

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's Earnings, Including Effects of Proposed Acquisition of Florida Power Corporation by Carolina Power & Light

DOCKET NO. 000824-EI

Submitted for Filing: February 19, 2002

COMMISSION CLERK

02 FEB 19 PM 2:55

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FLORIDA POWER CORPORATION'S RESPONSE TO STAFF'S FOURTEENTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION (NOS. 318-328)

Pursuant to § 350.0611(1), Fla. Stat. (2000), Fla. Admin. Code R. 28-106.206, and Fla. R. Civ. P. 1.340, Florida Power Corporation ("FPC") responds to The Staff of the Florida Public Service Commission's Fourteenth Set of Interrogatories (Nos. 318-328) subject to the previously filed general and specific objections and states as follows:

INTERROGATORIES

318. Please refer to Schedule C-12, page 8 of 13 through page 13 and provide an explanation and justification for each increase or decrease from the historical test year December 31, 2000, to the projected test year December 31, 2002, for the accounts listed below. (Moniz, Revell, & Kyle)

- Customer Acct Exp
90715 (Eng Asst Supv)
90808 (Eng Asst)
90810 (Cust Asst)
91015(Cust Asst Misc)
91211 (Dem Sell-Ind)
91215 (Mkt Prog)
91217 (Comm Rel)
91270 (Pwr Mkt Serv)
Salaries & Gen Exp
92020 (Gen Off Sal)
92120 (E/A Gen Off)
92130 (Off Exp)
92200 (Adm Exp Trans)
92300 (Outside Serv Emp)

- AUS
CAF
CMP
COM
CTR
ECR
GCL
OPC
MMS
SEC
OTH

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Prop Ins.

92430(PropIns N/Nuc)

92431 (Prop Ins Nuc)

Inj & Damage

92520 (Wkr Comp)

92525 (Security)

92640(Med Benf Co)

92641 (Med Benf Pos)

92660 (Recr & Educ)

Customer Acct Exp

90715 (Eng Asst Supv)

Please refer to MFR Schedule C-21, Page 5 of 8.

90808 (Eng Asst)

Please refer to MFR Schedule C-21, Page 5 of 8.

90810 (Cust Asst)

21 Page 5 of 8.

Please refer to OPC's Fourth Set of Interrogatories No. 77 and MFR Schedule C-

91015 (Cust Asst Misc)

Please refer to MFR Schedule C-21, Page 5 of 8.

91211 (Dem Sell-Ind)

Please refer to MFR Schedule C-21, Page 5 of 8.

91215 (Mkt Prog)

21 Page 5 of 8.

Please refer to OPC's Fourth Set of Interrogatories No. 77 and MFR Schedule C-

91217 (Comm Rel)

21 Page 5 of 8.

Please refer to OPC's Fourth Set of Interrogatories No. 77 and MFR Schedule C-

91270 (Pwr Mkt Serv)

Please refer to OPC's Ninth Set of Interrogatories No. 143.

Prop Insurance

92430(Prop Ins N/Nuc)

Please refer to OPC's Fourth Set of Interrogatories No. 81.

92431 (Prop Ins Nuc)

Please refer to Publix's First Set of Interrogatories No. 37.

Salaries & Gen Exp

92020 (Gen Off Sal)

Please refer to MFR Schedule C-21, Page 6 of 8.

92120 (E/A Gen Off)

Please refer to MFR Schedule C-21, Page 6 of 8.

92130 (Off Exp)

Please refer to MFR Schedule C-21, Page 6 of 8.

92200 (Adm Exp Trans)

Please refer to MFR Schedule C-21, Page 6 of 8.

92300 (Outside Serv Emp)

Please refer to MFR Schedule C-21, Page 6 of 8.

Inj & Damage

92520 (Wkr Comp)

The change in FERC 92520 from 2000 to 2002 is primarily due to better management of reserves for claims and greater focus and emphasis on safety awareness, performance, and accident prevention.

92525 (Security)

923.00, not FERC 925.

The 2002 forecast included \$1.5 million of security costs budgeted in FERC

92640(Med Benf Co)

Please refer to OPC's Fourth Set of Interrogatories No. 82.

92641 (Med Benf Pos)

Please refer to OPC's Fourth Set of Interrogatories No. 83.

92660 (Recr & Educ)

The amount budgeted for Account 92660 for test year 2002 was budgeted to the wrong FERC account. These budget dollars should have been budgeted to FERC 903.10, Customer Records and Collections Expense.

