

One Energy Place  
Pensacola, Florida 32520

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ORIGINAL



March 15, 2000

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

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RECORDS AND  
REPORTING

Dear Ms. Bayo:

Enclosed for official filing in Docket No. 000808-EI are an original and fifteen copies of the following:

1. Prepared direct testimony and exhibits of James O. Vick.
2. Prepared direct testimony of Susan D. Ritenour.

Sincerely,

*Susan D. Ritenour (sw)*

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire

APP	_____
CAF	_____
CMP	_____
COM	_____ <i>Stacy</i>
CTR	_____
ECR	_____
LEG	_____ <i>I</i>
OPC	_____
PAI	_____
RGO	_____
SEC	_____ <i>I</i>
SER	_____
OTH	_____

*Vick*  
DOCUMENT NUMBER-DATE  
03363 MAR 16 2000  
FPSC-RECORDS/REPORTING

*Ritenour*  
DOCUMENT NUMBER-DATE  
03364 MAR 16 2000  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for approval of Consumptive )  
Water Use Monitoring Activity and Smith )  
Wetlands Mitigation Plan as New Programs )  
for cost recovery through the Environmental )  
Cost Recovery Clause by Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 000808-EI

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 15<sup>th</sup> day of March 2001 on the following:

Marlene Stern, Esquire  
FL Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0863

Robert D. Vandiver, Esquire  
Office of Public Counsel  
111 W. Madison St., Suite 812  
Tallahassee FL 32399-1400



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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SMITH WETLANDS MITIGATION PLAN

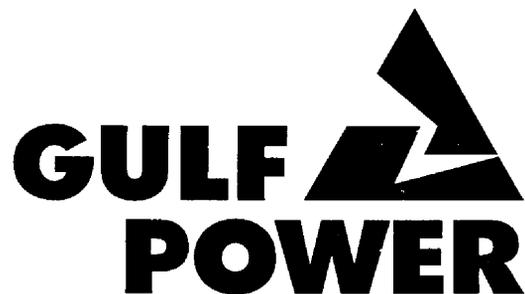
DOCKET NO. 000808-EI

PREPARED DIRECT TESTIMONY  
AND EXHIBITS

OF

JAMES O. VICK

MARCH 16, 2001



A **SOUTHERN COMPANY**

DOCUMENT NUMBER-DATE

03363 MAR 16 2001

FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Prepared Direct Testimony of  
4 James O. Vick  
Docket No. 000808-EI  
March 16, 2001

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.  
6

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

9 A. Yes.  
10

11 Q. Mr. Vick, what is the purpose of your testimony?

12 A. The purpose of my testimony is to support Gulf Power Company's request for  
13 recovery of its Smith Wetlands Mitigation Plan through the Environmental  
14 Cost Recovery Clause (ECRC).  
15

16 Q. Do you have any exhibits to which you will refer in the course of your  
17 testimony?

18 A. Yes. Exhibits JOV-1 and JOV-2 were prepared under my supervision and  
19 direction. Exhibit JOV-1 is a topographic survey depicting the existing  
20 Lansing Smith site, the proposed construction, and the wetland mitigation  
21 area. Exhibit JOV-2 is a schedule of the capital and O&M expenses  
22 associated with the Smith Wetlands Mitigation Plan implementation and  
23 operation.

24 Counsel: We ask that Mr. Vick's Exhibits, JOV-1 and JOV-2 be  
25 marked individually as Exhibit No. \_\_\_ and Exhibit No. \_\_\_.

1 Q. Is the Smith Wetlands Mitigation Plan an environmental compliance cost as  
2 defined by 366.8255(1) (d), Florida Statutes?

3 A. Yes. 366.8255(1) (d) F. S. provides for recovery of all costs or expenses  
4 incurred by an electric utility in complying with environmental laws or  
5 regulations. The Smith Wetland Mitigation Plan is a direct result of Gulf's  
6 compliance with the Conditions of Certification for Smith Unit 3 (PA 99-40)  
7 under the Florida Electrical Power Plant Siting Act (PPSA). This certification  
8 was issued by the Florida Department of Environmental Protection (FDEP)  
9 and meets the definition of an environmental law or regulation as specified in  
10 the statute.

