

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 990007-EI

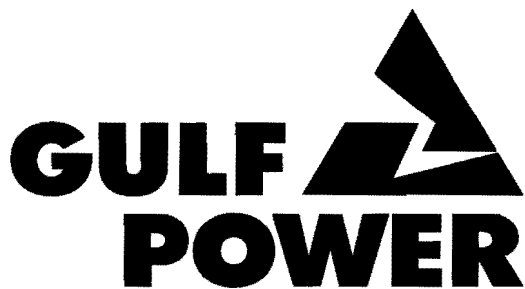
**ENVIRONMENTAL COST RECOVERY
CLAUSE**

**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
JAMES O. VICK**

FINAL TRUE-UP

**OCTOBER 1997 – SEPTEMBER 1998
and
OCTOBER 1998 – DECEMBER 1998**

APRIL 1, 1999



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

04205 APR-1 99

FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY
2 Before the Florida Public Service Commission
3 Direct Testimony of
4 James O. Vick
5 Docket No. 990007-EI
6 Date of Filing April 1, 1999
7
8
9

10 Q. Please state your name and business address.

11 A. My name is James O. Vick and my business address is One
12 Energy Place, Pensacola, Florida, 32520.
13

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

15 A. I am employed by Gulf Power Company as the Manager of
16 Environmental Affairs.
17

18 Q. Mr. Vick, will you please describe your education and
19 experience?
20

21 A. I graduated from Florida State University, Tallahassee,
22 Florida, in 1975 with a Bachelor of Science Degree in
23 Marine Biology. I also hold a Bachelor's Degree in
24 Civil Engineering from the University of South Florida
25 in Tampa, Florida. In addition, I have a Masters of
Science Degree in Management from Troy State
University, Pensacola, Florida. I joined Gulf Power
Company in August 1978 as an Associate Engineer. I
have since held various engineering positions such as
Air Quality Engineer and Senior Environmental Licensing

1 Engineer. In 1996, I assumed my present position as
2 Manager of Environmental Affairs.

3
4 Q. What are your responsibilities with Gulf Power Company?

5 A. As Manager of Environmental Affairs, my primary
6 responsibility is overseeing the activities of the
7 Environmental Affairs section to ensure the Company is,
8 and remains, in compliance with environmental laws and
9 regulations, i.e., both existing laws and such laws and
10 regulations that may be enacted or amended in the
11 future. In performing this function, I have the
12 responsibility for numerous environmental activities.

13
14 Q. Are you the same James O. Vick who has previously
15 testified before this Commission on various
16 environmental matters?

17 A. Yes.

18
19 Q. What is the purpose of your testimony in this
20 proceeding?

21 A. The purpose of my testimony is to support Gulf Power
22 Company's final true-up for the periods October 1997
23 through September 1998 and October 1998 through
24 December 1998. In her testimony and schedules, Ms.
25 Ritenour has identified the carrying costs (including

1 depreciation expense and dismantlement costs)
2 associated with the environmental investment and the
3 O&M expenses included in the true-up periods.
4

5 Q. Please compare Gulf's environmental capital recoverable
6 costs included in the final true-up calculation for the
7 period October 1997 through September 1998.

8 A. As reflected in Ms. Ritenour's Schedule 6A-1, the
9 recoverable capital costs included in the true-up
10 calculation total \$7,900,504, as compared to the
11 estimated true-up amount of \$7,900,302. This resulted
12 in a very minor variance of \$202.

13
14 Q. Mr. Vick, please compare Gulf's environmental capital
15 recoverable costs included in the final true-up
16 calculation for the period October 1, 1998 through
17 December 31, 1998.

18 A. As reflected in Ms. Ritenour's Schedule 6A-2, the
19 recoverable capital costs included in the final true-up
20 calculation total (\$688,903) as compared to the
21 estimated true-up amount of (\$694,374). This resulted
22 in a variance of \$5,471 or less than 1%.
23

24 Q. How do Gulf's actual O&M expenses for the period
25 October 1997 through September 1998 compare to the

1 amounts included in the estimated true-up?

2 A. Ms. Ritenour's Schedule 4A-1 reflects that Gulf
3 incurred a total of \$3,302,333 in recoverable O&M
4 expenses for the period as compared to the amount
5 included in the estimated true-up of \$3,246,861. This
6 resulted in a variance of \$55,472. I will address six
7 O&M projects/programs that contributed to this
8 variance.

9

10 Q. Please explain the \$11,705 variance in the Emission
11 Monitoring category (Line Item 1.5).

12 A. This variance was due to additional Relative Accuracy
13 Test Audits (RATA's) required for Crist Units 6 & 7.
14 During the period, the then existing flow monitors on
15 Crist 6 & 7 were retired. The replacement monitors
16 have two separate flow paths each; both flow paths on
17 each unit required separate RATA's.

