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 ORDER NO. PSC-02-0358-PHO-EI ISSUED: March 15, 2002

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on March 4, 2002, in Tallahassee, Florida, before Commissioner Braulio L. Baez, as Prehearing Officer.

APPEARANCES:

GARY L. SASSO, ESQUIRE and JILL H. BOWMAN, ESQUIRE, Carlton Fields, P.O. Box 2861, St. Petersburg, Florida 33731-2861 and JAVIER PORTUONDO, Manager of Regulatory Services, Florida Power Corporation, 100 Central Avenue, St. Petersburg, Florida 33701
On behalf of Florida Power Corporation (FPC).

CHARLES J. BECK, DEPUTY PUBLIC COUNSEL, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of Citizens of Florida (OPC).

THOMAS A. CLOUD, ESQUIRE, Gray, Harris & Robinson, P.A., 301 East Pine Street, Suite 1400, Orlando, Florida 32802
On behalf of Publix Super Markets Inc. (Publix)

VICKI GORDON KAUFMAN, McWhirter, Reeves, McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group (FIPUG).

RONALD C. LAFACE, ESQUIRE and SEANN M. FRAZIER, ESQUIRE, Greenberg Traurig, P.A., 101 East College Avenue, P.O. Drawer 1838, Tallahassee, Florida 32302
On behalf of Florida Retail Federation (FRF).

MICHAEL B. TWOMEY, ESQUIRE, P.O. Box 5256, Tallahassee, Florida 32314-5256
On behalf of Buddy Hansen and Sugarmill Woods Civic Association, Inc. (SWCA)

MARY ANNE HELTON, ESQUIRE; ADRIENNE E. VINING, ESQUIRE; ROSANNE GERVASI, ESQUIRE; and JENNIFER S. BRUBAKER, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission.

PREHEARING ORDER

I. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

II. CASE BACKGROUND

By Order No. PSC-01-1348-PCO-EI, issued June 20, 2001, we ordered Florida Power Corporation to file minimum filing requirements (MFRs) based on a 2002 projected test year. We will consider the MFRs and testimony and exhibits proffered by the parties in this proceeding to determine whether FPC's retail rates should be changed. We also required FPC to hold $113,894,794 of annual revenue (beginning July 1, 2001) subject to refund, pending final disposition of this proceeding. On July 2, 2001, FPC filed a Motion for Reconsideration of our requirement in Order No. PSC-01-1348-PCO-EI to hold revenues subject to refund. By Order No. PSC-01-2313-PCO-EI, issued November 26, 2001, we determined that the Crystal River Unit 3 (CR3) equity adjustment was not subject to refund, and reduced the amount held subject to refund by $15,900,000.

III. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093, Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

1. Any party intending to utilize confidential documents at hearing for which no ruling has been made, must be prepared to present their justifications at hearing, so that a ruling can be made at hearing.

2. In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

a) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.

b) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.

c) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

d) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.

e) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Commission Clerk and Administrative Service's confidential files.

IV. POST-HEARING PROCEDURES

Each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 75 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 75 words, it must be reduced to no more than 75 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages, and shall be filed at the same time.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VI. ORDER OF WITNESSES

Witness	Proffered By	Issues #
Direct		
H. William Habermeyer, Jr.	FPC	3, 7, 24

Witness	Proffered By	Issues #
Mark A. Myers	FPC	3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 106, 124, 125, 126, 127, 128, 129, 130, 132, 133, 134, 135, 136, 137, 139
Charles J. Cicchetti	FPC	24, 39, 130, 133, 134, 135, 136, 137, 139
James H. Vander Weide	FPC	24, 25
Robert H. Bazemore, Jr.	FPC	40, 41, 45, 46, 48, 59, 64, 65, 66, 67, 68, 70, 71, 72, 73, 74, 93, 94, 131, 132, 138
John B. Crisp	FPC	9, 24, 83, 98
E. Michael Williams	FPC	3, 7, 10, 24, 25, 40, 41, 44, 53, 66, 67, 68, 85, 86, 93, 94, 129