319. **Please give specific examples of expenses included in Account No. 92525 (Security Expenses) on Schedule C-12 page 9 of 13. Does the Company expect the projected amount for 2002 to be effected by the events of September 11, 2001? (Moniz, Revell, & Kyle)**

Account 92525 (Security Expenses) records the following costs for general office buildings and call centers:

- Card Access Systems Control
- Facility Monitoring Services
- Guard Services

Yes, FPC expects the projected 2002 amount for security expenses will be affected by the September 11, 2001 event. Please refer to Mark Myers Testimony, Exhibit MAM-5.

320. **Please describe the expenses that are charged to Account No. 92660 (Recreation and Education Expenses) on C-12 page 10 of 13. (Moniz, Revell, & Kyle)**

The amount budgeted for Account 92660 for test year 2002 was budgeted to the wrong FERC account. These budget dollars should have been budgeted to FERC 903.10, Customer Records and Collections Expense.

321. **Please explain why the company amortized its rate case expense, for this case, over 2 years. (Moniz, Revell, & Kyle)**

Although FPC was granted a 4-year amortization period by the FPSC in the 1992 rate case (Order PSC-91-1197-FOF-EI), historically it was granted a 2-year amortization period rate case expenses. With the addition of Hines Unit 2 in November 2003 and the likelihood that FPC's revenues will not be sufficient to cover the revenue requirements of this new

unit, FPC expects to be in a rate proceeding that aligns with the 2-year requested amortization period of rate case expenses.

- 322. Please provide copies of all invoices for this rate case that include costs charged to rate case expense through December 31, 2001 (when available). (Moniz, Revell, & Kyle)**

See response to production request number 151 of OPC's 13th set of Requests for Production of Documents.

- 323. With respect to Administrative and General expenses (A&G), please provide a revised Schedule C-33 that includes the corresponding jurisdictional amounts and the allocation factor used to determine the jurisdictional amount for each line item for the years ended December 31, 2000, through December 31, 2002. (Moniz, Revell, & Kyle)**

The data as requested is not available; however, FERC 920.20 includes payroll and benefits charged to A&G. Listed below are the retail jurisdictional factors for 2000, 2001 and 2002 that can be applied to the system costs in FERC 920.20 to derive jurisdictional (retail) amounts. Payroll taxes (e.g. Federal Withholding, FICA and Unemployment) are charged to FERC 408 (Taxes Other Than Income Taxes) and not to any O&M account including FERC 920.

Retail Jurisdictional Factors
Labor Allocators for Years 2000 – 2002:

2002	94.445%
2001	93.238% (forecasted)
2000	92.776%

324. Please refer to line 27 of Schedule C-33 page 1 of 2 and provide an explanation of the 6.57%, per employee, increase for Payroll and Fringe Benefits from December 31, 2001, to December 31, 2002. (Moniz, Revell, & Kyle)

This increase is primarily due to a payroll increase for employees and rising medical costs.

325. Please refer to C-33, page 1 of 2, Column (A), line 5, explain the type of costs included in the December 31, 2002, amount for Restricted Stock Grant Amortization. (Moniz, Revell, & Kyle)

See response to Citizen's Ninth Set of Interrogatories to FPC Question #152.

326. With respect to Pension expense, for the historical year ended 12/31/00, the prior year ending 12/31/01, and the projected test year ending 12/31/02, please state the amount of pension expense recorded on a total company basis and on a jurisdictional basis. (Moniz, Revell, & Kyle)

Pension Expense

Years Ended - 12/31/00, 12/31/01 & 12/31/02

(in millions)	12/31/2002		12/31/2002		
	Latest Actuarial Estimates	Revised Exhibit MAM-5	12/31/2002 As Filed	12/31/2001	12/31/2000
Total Company	-\$19.5	-\$28.3	-\$51.3	-\$56.5	-\$50.7
Allocation Factor	94.445%	94.445%	94.445%	93.238%	92.776%
Total Jurisdictional (Retail)	-\$18.4	-\$26.7	-\$48.5	-\$52.7	-\$47.0

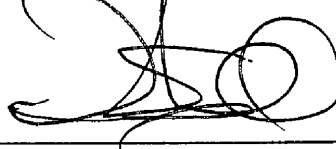
327. With respect to Other Post Retirement Benefits (OPEB) expense, for the historical year ended 12/31/00, the prior year ending 12/31/01, and the projected test year ending 12/31/02, please state the amount of OPEB expense recorded on a total company basis and on a jurisdictional basis. Also, please state the account and sub-account in which these expenses are recorded. (Moniz, Revell, & Kyle)

See attached document.

