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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

DAVID SORRICK

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 110007-EI

April 1, 2011

Q. Please state your name and business address.

A. My name is David Sorrick. 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 Progress Energy Florida in the capacity of 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 developing and implementing strategic and tactical plans to operate and maintain PEF's non-nuclear generation fleet; recommending projects and additions to the generation fleet; major maintenance programs; outage and project management; support

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1 services for the fleet; recommending retirement of generation facilities; asset
2 allocation; workforce planning and staffing; organizational alignment and
3 design; continuous business improvements; retention and inclusion; succession
4 planning; overseeing hundreds of employees and hundreds of millions of dollars
5 in assets and capital and operating budgets.

6

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

8 A. I earned a Bachelor of Science degree in Electrical Engineering from the
9 University of Tennessee at Chattanooga in 1986 and an MBA from the
10 University of South Florida in 2006. I am also a Florida Registered Professional
11 Engineer and Licensed Electrical Contractor. I have 20 years of power plant and
12 production experience in various engineering, supervisory, managerial and
13 executive positions within Progress Energy managing Fossil Steam Operations,
14 Combustion Turbine (CT) Operations, and CT Services as well as new plant
15 construction. While at Progress Energy, I have managed new unit projects from
16 construction to operations, and I have extensive contract negotiation and
17 management experience with Progress Energy and General Electric. My prior
18 experience also includes nuclear engineering positions at Tennessee Valley
19 Authority and project management experience with General Electric.

20

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

22 A. The purpose of my testimony is to explain material variances between the
23 Actual operation and maintenance (O&M) expenditures and the Estimated

1 /Actual cost projections for environmental compliance costs associated with
2 PEF's Integrated Clean Air Compliance Program for the period January 2010
3 through December 2010.
4

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

6 A. I am responsible for the CAIR Crystal River Project No. 7.4 O&M costs.
7

8 **Q. How do the actual project expenditures for the CAIR Crystal River
9 (Project 7.4) compare with PEF's Estimated/Actual projection project
10 expenditures for the period January 2010 to December 2010?**

11 A. Actual expenditures incurred for the period January to December 2010, were
12 \$3,282,634 or 15% less than projected in the Estimated/Actual filing. This
13 variance is mainly attributable to two factors: (1) \$1,694,909 lower than
14 anticipated costs for CAIR Crystal River Project 7.4 – Energy; and (2)
15 \$1,650,495 lower than anticipated costs for CAIR Crystal River Project 7.4 –
16 Base.
17

18 **Q. Please explain the variance between the Actual project expenditures and
19 the Estimated/Actual projections for the CAIR Crystal River (Project No.
20 7.4 – Energy) for the period January 2010 to December 2010.**

21 A. PEF's costs for reagents and by-products for 2010 were \$1,694,909 or 17%
22 lower than estimated in the Estimated/Actual Filing. This variance is attributed
23 to lower fuel burn driven by fuel switching opportunities, the initial tuning of

1 ammonia injection operation post start-up of the SCR system in 2010, and the
2 continued effort to maximize beneficial reuse of synthetic gypsum at a lower
3 cost than landfill disposal.

4

5 **Q. Please explain the variance between the Actual project expenditures and**
6 **the Estimated/Actual projections for the CAIR Crystal River (Project No.**
7 **7.4 – Base) for the period January 2010 to December 2010.**

8 A. The \$1,650,495 decrease is primarily attributable to lower than anticipated costs
9 of \$1.65 million due to warranty coverage. In 2010, a large portion of the
10 materials that were used for routine maintenance activities were covered under
11 the Vendor warranty agreement. For Crystal River Unit 4 (CR4), this vendor
12 warranty ends May 2011 and for Crystal River Unit 5 (CR5), it ended December
13 2010. Additionally, there was a CR5 Scrubber warranty outage that was
14 planned for the fall; however, favorable maintenance inspection results indicated
15 that the scrubber warranty outage was not needed.

16

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

18 A. Yes it does.