18

19 Q. Please explain the (\$16,694) variance in the General
20 Water Quality category (Line Item 1.6).

21 A. During the period, Gulf successfully negotiated with
22 the Florida Department of Environmental Protection
23 (FDEP) portions of the National Pollution Discharge
24 Elimination System (NPDES) permit requirements for
25 groundwater monitoring at Plants Scholz and Smith. At

1 Plant Scholz, FDEP agreed to discontinue a proposed
2 study involving elemental nickel. At Plant Smith, FDEP
3 agreed to annual groundwater monitoring in lieu of
4 quarterly sampling.
5

6 Q. Please explain the variance of \$75,956 in the
7 Groundwater Monitoring Investigation category (Line
8 Item 1.7).

9 A. During the period, Gulf initiated installation and
10 operation of the previously approved Fort Walton
11 Groundwater Treatment System. There were additional
12 expenses incurred during the system installation phase,
13 including additional well installations, electrical
14 work and the need to construct a secondary containment
15 system for the chemical storage area.
16

17 Q. Please explain the (\$2,500) variance in the Lead and
18 Copper Rule category (Line Item 1.9).

19 A. This variance reflects chemical purchases for the
20 potable water supplies at Plants Crist, Scholz and
21 Smith. During the period, quantities of chemical
22 purchases were less than anticipated.
23
24
25

1 Q. Please explain the (\$899) variance in the Environmental
2 Auditing and Assessment category (Line Item 1.10).

3 A. Gulf had anticipated and projected expenses for an
4 environmental audit to be conducted at our three
5 generating plants and certain district facility
6 operations. The scope of the planned audit was not as
7 broad as originally anticipated therefore the expenses
8 for the environmental portion of the actual audit were
9 less than projected.

10

11 Q. Please explain the (\$9,710) variance in the General
12 Solid and Hazardous Waste category (Line Item 1.11).

13 A. Expenses in this category fluctuate and are
14 proportional to the quantities of solid and hazardous
15 materials generated which require proper disposal.
16 During the period, quantities of materials were less
17 than anticipated.

18

19 Q. How do actual O&M expenses in the period October 1998
20 through December 1998 compare to the amounts included
21 in the estimated true-up?

22 A. Mrs. Ritenour's Schedule 4A-2 reflects that Gulf
23 incurred a total of \$836,924 in recoverable O&M
24 expenses for the period October 1998 through December
25 1998 as compared to the amount included in the

1 estimated true-up of \$1,063,803. This resulted in a
2 variance of (\$226,879). I will address ten O&M rojects
3 and programs that contributed to this variance.
4

5 Q. Please explain the (\$3,982) variance in the Sulfur
6 category (Line Item 1.1).

7 A. As has been discussed in previous testimony, the use of
8 sulfur is dependent upon the quality of a low sulfur
9 coal supply. Sulfur is used in the flue gas
10 conditioning system as an additive to enhance
11 precipitator performance. Use of sulfur is totally
12 dependent upon particular coal supplies. During the
13 transitional period, use of sulfur was less than
14 anticipated.
15

16 Q. Please explain the \$1,521 variance in the Air Emission
17 Fees category (Line Item 1.2).

18 A. This variance is the result of annual air emission fees
19 for Plant Daniel being booked in October 1998 when they
20 had been projected for an earlier period. For the
21 entire 15 month period from October 1997 through
22 December 1998 air emission fees are overall less than
23 originally projected. This is due to substantially
24 lower than anticipated fees for Plant Daniel.
25

1 Q. Please explain the (\$5,024) variance in the Title V
2 category (Line Item 1.3).

3 A. We have yet to finalize our Title V permit. We
4 anticipated that the permitting process would be
5 completed during the October 1998 through December 1998
6 period. We have yet to receive a response from the
7 Florida Department of Environmental Protection on our
8 comments to the draft permit.

9

10 Q. Please explain the (\$900) variance in the Asbestos Fees
11 category (Line Item 1.4).

12 A. We encountered less asbestos containing materials (ACM)
13 than originally anticipated.

14

15 Q. Please explain the \$30,943 variance in the Emission
16 Monitoring category (Line Item 1.5).

17 A. This variance was due to the Y2K upgrade of the
18 Continuous Emission Monitoring system computers at
19 Plant Crist Units 1-7, Plant Smith Units 1-2 and Plant
20 Scholz Units 1-2. The scope of work included
21 configuration and set-up of computers and supporting
22 software. This work was necessary to be in compliance
23 with Y2K protocols for the new millenium (year 2000).

24

25

1 Q. Please explain the (\$163,795) variance in the General
2 Water Quality category (Line Item 1.6).

3 A. In analyzing these expenses for the October 1998
4 through December 1998 period, as well as the entire 15
5 month period, Gulf's actual expenses are under both the
6 original projection and the revised projection filed
7 with the estimated true-up. This variance is due to a
8 series of circumstances:

9 1). As previously mentioned in my June 22, 1998
10 testimony, due to successful negotiations with FDEP,
11 major revisions and associated expenses with the
12 groundwater monitoring plan at Plant Smith were no
13 longer required.