Witness	Proffered By	Issues #
Martha W. Barnwell	FPC	4, 5, 24, 34, 35, 42, 43, 44, 66, 67, 80, 93, 94
Robert A. Sipes	FPC	2, 3, 6, 7, 8, 10, 24, 35, 40, 41, 53, 55, 56, 57, 58, 66, 67, 68, 78, 93, 94
**Dale D. Williams	FPC	3, 16, 24, 93, 94
**Jan A. Umbaugh	FPC	24
Javier J. Portuondo	FPC	96
*Sarah S. Rogers	FPC	3, 7, 10, 24, 35, 40, 41, 53, 54, 66, 67, 68, 93, 94, 122, 123, 124, 125
William C. Slusser, Jr.	FPC	1, 10, 12, 13, 42, 43, 44, 45, 47, 53, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 120A, 120B, 121, 123, 124, 125, 140
*Dale E. Young	FPC	7, 10, 12, 13, 24, 35, 40, 41, 51, 52, 53, 67, 68, 84, 93, 94
James A. Rothschild	OPC	25, 27, 32
David E. Dismukes, Ph.D.	OPC	98
*Stephen A. Stewart	OPC	93

Witness	Proffered By	Issues #
*Donna DeRonne, C.P.A.	OPC	12, 15, 17, 21, 22, 23, 24, 26, 32, 33, 34, 35, 44, 45, 46, 47, 48, 49, 50, 52, 59, 60, 61, 64, 65, 66, 67, 69, 70, 71, 72, 73, 81, 82, 84, 89, 92, 93, 94, 129 136, 137
Kimberly H. Dismukes	OPC	1, 131, 132, 136, 137, 138
R. Earl Poucher	OPC	3, 4, 5, 7, 8
*Sheree L. Brown	Publix	47, 50, 51, 52, 54, 55, 56, 78, 81, 82, 100, 101, 136, 137, 139
Theodore J. Kury	Publix	25, 107, 108, 130, 133
*Michael Gorman	FIPUG	1, 25, 26, 27, 32, 37, 50, 129, 130, 136, 137, 139
*Jeffry Pollock	FIPUG	99-104, 107-108, 111-113, 120, 120A, 120B, 121
*Thomas J. Regan	FIPUG	120B
*Andrew L. Maurey	Staff	25, 26, 27
Richard Durbin	Staff	2, 4
James E. Breman	Staff	6, 7
Thomas E. Stambaugh	Staff	22, 44
Roberta S. Bass	Staff	126, 127

Witness	Proffered By	Issues #
Rebuttal		
Mark A. Myers	FPC	3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 106, 124, 125, 126, 127, 128, 129, 130, 132, 133, 134, 135, 136, 137, 139
Charles J. Cicchetti	FPC	24, 39, 130, 133, 134, 135, 136, 137, 139
James H. Vander Weide	FPC	24, 25
Scott D. Wilson	FPC	27, 30
Robert H. Bazemore	FPC	40, 41, 45, 46, 48, 59, 64, 65, 66, 67, 68, 70, 71, 72, 73, 74, 93, 94, 131, 132, 138
John B. Crisp	FPC	9, 24, 83, 98

Witness	Proffered By	Issues #
Martha W. Barnwell	FPC	4, 5, 24, 34, 35, 42, 43, 44, 66, 67, 80, 93, 94
Robert A. Sipes	FPC	2, 3, 6, 7, 8, 10, 24, 35, 40, 41, 53, 55, 56, 57, 58, 66, 67, 68, 78, 93, 94
Sarah S. Rogers	FPC	3, 7, 10, 24, 35, 40, 41, 53, 54, 66, 67, 68, 93, 94, 122, 123, 124, 125
William C. Slusser, Jr.	FPC	1, 10, 12, 13, 42, 43, 44, 45, 47, 53, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 120A, 120B, 121, 123, 124, 125, 140

