

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENVIRONMENTAL COST RECOVERY CLAUSE
DOCKET NO. 970007-EI**

PREPARED DIRECT TESTIMONY
OF

J. O. VICK

OCTOBER 1996 - SEPTEMBER 1997
FINAL TRUE-UP

DECEMBER 23, 1997



A SOUTHERN COMPANY

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1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 James O. Vick
Docket No. 970007-EI
December 23, 1997

5 Q. Please state your name and business address.

6 A. My name is James O. Vick and my business address is One Energy Place,
7 Pensacola, Florida 32520.

8
9 Q. By whom are you employed and in what capacity?

10 A. I am employed by Gulf Power Company as the Manager of Environmental
11 Affairs.

12
13 Q. Mr. Vick, will you please describe your education and experience?

14 A. I graduated from Florida State University, Tallahassee, Florida, in 1975 with a
15 Bachelor of Science Degree in Marine Biology. I also hold a Bachelor's
16 Degree in Civil Engineering from the University of South Florida in Tampa,
17 Florida. In addition, I have a Masters of Science Degree in Management
18 from Troy State University, Pensacola, Florida. I joined Gulf Power Company
19 in August 1978 as an Associate Engineer. I have since held various
20 engineering positions such as Air Quality Engineer and Senior Environmental
21 Licensing Engineer. In 1996, I assumed my present position as Manager of
22 Environmental Affairs.

23
24 Q. What are your responsibilities with Gulf Power Company?

25 A. As Manager of Environmental Affairs, my primary responsibility is

1 overseeing the activities of the Environmental Affairs section to ensure the
2 Company is, and remains, in compliance with environmental laws and
3 regulations, i.e., both existing laws and such laws and regulations that may
4 be enacted or amended in the future. In performing this function, I have the
5 responsibility for numerous environmental activities.

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7 Q. Are you the same James O. Vick who has previously testified before this
8 Commission on various environmental matters?

9 A. Yes.

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11 Q. What is the purpose of your testimony in this proceeding?

12 A. The purpose of my testimony is to support Gulf Power Company's true-up
13 filing for the period ending September 30, 1997. In her testimony and
14 schedules, Ms. Cranmer has identified the carrying costs (including
15 depreciation expense and dismantlement costs) associated with the
16 environmental investment and the O&M expenses included in the true-up
17 period.

18
19 Q. Please compare Gulf's recoverable environmental capital costs included in
20 the final true-up calculation for the period October 1996 through September
21 1997 with the estimated true-up amounts.

22 A. As reflected in Ms. Cranmer's Schedule 6A, the recoverable capital costs
23 included in the true-up calculation total \$8,734,609, as compared to the
24 estimated true-up amount of \$8,741,153. This resulted in a variance of
25 (\$6,544). I will address three capital projects that contribute to this variance.

1 Q. Please explain the variance in recoverable costs for the CEMs project (Line
2 Item 1.5).

3 A. The CEMs project (Line Item 1.5) reflects a variance of (\$7,002). This
4 variance is due to project expenditures being lower than expected during the
5 period. It is anticipated that the expenditures will be incurred during the
6 current recovery period.

7 Q. Please explain the variance of \$2,376 in the Substation Contamination
8 Investigation project (Line Item 1.6).

9 A. The variance in the Substation Contamination Investigation project is the
10 result of an audit adjustment being made pursuant to Audit Number
11 07-064-1-1. Recoverable capital costs associated with PE 1007 reflect the
12 adjustment to capitalize \$11,370 that had previously been expensed.

13
14 Q. Please explain the variance of (\$1,908) in the SO2 Allowances (Line Item
15 1.16).

16 A. Gulf did not project gains from the sale of withheld allowances due to the
17 unpredictable nature of the allowance market.

18
19 Q. How do Gulf's actual O&M expenses compare to the amounts included in the
20 estimated true-up?

21 A. Ms. Cranmer's Schedule 4A reflects that Gulf incurred a total of \$2,246,194 in
22 recoverable O&M expenses as compared to the amount included in the
23 estimated true-up of \$2,473,517. This resulted in a variance of (\$227,323). I
24 will address five O&M activities that account for this variance.

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Q. Please explain the variances in the Air Emission Fees and Title V activities (Line Items 1.2 and 1.3).

A. Air Emission Fees (Line Item 1.2), previously approved by this Commission, reflects a variance of (\$35,028). Air Emission Fees are based on a per ton emission rate and were projected a year in advance of the due date of emission fees. Gulf's emissions were lower than projected which resulted in a proportional reduction in emission fees. The approved Title V program (Line Item 1.3), reflects a variance of (\$8,725). Title V is in the implementation phase by the Florida Department of Environmental Protection (FDEP) and is presently behind schedule. In October, Gulf received the initial draft Title V permits. The draft permits are currently undergoing a review and public comment period. After this period, we expect further expenses to be incurred.

Q. Please explain the variance of (\$66,920) in the General Water Quality (Line Item 1.6) category.

A. Due to delays in receiving the final Plant Smith National Pollution Discharge Elimination System (NPDES) permit, \$60,000 projected to be expensed for the Groundwater Monitoring Plan has not yet been incurred. Based on the draft permit that was issued, it is anticipated that these expenses will ultimately be considerably less than originally expected. Actual costs will be incurred following issuance of the final NPDES permit.

1 Q. Please explain the variance of (\$103,653) in the Groundwater Monitoring
2 Investigation (Line Item 1.7) category.

3 A. The variance is due to delays in the start-up of remediation activities which
4 were projected to take place during the period ending September 1997.
5 The projects have since been completed and the associated expenses will be
6 reflected in the current recovery period.

7
8 Q. Please explain the (\$40,602) variance in the General Solid and Hazardous
9 (Line Item 1.11) category?

10 A. Expenditures in this category fluctuate and are proportional to the quantities
11 of solid and hazardous materials generated which require proper disposal.
12 During the period, quantities of materials generated were less than
13 anticipated.

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15 Q. Does this conclude your testimony?

16 A. Yes.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 970007-E1

Before me the undersigned authority, personally appeared James O. Vick, who being first duly sworn, deposes, and says that he is the Supervisor 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
Supervisor of Environmental Affairs

Sworn to and subscribed before me this 15th day of December 1997.


Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

