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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
DIRECT TESTIMONY OF  
PATRICIA Q. WEST  
ON BEHALF OF  
PROGRESS ENERGY FLORIDA  
DOCKET NO. 100007-EI  
AUGUST 2, 2010

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

A. My name is Patricia Q. West. 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 the Environmental Health and Safety Services Section of  
Progress Energy Florida (“Progress Energy” or “Company”) as Manager of  
Environmental Services / Power Generation Florida.

**Q. Have you previously filed testimony before this Commission in this proceeding?**

A. Yes, I have.

**Q. Have your duties and responsibilities remained the same since you last filed testimony in this proceeding?**

A. Yes.

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

2 A. The purpose of my testimony is to explain material variances between the  
3 Estimated/Actual project expenditures and the original cost projections for  
4 environmental compliance costs associated with PEF's, Pipeline Integrity  
5 Management Program, Arsenic Groundwater Standard Project, Modular Cooling  
6 Towers and the Thermal Discharge Permanent Cooling Tower, for the period  
7 January 2010 through December 2010.

8

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

10 A. I am responsible for Pipeline Integrity Management (Project No. 3);  
11 Aboveground Storage Tank Secondary Containment (Project No. 4), Phase II  
12 Cooling Water Intake (Project No. 6), Arsenic Groundwater Standard (Project  
13 No. 8), Underground Storage Tanks (Project 10), Modular Cooling Towers  
14 (Project No. 11), Thermal Discharge Permanent Cooling Tower (Project No.  
15 11.1), Greenhouse Gas Inventory and Reporting (Project No. 12), Mercury Total  
16 Daily Maximum Loads Monitoring (Project No. 13), Hazardous Air Pollutants  
17 (HAPs) Information Collection Request (ICR) Program (Project No. 14) and the  
18 Effluent Limitation Guidelines ICR Program (Project No. 15).

19

20 **Q. Please explain the O&M variance between the Estimated/Actual project**  
21 **expenditures and the original projections for the Pipeline Integrity**  
22 **Management Program (Project No. 3) for the period January 2010 to**  
23 **December 2010.**

1 A. PEF is projecting O&M expenditures to be \$108,129 or 9% lower for this  
2 program than originally projected. This variance is mainly attributable to a  
3 reprioritization of pipeline-related resources. Also, the scope of utility  
4 relocations included in the original pipeline risk reduction estimate for a Florida  
5 Department of Transportation project was lower than originally anticipated.

6

7 **Q. Please explain the variance between the Estimated/Actual capital**  
8 **investment activities and the original projections for the Pipeline Integrity**  
9 **Management Program (Project No. 3) for the period January 2010 to**  
10 **December 2010.**

11 A. PEF is projecting capital investment activities to be \$116,066 or 20% lower for  
12 this program than originally projected. This variance is mainly attributable to  
13 the change in the 13-Month Average Capital ratio approved in the 2010 Rate  
14 Case (Docket No. 090079-EI), and the change in depreciation rates approved in  
15 Order PSC-10-0131-FOF-EI.

16

17 **Q. Please explain the variance between the Estimated/Actual project**  
18 **expenditures and the original projections for the Arsenic Groundwater**  
19 **Standard (Project No. 8) for the period January 2010 to December 2010.**

20 A. PEF is projecting O&M expenditures to be \$20,000 or 100% higher for this  
21 program than originally projected. This variance is mainly attributable to the  
22 continued assessment of the groundwater quality at Crystal River as directed by  
23 the Florida Department of Environmental Protection (FDEP).

24

1 **Q. Please explain the variance between the Estimated/Actual project**  
2 **expenditures and the original projections for the Modular Cooling Towers**  
3 **Project (Project No. 11) for the period January 2010 to December 2010.**

4 A. Total O&M project costs are estimated to be \$818,714 or 20% lower than  
5 originally projected. This variance is mainly attributable to the shift in the  
6 demobilization costs of the modular cooling towers from 2010 until 2011. This  
7 shift is due to the work on the Thermal Discharge Permanent Cooling Tower  
8 (Project 11.1) being reprojected until 2011 to correspond with the timing of the  
9 next refueling outage at Crystal River Unit 3.