* Sarah S. Rogers is unavailable on March 20-21, 2002.
* Dale E. Young is unavailable on March 20-22, 2002.
* Donna DeRonne is unavailable to testify on March 22, 2002.
* Michael Gorman is available only on March 22, 2002.
* Jeffry Pollock is available only on March 22, 2002.
* Thomas J. Regan is only available to testify on March 27, 2002.
* Andrew L. Maurey is unavailable to testify on March 27-28, 2002.
* Steve Stewart is unavailable March 22, 2002.
* Sheree Brown is unavailable after noon on March 21st or before lunch on the 22^{nd}.

**The parties have waived cross-examination for these witnesses, and their attendance is excused from the hearing. However, the pre-filed testimony for these witnesses will be inserted into the record as though read.

VII. BASIC POSITIONS

FPC: The following table illustrates the basic position of FPC regarding the jurisdictional revenue increase which will be demonstrated by the evidence. (Recoverable fuel and conservation revenues and expenses are excluded.)

Line No.	Description	Source	Amount
1	Jurisdictional Adjusted Rate Base		$3,653,243,000
2	Rate of Return on Rate Base Requested		9.809%
3	Jurisdictional Net Operating Income Requested		$ 358,347,000
4	Jurisdictional Adjusted Net Operating Income		$ 333,900,000
5	Net Operating Income Deficiency (Excess)		$ 24,446,000
6	Earned Rate of Return		9.14%
7	Net Operating Income Multiplier		1.6313
8	Total Revenue Deficiency Calculated		$ 39,879,000

OPC: Florida Power Corporation's plan to charge customers for the stock premium paid to the stockholders of Florida Progress by Carolina Power & Light runs afoul of section 366.06 (1), Florida Statutes. This statute requires the Commission to determine the actual legitimate costs of the property of Florida Power Corporation, actually used and useful in the public service. By the terms of the statute, net investment cannot include any goodwill or going-concern value or franchise value in excess of payment made therefore. The stock premium Florida Power seeks to recover from its utility customers is a significant portion of the goodwill purchased by Carolina Power and Light. Florida Power's attempt to convert the portion of the goodwill attributable to the stock premium from a rate base item to an expense does not cure the statutory violation.

The merger between Florida Progress and Carolina Power and Light is not an extraordinary merger, and much of the benefit of the merger is related more to Progress Energy's unregulated businesses than its regulated businesses. The Commission must not and cannot allow the company to recover the premium paid to Florida Progress stockholders from utility customers.

In addition, the cost of equity and capital structure proposed by Florida Power is far out of line in today's market. A cost of equity equal to 10.2% with the consolidated capital structure of Progress Energy provides a fair profit level to the company. If the Commission uses the capital structure proposed by Florida Power which contains considerably more equity than the consolidated capital structure, the Commission should use a cost of equity equal to 9.5%.

The service provided by Florida Power is inadequate. Customers complain that they experience excessive outages and power surges. In addition, many customers testified that they were treated rudely or inappropriately by customer service representatives. The Commission should respond by setting rates 25 basis lower within an authorized range of return on equity.

There are a host of accounting adjustments that should be made to the projected test year figures provided by Florida Power Corporation. Such adjustments include, for example, allocations from affiliates, including $1,400,000 for use of a corporate aircraft, revisions to insurance amounts, marketing geared toward corporate image enhancement, dues related to lobbying, and revisions to many other projected expenses.

After accounting for all of these matters, the Commission should reduce Florida Power Corporation's rates by $246 million per year and refund all money collected subject to refund during this proceeding.