11  
12 Q. Mr. Vick, please provide a brief description of the site certification process  
13 associated with permitting a new electric power plant.

14 A. In accordance with Chapter 62-17, Part I, Florida Administrative Code, site  
15 certification of a new electrical generating unit (75 MW of steam or greater) is  
16 required by the PPSA and is administered by the FDEP's Siting Coordination  
17 Office. FDEP is the lead agency in the siting process and has jurisdiction  
18 over federally approved or delegated permit programs, wetlands permits,  
19 state lands oversight, coastal protection and various other permits and  
20 programs as administered by the various Bureaus and District Offices of the  
21 Department. As a part of the certification application, permit applications for  
22 federally delegated or approved permit programs are submitted and reviewed  
23 in their entirety by the agency, bureau, or district office of jurisdiction.  
24 Licensing provisions or restrictions recommended by various statutory parties  
25 (Department of Community Affairs, Department of Transportation, Fish and

1 Wildlife Conservation Commission, Northwest Florida Water Management  
2 District, West Florida Regional Planning Council, and Bay County) must  
3 identify the statute, rule or ordinance upon which it is based. These  
4 provisions and terms form the basis for the Conditions of Certification under  
5 which the intended generating facility must operate.  
6

7 Q. Is the Smith Wetlands Mitigation Plan a siting condition of the Smith Unit 3  
8 Conditions of Certification?

9 A. Yes. Part XXII of Gulf Power's Smith Unit 3 Conditions of Certification (PA  
10 99-40) provides for additional wetland mitigation for adverse impacts to  
11 wetlands that have occurred as a result of project related activities. The  
12 construction of Smith Unit 3 will result in the unavoidable loss of 15.2 acres of  
13 FDEP wetlands and 15.3 acres of U. S. Army Corps of Engineers (USACE)  
14 wetlands. To provide compensation for the loss of the 15.3 acres of  
15 FDEP/USACE wetlands, Gulf Power will enhance 130 acres of wet pine  
16 plantation within a 232-acre parcel of land located about one mile north of the  
17 proposed Smith Unit 3 power generation facility. My Exhibit JOV-1 is a  
18 topographical map showing the site of the proposed wetlands mitigation  
19 project and its location relative to the Smith Unit 3 construction site. The  
20 boundary of the proposed construction site for Smith Unit 3 and the boundary  
21 for the wetland mitigation property are denoted by a black dashed line. The  
22 mitigated areas have been hatched to more clearly show the area that will be  
23 filled for construction of Smith Unit 3 versus the area that will be enhanced as  
24 per the Smith Wetlands Mitigation Plan.  
25

1 Q. Mr. Vick, please provide a description of the activities associated with the  
2 implementation of the Smith Wetland Mitigation Plan.

3 A. The 130 acres of wetlands mitigation is based upon a 12:1 ratio of wetland  
4 enhancement to wetland loss for impacts to cypress-titi swamp, and a 6:1  
5 ratio of wetland enhancement to wetland loss for impacts to wet pine  
6 plantation. Bottomland hardwood and cypress tree planting must result in an  
7 average density of surviving trees of at least 400 trees per acre after each  
8 growing season for five years following initial planting. Completion of the  
9 density requirement shall be determined by annual monitoring. The activities  
10 and anticipated costs associated with this plan are outlined in Exhibit JOV-2.

11  
12 Q. Does Gulf Power's request for cost recovery of the Smith Wetlands Mitigation  
13 Plan include only projected costs in advance of the project costs being  
14 incurred?

15 A. Yes. The only costs for this project that Gulf is seeking to recover through  
16 the ECRC were incurred or will be incurred subsequent to the filing of Gulf's  
17 petition for cost recovery which was filed June 30, 2000.

18  
19 Q. When will the land purchase and tree planting activities of this project be  
20 complete?

21 A. Gulf purchased the land for this project in 2000. Tree planting is scheduled  
22 for Spring 2001, well before the completion of Smith Unit 3.