10  
11 **Q. Has PEF reprojected the costs of the Hazardous Air Pollutants (HAPs) ICR**  
12 **Program since the petition filed on January 8, 2010?**

13 A. Yes. For the Hazardous Air Pollutants ICR Program PEF estimates  
14 approximately \$400,000 for the remainder of 2010. PEF noted that in the  
15 petition for this new environmental program PEF's original projected costs of  
16 \$845,000 were based on the costs estimate published by the U.S. Environmental  
17 Protection Agency (EPA). However, these costs were reduced to approximately  
18 \$400,000 because the EPA reduced the scope of the original ICR report by  
19 exempting the Bartow and Anclote sites.

20

21 **Q. Please explain the variance between the Estimated / Actual project capital**  
22 **expenditures and the original projections for the Thermal Discharge**  
23 **Permanent Cooling Tower (Project 11.1) for the period January 2010 and**  
24 **December 2010.**

1 A. PEF is projecting capital expenditures to be \$20,473,817 or 59% lower for this  
2 project in 2010 than originally forecasted. This variance is mainly attributable  
3 to the work being reprojected from 2010 to 2011 to correspond with the timing  
4 of the next refueling outage at Crystal River Unit 3 which is scheduled for 2012.

5  
6 **Q. Is PEF requesting recovery of 2010 costs for any new environmental**  
7 **programs?**

8 A. Yes. On June 23, 2010 PEF filed a petition requesting recovery of costs  
9 associated with the Effluent Guidelines ICR Program.

10

11 **Q. Why is the Company implementing these new programs?**

12 A. Section 304 of the federal Clean Water Act directs the U.S. EPA to develop and  
13 periodically review regulations, called effluent guidelines, to limit the amount of  
14 pollutants that are discharged to surface waters from various point source  
15 categories. 33 U.S.C. §13 14(b). In October 2009, EPA announced that it  
16 intended to update the effluent guidelines for the steam electric power  
17 generating point source category, which were last updated in 1982. On June 18,  
18 2010, PEF received notification that the Crystal River Energy Complex,  
19 Suwannee River Plant and the Hines Energy Complex are required to complete  
20 the ICR and submit responses to U.S. EPA within 90 days. Collection and  
21 submittal of the requested information is mandatory under Section 308 of the  
22 Clean Water Act.

23

24 **Q. Has the Company projected the costs it will incur for the new program?**

1 A. Yes. For the Effluent Guidelines ICR Program PEF estimates the total project  
2 costs to be approximately \$60,000 for the remainder of 2010.

3

4 **Q. Do the costs for the new program qualify for recovery through the ECRC?**

5 A. Yes. Costs for the new program meet the requirements for ECRC recovery  
6 previously established by the Commission. Specifically, the expenditures are  
7 being prudently incurred after April 13, 1993; the activities are legally required  
8 to comply with a governmentally imposed environmental requirement which  
9 was created, or whose effect was triggered, after the minimum filing  
10 requirements (MFRs) were submitted in PEF's last rate case (Docket No.  
11 090079-EI); and none of the costs of the new program are being recovered  
12 through base rates or any other cost recovery mechanism.

13

14 **Q. Has the Commission previously approved recovery of costs for similar**  
15 **activities associated with development of environmental compliance**  
16 **measures?**

17 A. Yes. The Commission has previously held that costs of complying with similar  
18 ICR related to U.S. EPA's development of air emissions standards are  
19 recoverable under the ECRC. See Order No. PSC-09-0759-FOF-EI, issued in  
20 Docket No. 090007-EI (Nov. 18, 2009).

21

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

23 A. Yes it does.