PUBLIX: Merger Issues. Florida Power Corporation ("FPC") proposes to offset its estimated merger-related savings by severance and other costs associated with reductions in FPC's labor force (the "Transition Expenses") and transaction costs (the "Transaction Costs") related to the merger (the "Merger") between Carolina Power & Light and FPC and to split the net Merger savings between the customers and FPC. The proposed treatment of the stock premium paid by Carolina Power & Light to Florida Power Corporation violates Section 366.06(1), Florida Statutes and the Commission should not allow Florida Power Corporation to recover this amount from its utility customers. Should the Commission determine that some or all such acquisition premium is recoverable, then FPC has incorrectly allocated the Transaction Costs to FPC and the Transaction Costs should be reallocated to recognize that a portion of the purchase price was directly attributable to the acquisition of Florida Progress' unregulated businesses. The benefits of the Merger extend beyond the estimated merger-related savings and will provide significant benefits to the utility shareholders. The merger adjustment requested by FPC does not balance the interests of the shareholders and the customers and should be disallowed. The Transition Expenses should be amortized over a 20 year period and the Transaction Costs applicable to FPC should be amortized over a 40 year period, with a return at 7.5%. A portion of earnings in excess of the authorized rate of return should be applied to more quickly amortize the Transition Expenses and Transaction Costs.

Adjustments to Expenses and Amortization Periods. Other adjustments and allocations are warranted as well. FPC's Test Year revenue requirements should be adjusted to reflect a reasonable level of Distribution expenses. The Transmission expenses that FPC has projected for the Test Year to increase system reliability through required repairs and upgrades should be amortized over a ten year period. A portion of the Power Marketing expenses should be absorbed by the shareholders to recognize the advantages of the Power Marketing function to FPC through the sharing of gains on sales approved by the Florida Public Service Commission. The remaining portion of the Power Marketing expenses should be allocated between the retail and wholesale jurisdictions. Regarding the FPC's requested deferral and amortization of 2001 Rate Case expenses, those expenses should either be absorbed by FPC or applied to the Tiger Bay accelerated amortization, at the Commission's discretion. The remaining balance of such expenses should be amortized over a 4 year period. Finally, the amortization of the Last Core Nuclear Fuel and the End-of-Life Nuclear Materials and Supplies should be delayed until a determination is made on a license extension for the Crystal River 3 ("CR3") unit. At a minimum, the Last Core Nuclear Fuel and End-of-Life Materials and Supplies amortization should be extended to 35 years to recognize the probability that FPC will obtain a license extension on CR3.

Storm Damage Accrual. The accruals to the Storm Damage fund should be reduced to reflect average storm damages. At a minimum, the rate base offset for the fund balance should be increased to recognize average storm damage charges to the reserve during the Test Year.
Tiger Bay Accelerated Amortization. FPC's proposal to include an additional $9 million in Tiger Bay Accelerated Amortization in base rates should be rejected.

Return on Equity and Sharing Provision. FPC's rate of return proposal is excessive and therefore uneconomic and inequitable. If granted in this proceeding, the requested rate of return and sharing provision would unfairly enrich Progress Energy, the parent and sole common equity holder of FPC, at the expense of the Florida ratepayers. An alternate market-based financial analysis can be shown which more accurately reflects the current and prospective financial circumstances of FPC and the capital market.

Allocation. FPC's request to allocate costs on the 75% Demand/25% Energy allocation factor should be rejected and the Commission's historically-approved 12 CP and 1/13th average demand method should be continued.

Rate Design. FPC's rate offerings should be expanded to include a true Real Time Pricing rate. If a baseline requirement is established, new load growth should allow for true RTP pricing for new facilities for customers with multiple locations. FPC's Time-of-Use ("TOU") and General Service Demand rates should be adjusted to reflect differences between high and low load factor customers.

FIPUG: Revenue Requirements

In this case, FPC has overstated its revenue requirements by at least $154 million. Numerous items contribute to this overstatement. First, FPC has asked this Commission's permission to include an acquisition adjustment resulting from its merger with CP&L in its revenue requirements ($55.4 million). This request should be rejected because FPC has totally failed to substantiate that its estimated merger savings could not have been achieved without the acquisition. In addition, FPC's O&M expenses appeared to have increased rather than decreased due to the merger.