23  
24 Q. Does Gulf anticipate additional O&M costs associated with this project in the  
25 future?

1 A. Yes. The wetland permit requires that the mitigation site be monitored for a  
2 minimum of 5 years, pending a "success determination" from FDEP. The  
3 success of the site will be evaluated based upon a tree survival rate of at  
4 least 400 trees per acre, and will depend greatly upon weather conditions.  
5 Monitoring and reporting must continue until the site reaches established  
6 success criteria. Should the initial planting fail for any reason, Gulf Power will  
7 be required to replant and address any site problems (such as hydrology) in  
8 order to ensure a successful mitigation site. Therefore, it is possible that  
9 additional costs may be incurred in the future. The cost estimates that have  
10 been provided are based upon past experience for similar tasks and by  
11 comparison of estimates from various sources. Preparation of the mitigation  
12 site for planting, planting the site with wetland species, and site maintenance  
13 will be accomplished through competitive bidding. Project management,  
14 monitoring and reporting will be the responsibility of Gulf Power personnel  
15 and contracted sources if required.

16  
17 Q. Is the projected cost for the Smith Wetlands Mitigation Plan large in  
18 comparison to the total projected cost of Smith Unit 3?

19 A. No. The capital budget for Smith Unit 3 is \$220,929,878. The Wetlands  
20 Mitigation Plan (\$648,766 capital, \$210,000 O&M) represents approximately  
21 0.3% of the Smith Unit 3 budget.

22  
23 Q. What is the anticipated life of the Smith Wetlands Mitigation Plan?

24 A. As stipulated in the Conditions of Site Certification of Smith Unit 3, the  
25 mitigation property must be maintained in its enhanced condition in

1           perpetuity. Due to the fact that the site must be forever maintained as  
2           enhanced wetlands, the life of the project will extend well beyond the useful  
3           life of the Smith Unit 3 facility.  
4

5    Q.    Mr. Vick, does this conclude your testimony?

6    A.    Yes.  
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AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 000808-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.

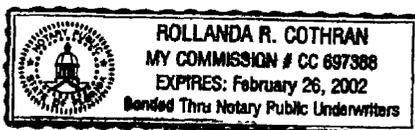
  
\_\_\_\_\_  
James O. Vick  
Manager of Environmental Affairs

Sworn to and subscribed before me this 15<sup>th</sup> day of March, 2001.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large

Commission Number:

Commission Expires:



