FGD blowdown treatment project costs to
24 2014 due to permit delays, \$661,000 of Crystal River Unit 4 clinker mitigation

1 costs shifted from O&M to capital due to the nature of work that is going to be
2 performed, \$681,000 of industrial waste water costs due to a FDEP consent
3 order requiring this project not known at the time of the original projection
4 filing, and \$7.6 million of hydrated lime costs planned for 2012 that were
5 carried over to 2013 due to material delivery delays.

6

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

8 A. Yes.