Other items contributing to FPC's overstatement of its revenue requirements include its inappropriate inclusion of fuel expenses recovered through the fuel adjustment clause ($15.7 million); the fact that it has failed to normalize its sales forecast resulting in an under projection of revenue ($14.4 million); its accelerated recovery of the Tiger Bay asset ($9.0 million); and its request to continue the now unnecessary CR3 adjustment ($18.2 million).

Further, FPC has requested an ROE of 13.2%. This far exceeds a reasonable return. FIPUG's expert, Mr. Gorman, has calculated a reasonable ROE to be 10.5%. This adjustment to FPC's request reduces its revenue requirements by $81.6 million.

Cost of Service

FPC has proposed a cost of service methodology which differs dramatically from the methodology that the Commission has traditionally employed. FPC's proposal to use a 12CP and 25% Average Demand methodology should be rejected. FPC argues that its new method is related to its system planning decisions; however, Mr. Pollock's testimony illustrates that it is simply a flawed application of the theory of "capital substitution" which the Commission has rejected in the past and should reject again.

FPC also proposes to eliminate the IS-1 and IST-1 rates. This proposal should also be rejected as well. It is inappropriate to use the conservation cost-effectiveness test to judge the value of interruptible service because interruptible service is a much more valuable resource than DSM programs. IST-1 and IST-1 should be retained with the current demand credits since the cost of such credits is less than the avoided generation costs attributable to interruptible service. Finally, FPC's proposed load factor adjustment should be rejected because load factor is not a reasonable proxy for measuring the amount of load available for interruption.

FRF: FRF adopts the Prehearing Statement of OPC in its entirety.

SWCA: Hansen and Sugarmill Woods have reviewed the Office of Public Counsel's Prehearing Statement and adopt Public Counsel's Prehearing Statement as their own on all issues, while reserving the right to modify those positions as allowed by Commission practice and applicable orders.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

VIII. ISSUES AND POSITIONS

ISSUE 1: Are FPC's forecasts of Customers and KWH by Revenue Class for the 2002 test year reasonable?

POSITIONS

FPC: Yes. (Crisp, Slusser)

OPC: No. FPC improperly used a recession year as a typical test year. The Commission should adopt Witness Dismukes' forecasted numbers for residential and commercial usage based upon the economic drivers used by the Company in their June forecast. Test year revenues should be increased by $28,404,000. (D. Dismukes)

PUBLIX: FPC should use a forecast that is more indicative of a normal load year for purposes of setting rates.

FIPUG: No, FPC has understated its number of customers and revenues derived therefrom.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

QUALITY OF SERVICE

ISSUE 2: Is the number of customer bills which have to be estimated each month appropriate for FPC?

POSITIONS

FPC: Yes. (Sipes)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 3: Dropped.

ISSUE 4: Is FPC's customer complaint resolution process adequate?

POSITIONS

FPC: Yes. In fact, under Rule 25-22.-32(5)(a) FAC which requires a company to respond to a complaint filed by the Commission's Division of Consumer Affairs within fifteen (15) working days, Staff witness Durbin could find only three complaints since July 1, 1999 where FPC responded in an untimely manner. In addition, in each such instance Florida Power's records reflect a timely response and note that one of these complaints concerned a electric customer that was not a customer of Florida Power. (Barnwell)

OPC: No. Many customers do not get their complaints resolved by the company until they contact the PSC. Customers should not be required to call the PSC in order to receive adequate customer service from Florida Power Corporation. (Poucher).

PUBLIX: No position at this time.

FIPUG: No position.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 5: **Has FPC's acquisition by Progress Energy affected customer service? If so, how?**

POSITIONS

FPC: Yes, it has affected customer service favorably. Florida Power is implementing new customer service initiatives, drawing upon best practices identified through the merger and taking advantage of economies of scale and other merger synergies in implementing these initiatives. (Myers, Barnwell)

OPC: Florida Power does not provide adequate service to its customers. Citizens have no position on whether this is the result of the merger or not. (Poucher).