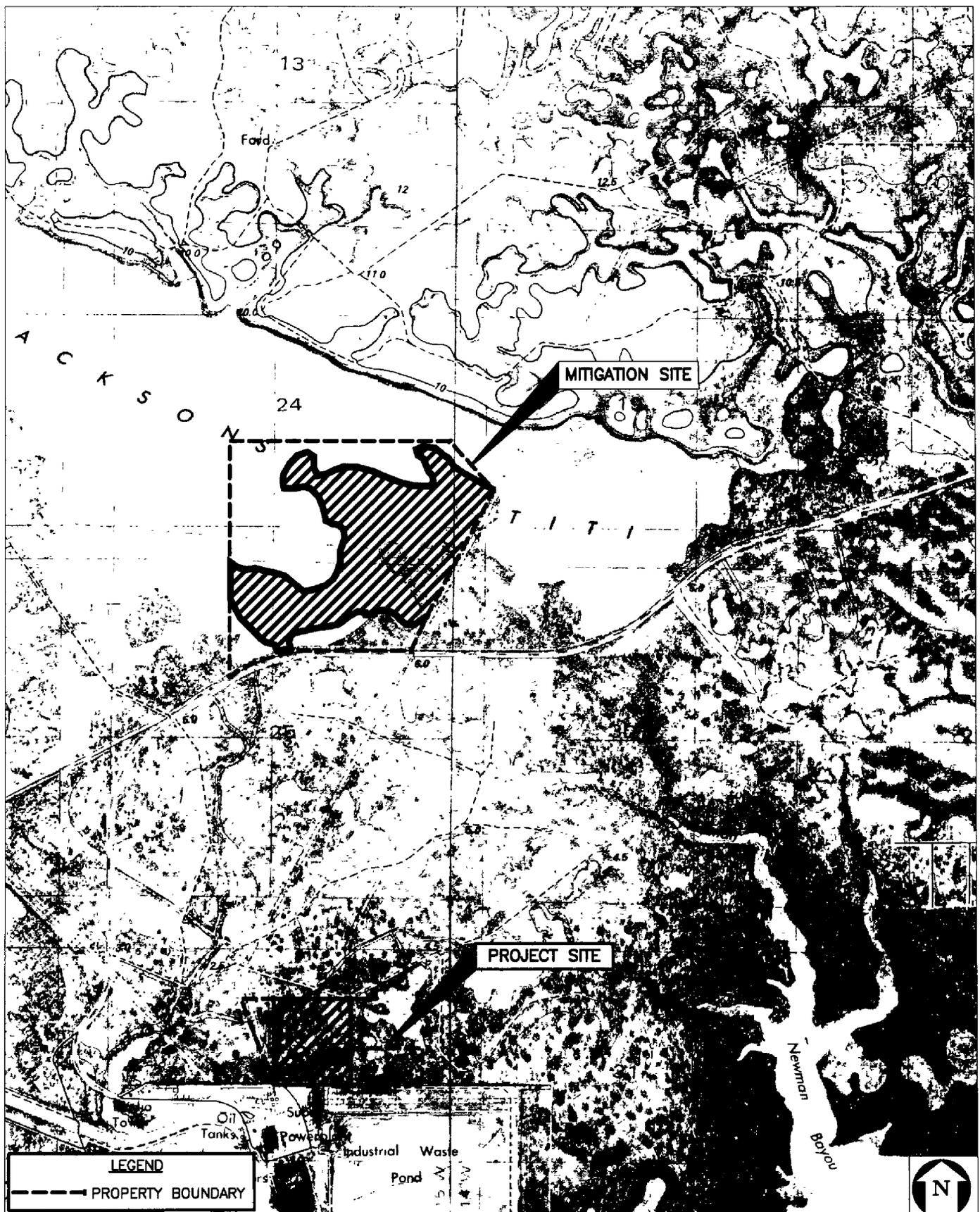


EXHIBIT JOV-1  
 MITIGATION SITE  
 GULF POWER  
 SMITH UNIT 3

Source: ECT, 2000.

**ECT**  
 Environmental Consulting & Technology, Inc.

**EXHIBIT JOV-2**

**Incurred and Projected Cost Summary  
For  
Smith Unit 3 Wetland Mitigation Plan**

Project Activities	Activity Completion Date	Actual 2000 Costs	Projected 2001 Costs	Projected 2002 Costs	Projected 2003 Costs	Projected 2004 Costs	Projected 2005 Costs	Total Costs
Land Purchase, Site Prep	12/31/00	\$288,766	\$60,000					\$348,766
Tree Planting, Maintenance	12/31/01		\$300,000	\$10,000	\$10,000	\$10,000	\$10,000	\$340,000
Monitoring and Reporting	*12/31/05		\$50,000	\$30,000	\$30,000	\$30,000	\$30,000	\$170,000

\*Project may or may not be complete by this date. The Conditions of Certification (PA 99-40) require that the site be monitored for a minimum of 5 years. Upon completion of the success criteria specified in the permit, Gulf may be granted a "success determination" from the Department of Environmental Protection. While it is possible that the site could meet the stated objective within a 5 year period, the success of the site depends greatly upon prevailing weather conditions. Monitoring and reporting must continue until the site reaches established success criteria. It should be noted that should the initial planting fail for any reason, Gulf will be required to replant and address any site problems required to ensure a successful mitigation site. Therefore, it is possible that additional costs may be incurred in the future.

The cost estimates that have been provided are based upon past experience for similar tasks and by comparison of estimates from various sources. Preparation of the mitigation site for planting, planting of the site with wetland species, and site maintenance shall be accomplished through competitive bidding. Project management, monitoring and reporting will be the responsibility of Gulf Power personnel and contracted sources if required.