

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **GULF POWER COMPANY**

3 **TESTIMONY OF MICHAEL W. SOLE**

4 **DOCKET NO. 20210007-EI**

5 **JULY 30, 2021**

6
7 **Q. Please state your name and address.**

8 A. My name is Michael W. Sole and my business address is 700 Universe Boulevard,
9 Juno Beach, Florida 33408.

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

11 A. I am employed by NextEra Energy, Inc. (“NEE”) as Vice President of
12 Environmental Services.

13 **Q. Have you previously filed testimony in this docket?**

14 A. Yes.

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

16 A. The purpose of my testimony is to explain the reasons for significant variances in
17 costs associated with O&M and Capital investments which support Gulf’s
18 Environmental Cost Recovery Clause (“ECRC”) actual/estimated true-up filing for
19 the period January through December 2021. This true-up is based on five months
20 of actual data and seven months of estimated data. I will also provide an update on
21 a new Spill Prevention Control and Countermeasures (“SPCC”) activity that has
22 been included under Gulf’s previously approved project.

23 **Q. Please describe the new Spill Prevention Control and Countermeasures**
24 **activity Gulf seeks to recover under Project 20.**

25 A. A new oil spill prevention control and countermeasures (SPCC) plan was developed
26 for the Gulf Clean Energy Center (“GCEC”), formerly Plant Crist, in June of 2021

1 in accordance with the Federal regulation (Title 40, Code of Federal Regulation
2 Part 112). The plan requires installation of permanent oil containment in the 2022-
3 2023 timeframe to capture potential oil spills and prevent oil from reaching surface
4 waters. Engineering and design of the permanent boom installation is currently
5 scheduled for the second half of 2021 in order to begin construction in early 2022.
6 Projected expenses for the GCEC boom installation during the 2021 recovery
7 period total \$100,000.

8 **Q. Please explain the reasons for any significant variance in costs associated with**
9 **O&M and capital investments.**

10 A. The significant variances in Gulf's 2021 recoverable O&M expenses and capital
11 revenue requirements from projection amounts are associated with the following
12 projects:

13 14 **Capital Variance Explanations**

15 16 **Project 4. Low NOx Burners, GCEC 6 & 7**

17 Project revenue requirements are estimated to be \$187,509 or 11.1% lower than
18 previously projected. In January of 2021 portions of the GCEC Unit 6 and Unit 7
19 low NO_x burner systems were retired as part of the gas conversion project.

20 21 **Project 17. Smith Water Conservation**

22 Project revenue requirements are estimated to be \$408,426 or 15.3% lower than
23 previously projected. The variance is primarily due to postponing construction of
24 the Plant Smith Underground Injection Control ("UIC") wastewater treatment
25 system and associated pump station from 2021 to 2022 due to additional time
26 required to finalize design of the onsite reclaimed water distribution system and to

1 complete additional geotechnical investigations for the reclaimed water supply
2 pipeline between Bay County's North Bay Water Treatment Plant and Plant Smith.
3 Additional delay is due to pending contract negotiations between the County and
4 Gulf Power. The new treatment system and permanent pump station are required
5 for Plant Smith to begin using reclaimed water for the Unit 3 cooling tower water
6 supply. Gulf has completed installation of three deep injection wells, piping, and
7 initial equipment needed for the reclaimed water pump station and for current
8 wastewater discharges.

9
10 **Project 27. General Water Quality**

11 Project revenue requirements are estimated to be \$289,748 or 21.8% lower than
12 previously projected. The variance is due to costs for the GCEC Closed Ash
13 Landfill improvement project being lower than expected in 2020, which lowered
14 the 2021 beginning of period balance for the project. As explained in my final true-
15 up testimony, the 2020 project costs were lower than estimated due to design and
16 contractor procurement delays.

17
18 **Project 28. Coal Combustion Residual**

19 Project revenue requirements are estimated to be \$1,715,693 or 11.2% lower than
20 previously projected. The variance is primarily due to delays placing the Plant
21 Daniel dry bottom ash conversion projects and the new Plant Smith industrial
22 wastewater treatment pond in-service. Gulf initially projected the Plant Daniel dry
23 bottom ash projects would be placed in-service in 2020; however, the projects were
24 placed in-service in 2021. The Plant Smith wastewater pond and piping
25 modifications required to cease discharging process water and stormwater to the
26 ash pond were projected to be placed in-service in late 2020. Plant Smith began

1 utilizing the new wastewater pond and piping modifications in a temporary
2 configuration in the Spring of 2021 to meet the Federal CCR deadline to cease
3 sending wastewater to the pond and to initiate closure; however, the associated
4 workorder will not be placed in-service until 2023 when Plant Smith completes
5 construction of two additional ponds and related modifications to the wastewater
6 system.

7
8 **Project 30. 316(b) Cooling Water Intake Structure Regulation**

9 Project revenue requirements are estimated to be \$93,761 or 19.0% lower than
10 previously projected. The variance is due to cost of removal for the Plant Smith
11 316(b) intake pump project being inadvertently included in the original projections
12 for the new project additions in 2020 and 2021. The actual cost of removal was
13 booked correctly to a non-ECRC account, resulting in a lower ECRC plant in-
14 service balance in 2021.

15
16 **O&M Variance Explanations**

17
18 **Project 5. Emission Monitoring**

19 Project expenditures are estimated to be \$158,057 or 24.8% lower than previously
20 projected. The variance is due to reducing maintenance costs associated with the
21 Continuous Emissions Monitoring (“CEM”) systems at Plant Smith and GCEC by
22 insourcing CEM maintenance.

23
24 **Project 6. General Water Quality**

25 Project expenditures are estimated to be \$334,061 or 20.5% lower than previously
26 projected. The variance is primarily due to costs for the Plant Smith and Plant

1 Scholz industrial wastewater permit renewals being less than originally projected
2 and costs for Plant Daniel's groundwater monitoring being lower. In addition, less
3 substation stormwater maintenance has been required this year than originally
4 anticipated.

5
6 **Project 19. FDEP NOx Reduction Agreement**

7 Project expenditures are estimated to be \$113,901 or 116.6% lower than previously
8 projected. Maintenance costs associated with the GCEC Unit 7 Selective Catalytic
9 Reduction ("SCR") were reduced due to Gulf retiring the SCR with the GCEC coal
10 generation assets in October 2020.

11
12 **Project 23. Coal Combustion Residuals**

13 Project expenditures are estimated to be \$346,411 or 19.9% lower than previously
14 projected. The variance is primarily due to removing wastewater treatment costs
15 for the Plant Scholz pond closure project from the 2021 O&M budget since
16 completion of the capital project has been delayed until 2022. The wastewater
17 treatment costs will continue to be included under the pond closure capital line item
18 until the capital project is complete.

19
20 **Project 27. Emission Allowances**

21 Project expenditures are estimated to be \$148,734 or 3,825.8% higher than
22 previously projected. The variance is primarily due to the market price per
23 allowance significantly increasing following changes to EPA's Cross State Air
24 Pollution Rule.

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


26 **A.** Yes.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 20210007-EI

Before me, the undersigned authority, personally appeared Michael W. Sole, who being first duly sworn, deposes and says that he is the Vice President of Environmental Services of Gulf Power Company, a Florida corporation, that the foregoing is true and correct to the best of his knowledge and belief. He is personally known to me.



Michael W. Sole
Vice President, Environmental Services

Sworn to and subscribed before me by means of ☒ physical presence or _____
online notarization this 28th day of July, 2021.


Notary Public, State of Florida at Large