PUBLIX: No position at this time.

FIPUG: No position.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 6: **Should the Commission establish a mechanism that encourages a reduction in the percentage of customers receiving frequent outages?**

POSITIONS

FPC: No. The Commission should address this issue (if at all) through rulemaking. FPC's reliability has steadily improved over the last five years, and the Company has made a commitment to achieve top-quartile reliability performance. (Sipes)

OPC: Yes.

PUBLIX: The Commission should encourage FPC to reduce the percentage of customers receiving frequent outages.

FIPUG: Yes.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Yes, a mechanism should be established based on witness Breman's testimony. (Breman)

ISSUE 7: Is the quality and reliability of electric service provided by FPC adequate?

POSITIONS

FPC: Yes. The quality of FPC's electric service has steadily improved over the last five years, and Florida Power's post-merger reliability goals will ensure improved electric service for FPC's customers. Indeed, Florida Power's new management is committed to achieving top-quartile reliability performance, and the Company is taking advantage of merger synergies and best practices in working toward this goal. (Habermeyer, Myers, Sipes, E. M. Williams, Young)

OPC: No. The service provided by Florida Power is inadequate. Customers complain that they experience excessive outages and power surges. In addition, many customers testified that they were treated rudely or inappropriately by customer service representatives. (Poucher)

PUBLIX: No position at this time.

FIPUG: It appears that due to the merger, FPC must now spend more in O&M expenses to secure the same reliability it provided prior to the merger.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time. (Breman)

ISSUE 8: If the quality of electric service provided by FPC is inadequate, should the Commission reduce the rate setting point for FPC by 25 basis points?

POSITIONS

FPC: The quality of service provided by FPC is more than adequate, and no penalty is warranted. The Commission has imposed such a penalty only on one electric utility based on fundamentally different concerns. (Myers, Sipes)

OPC: Yes. Rates should still be set within a range of return on equity determined to be reasonable by the Commission, but the rate setting point should be 25 basis points lower than the midpoint of the range. (Poucher).

PUBLIX: No position at this time.

FIPUG: If the Commission finds that the quality of service that FPC provides is inadequate, it should penalize FPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

RATE BASE

ISSUE 9: Is FPC's forecast of inflation rates appropriate?

POSITIONS

FPC: Yes. However, a general corporate wide inflation rate is provided to managers as a budget guideline in the development of only those limited items for which a rate of increase specific to that item is unavailable. As a result, the inflation rate of 2.56% for 2002 listed in MFR Schedule F-17 is not directly used in developing the test year. The appropriate annual CPI factors used in the development of the O&M benchmark calculations are shown on MFR schedule C-56. (Crisp, Myers)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 10: Is FPC's requested level of Construction Work in Progress in the amount of $72,527,000 ($82,875,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. The appropriate level of Construction Work in Progress should be $72,482,000 ($82,875,000 system) for the 2002 projected test year. (Myers, Slusser, E. Michael Williams, Young, Sipes, Rogers)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 11: **Stipulated.**

ISSUE 12: **What adjustment, if any, should be made to the test year rate base to reflect the Commission's decision in Docket No. 001835-EI concerning nuclear decommissioning and end-of-life nuclear materials and supplies? (Gardner, P. Lee)**

POSITIONS

FPC: The working capital allowance component of rate base should be reduced by a retail amount of $1,778,000 to reflect the additional accumulated amortization for nuclear materials and supplies based on the January 1, 2001 implementation date as specified in Order No. PSC-02-0055-PAA-EI.

OPC: The Commission should make the adjustments shown in exhibit DD-1, schedule C-9. (DeRonne).