14 2). The projected expenses associated with the
15 radiocluclide stury for the Plant Crist groundwater
16 monitoring plan were significantly less than expected.

17 3). The nickel study associated with the Plant Scholz
18 groundwater monitoring plan was substantially less than
19 anticipated.

20

21 Q. Please explain the (\$129,650) variance in the
22 Groundwater Monitoring Investigation category (Line
23 Item 1.7)

24 A. All project activities other than those required
25 (groundwater monitoring, soil sampling, etc.), were

1 scaled back during the last quarter of 1998. Recovery
2 of expenses in this category is limited to an
3 incremental amount above the level being recovered in
4 base rates per Order Number PSC-94-0044-FOF-EI. For
5 the October 1998 through December 1998 recovery period,
6 incremental expenses were less than the amount
7 currently being recovered in base rates.

8
9 Q. Please explain the \$2,259 variance in the Lead and
10 Copper Rule category (Line Item 1.7).

11 A. This program consists of the purchase and use of
12 certain water treatment chemicals to ensure our
13 generating plants are in compliance with potable water
14 standards. During the period, additional chemical
15 purchases were necessary.

16
17 Q. Please explain the (\$15,598) variance in the General
18 Solid and Hazardous Waste category (Line Item 1.11).

19 A. Expenses in this category fluctuate and are
20 proportional to the quantities of solid and hazardous
21 materials generated which require proper disposal.
22 During the period, quantities of materials requiring
23 disposal were less than anticipated.

1 Q. Please explain the \$57,303 variance in the Above Ground
2 Storage Tank category (Line Item 1.12).

3 A. The scope of work to accomplish the task of upgrading
4 existing tanks to comply with new environmental
5 standards effective January 1, 1999 was increased due
6 to unforeseen problems with the existing tanks.
7 Specifically, we were unsure of the condition of the
8 bottom of existing tanks and could not determine those
9 conditions until the tanks were raised. Inspections of
10 the tank bottoms revealed that additional work was
11 required to bring the tank systems into compliance.

12

13 Q. Does this conclude your testimony?

14 A. Yes.

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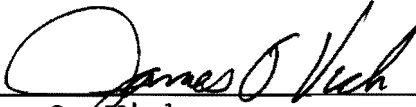
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STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

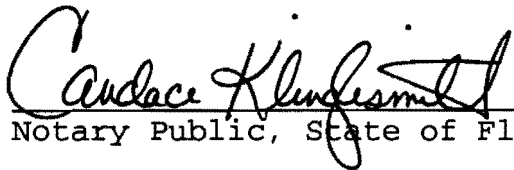
Docket No. 990007-EI

Before me the undersigned authority, personally appeared James O. Vick, who being first duly sworn, deposes, and says that he is the Manager of Environmental Affairs of Gulf Power Company, a Maine corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.



James O. Vick
Manager of Environmental Affairs

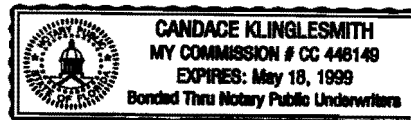
Sworn to and subscribed before me this 31st day of March, 1999.



Notary Public, State of Florida at Large

Commission Number: CC 446149

Commission Expires: 5-18-99



One Energy Place
Pensacola, Florida 32520

Tel 850.444.6111



March 31, 1999

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Enclosed for official filing in Docket No. 990007-EI are an original and ten copies of the following:

1. Prepared direct testimony of J. O. Vick. *04205-99*
2. Prepared direct testimony and exhibit of S. D. Ritenour. *04206-99*

Sincerely,

Susan D. Ritenour

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

AFA-Vandiver

(EAG)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 990007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 31st day of March 1999 by U.S. Mail or hand delivery to the following:

Leslie J. Paugh, Esquire
Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

Joseph A. McGlothlin, Esquire
McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman,
Arnold & Steen, P.A.
117 S. Gadsden Street
Tallahassee FL 32301

Matthew M. Childs, Esquire
Steel, Hector & Davis
215 South Monroe, Suite 601
Tallahassee FL 32301-1804

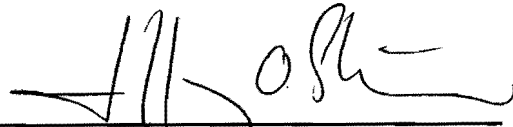
John W. McWhirter, Esquire
McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman,
Arnold & Steen, P.A.
P. O. Box 3350
Tampa FL 33601-3350

John Roger Howe, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Room 812
Tallahassee FL 32399-1400

Suzanne Brownless, Esquire
Miller & Brownless, P.A.
1311-B Paul Russell Road
Suite 201
Tallahassee FL 32301

Lee L. Willis, Esquire
Ausley & McMullen
P. O. Box 391
Tallahassee FL 32302

Ms. Gail Kamaras
LEAF
1114 Thomasville Rd, Suite E
Tallahassee FL 32303



JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 0007455
Beggs & Lane
P. O. Box 12950
Pensacola FL 32576
850 432-2451
Attorneys for Gulf Power Company