

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

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COMMISSION CLERK

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CONFIDENTIAL  
REBUTTAL TESTIMONY  
OF  
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ON BEHALF OF  
FLORIDA POWER CORPORATION

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1 Florida Power trading centers. The problem is that she fails to recognize that (1)  
2 regulatory treatment of power marketing transactions differs in North Carolina  
3 and Florida, and (2) CP&L has greater access to transmission than Florida Power  
4 does and thus has more opportunities to take advantage of market transactions.  
5

6 When our integration teams studied the operations of the power trading  
7 functions of the combined companies, they understood that Florida Power's  
8 customers would benefit from the Company's efforts to optimize its generating  
9 capacity. In contrast, shareholders will benefit from power sales in North  
10 Carolina, subject to regulatory ROE limits.  
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22 **Q. Ms. Brown argues (at p. 11) that Progress Energy acknowledged in internal**  
23 **statements**

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Is she correct?

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A.

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**Q. Certain witnesses argue that, under the Company's proposal, customers will pay for the original capital investment in the Company's assets and then will pay again for those assets by subsidizing Progress Energy's acquisition costs.**

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**Do you agree?**

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A. Not at all. This would occur (and then only figuratively) if we were asking the

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Commission to incorporate goodwill into the Company's rate base, which we are