PUBLIX: If the End-of-Life Nuclear Materials and Supplies amortization is delayed, the Test year rate base should be adjusted to eliminate the corresponding rate base offset. If the amortization period for the End-of-Life Nuclear Materials and Supplies is extended, the Test Year rate base should be adjusted to reflect the appropriate level of amortization.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The working capital allowance component of rate base should be reduced by a retail amount of $1,778,000 to reflect the additional accumulated amortization for nuclear materials and supplies based on the January 1, 2001 implementation date as specified in Order No. PSC-02-0055-PAA-EI.

ISSUE 13: **What adjustment, if any, should be made to the test year rate base to reflect the Commission's decision in Docket No. 991931-EG concerning recovery of the last core of nuclear fuel?**

POSITIONS

FPC: The working capital allowance component of rate base should be reduced by a retail amount of $1,650,000 to reflect the additional accumulated amortization for the last core of nuclear fuel based on the January 1, 2001 implementation date as specified in Order No. PSC-02-0055-PAA-EI. In addition, the nuclear fuel component in rate base should be increased by $360,000 to correct a misclassification of the accumulated amortization in the MFR as an offset to nuclear fuel rather than as an unfunded amount 228 reserve per the order. (Myers, Young, Slusser)

OPC: No position at this time.

PUBLIX: If the Last Core Nuclear Fuel amortization is delayed, the Test year rate base should be adjusted to eliminate the corresponding rate base offset. If the amortization period for the Last Core Nuclear Fuel is extended, the Test Year rate base should be adjusted to reflect the appropriate level of amortization.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The working capital allowance component of rate base should be reduced by $1,650,000 to reflect the total accumulated amortization for the last core of nuclear fuel based on the January 1, 2001 implementation date as specified in Order No. PSC-02-0055-PAA-EI. In addition, the nuclear fuel component in rate base should be increased by $360,000 to correct FPC's misclassification of the accumulated amortization in its MFRs as an offset to nuclear fuel rather than as an unfunded Account 228 reserve per the order. (All amounts are retail)

ISSUE 14: What adjustments, if any, should be made to FPC's 2002 projected test year rate base to account for the additional security measures implemented in response to the increased threat of terrorist attacks since September 11, 2001?

POSITIONS

FPC: Florida Power's requested rate base increase of $14,600,000 (System) for additional security measures implemented in response to the increased threat of terrorist attacks since September 11, 2001 is still appropriate. (Myers)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 15: Should an adjustment be made to remove the closed business office capital costs from the projected 2002 test year?

POSITIONS

FPC: An adjustment should be made to remove closed offices that the Company has sold or plans to sell, in the amount of net book value of $5,548,302. The loss associated with those offices will increase the Accumulated Reserve for Depreciation by $66,265. No adjustment should be made for the remaining offices because they are still in use or the Company is holding those facilities for future use. (Myers)

OPC: Yes. The Company failed to remove all of the effects of these office closings from the 2002 test year. The Commission should reduce plant in service by $13,684,000, reduce accumulated depreciation by $3,147,000, and reduce depreciation expense by $419,000. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 16: Stipulated.

ISSUE 17: Stipulated.

ISSUE 18: Stipulated.

ISSUE 19: Dropped.

ISSUE 20: Dropped.

ISSUE 21: Is FPC's requested level of Working Capital in the amount of $77,213,000 ($96,445,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. After corrections, FPC determined that Working Capital in the amount of $58,178,000 ($75,038,000 system) for the 2002 projected test year is appropriate. (Myers)

OPC: No. The Commission should make the adjustments to working capital shown in exhibit DD-1, schedule B-1, page 2 of 2. (DeRonne).

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time. Further, this issue is a fall-out of adjustments made in other issues.