328. For the historical year ended 12/31/00, the prior year ending 12/31/01, and the projected test year ending 12/31/02, does the company have an accumulated unfunded OPEB liability which would require an adjustment to rate base pursuant to Rule 25-14.012(3), Florida Administrative Code? If so, please provide the amount (company and jurisdictional) for each year, the account/sub-account(s) in which the liability is recorded, and describe how the required adjustment has been included in the MFRs. (Moniz, Revell, & Kyle)

Yes, the Company has an accumulated unfunded OPEB liability that is included as a component (reduction) of Working Capital in Rate Base. See attached document for Retail and Wholesale jurisdictional splits for 12/31/00, 12/31/01 and 12/31/02.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of foregoing has been furnished via hand delivery
(where indicated by *) and via U.S. Mail to the following this 19th day of February, 2002.

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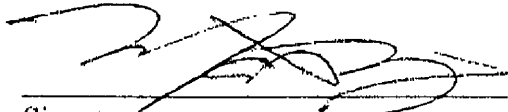
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A handwritten signature in black ink, appearing to read "M. Twomey", written over a horizontal line.

Attorney

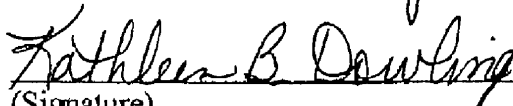
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Signature

STATE OF Florida
COUNTY OF Pinellas

BEFORE ME, the undersigned authority, duly authorized to administer oaths, personally appeared Mark A. Myers (to me well known) (~~who has produced~~ as identification), on behalf of Florida Power Corporation, as its VICE PRESIDENT - FINANCE and who, after first being duly sworn, deposes and says that he/she executed the above and foregoing. SWORN TO and subscribed before me this 19th day of February, 2002.

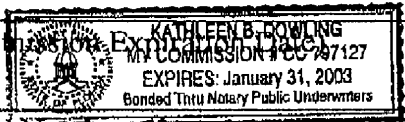


(Signature)

Kathleen B. Dowling

(Printed Name)

NOTARY PUBLIC, STATE OF FLORIDA

(Commission Expires) 

(Serial Number, if Any)

SENT BY:

2-19- 2 ; 3:23PM ;

CARLTON FIELDS→

850 681 1079;# 5/ 8



Staff Interrog #327

2-19-82
10:00 AM
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OPEB Expense

Years Ended - 12/31/00, 12/31/01 & 12/31/02

Staff's 14th Set of Interrogatories - Question #327

(in millions)

		FERC	
12/31/2002	926.31	926.41	
Total Company	\$3.2	\$17.1	
Allocation Factor	94.445%	94.445%	
Total Jurisdictional (Retail)	\$3.0	\$16.2	

		FERC	
12/31/2001	926.31	926.41	
Total Company	\$3.2	\$13.4	
Allocation Factor	93.238%	93.238%	
Total Jurisdictional (Retail)	\$3.0	\$12.5	

		FERC	
12/31/2000	926.31	926.41	
Total Company	\$3.1	\$13.2	
Allocation Factor	92.776%	92.776%	
Total Jurisdictional (Retail)	\$2.9	\$12.2	

SENT BY:

2-19- 2 ; 3:23PM ;

CARLTON FIELDS-

850 681 1078: # 7/ 8

Staff Interrog #328

Accumulated Unfunded OPEB Liability
 Years Ended - 12/31/00, 12/31/01 & 12/31/02
 Staff's 14th Set of Interrogatories - Question #328

Note> Forecasted amounts are only budgeted to the 228.30 level with the exception of breaking out Retail from Wholesale.

(In thousands)

	12/31/2002 Forecasted 13-Month Average
OPEBS D/A Retail	\$136,685
OPEBS D/A Wholesale	(678)
Total	\$136,007

	12/31/2001 Forecasted 13-Month Average
OPEBS D/A Retail	\$129,610
OPEBS D/A Wholesale	(345)
Total	\$129,265

	Year End 12/31/2000
FERC	
228.33	\$105,945
228.34	19,622
OPEBS D/A Retail	\$125,567
228.36	(\$270)
228.37	(275)
228.38	171
228.39	40
OPEBS D/A Wholesale	(334)
Total	\$125,233