ISSUE 22: Is FPC's requested level of Plant in Service in the amount of $6,876,125,000 ($7,465,125,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. After corrections, FPC determined that $6,880,300,000 ($7,475,655,000 system) for the level of Plant in Service is appropriate. (Myers)

OPC: No. Jurisdictional Plant in Service should be set at $6,872,818,000. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time. This issue is a fall-out of adjustments made in other issues. (Stambaugh)

ISSUE 23: Is FPC's requested level of Accumulated Depreciation in the amount of $3,414,348,000 ($3,722,787,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. After corrections, FPC determined that Accumulated Depreciation and Amortization in the amount of $3,411,752,000 ($3,719,601,000 system) is appropriate. (Myers)

OPC: No. Jurisdictional Accumulated Depreciation should be set at $3,412,003,000. (DeRonne)

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time. This issue is a fall-out of adjustments made in other issues.

ISSUE 24: **Is FPC's requested rate base of $3,665,497,000 ($3,983,231,000 system) for the 2002 projected test year appropriate?**

POSITIONS

FPC: No. FPC has determined that $3,653,243,000 ($3,975,552,000 system) is appropriate. (Habermeyer, Myers, Cicchetti, Vander Weide, Crisp, E. M. Williams, D. Williams, Young, Sipes, Rogers, Barnwell, Umbaugh)

OPC: No. Jurisdictional Rate Base should be set at $3,656,821,000. (DeRonne)

PUBLIX: No position at this time.

FIPUG: No; the adjustments recommended by the Intervenors need to be made before determining the appropriate rate base amount.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

COST OF CAPITAL

ISSUE 25: **What is the appropriate cost of common equity capital for FPC?**

POSITIONS

FPC: Florida Power's requested return on common equity of 13.2% is appropriate as evidenced by the testimony of Dr. James H. Vander Weide, which supports a range of 12.2% to 14.2% as a reasonable return for the Company. (Vander Weide)

OPC: The appropriate midpoint return on equity using a consolidated capital structure is 10.2%. If the

Commission uses the capital structure proposed by Florida Power containing far more equity than the consolidated capital structure, the Commission should use a cost of equity equal to 9.5% as the midpoint. (Rothschild).

PUBLIX: The appropriate cost of common equity capital for FPC is 10.66%.

FIPUG: The appropriate cost of common equity capital for FPC is 10.5%.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Based on witness Maurey's testimony, the appropriate cost of common equity capital for FPC should be 11.5% with an adjusted capital structure. (Maurey)

ISSUE 26: **Should the Commission recognize the CR3 equity adjustment specified in the 1997 Stipulation and Order?**

POSITIONS

FPC: Yes. In that Order the Commission recognized that FPC should not be penalized on an ongoing basis as a result of its agreement to absorb certain costs associated with the extended outage of CR 3. FPC suffered lower earnings per share in 1997 and a reduction in retained earnings. Absent an adjustment to FPC's common equity in future years, FPC would inappropriately suffer a loss of earnings in the future. (Myers)

OPC: No. (DeRonne)

PUBLIX: No, the CR3 adjustment should no longer be applicable.

FIPUG: No; this adjustment is no longer necessary and should be discontinued. The settlement which resulted in this adjustment has expired and the CR3 equity adjustment has the effect of increasing FPC's common equity balance which is already excessive.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Based on witness Maurey's testimony, the CR3 equity adjustment specified in the 1997 Stipulation and Order should no longer be recognized. (Maurey)

ISSUE 27: What is the appropriate common equity ratio for ratemaking purposes for FPC?

POSITIONS

FPC: The appropriate common equity ratio for ratemaking purposes for FPC is 53.62% as presented on MFR schedule D-1. (Myers, Wilson)

OPC: FPC's requested capital structure contains an excessive level of equity. A more appropriate capital structure to use is the consolidated capital structure of Progress Energy. (Rothschild)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Based on witness Maurey's testimony, FPC's capital structure for ratemaking purposes should consist of a 55% ratio for common equity based on investor sources of capital. (Maurey)

<u>ISSUE 28</u>: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for FPC?

<u>POSITIONS</u>

<u>FPC</u>: The appropriate amount of FPSC adjusted retail accumulated deferred taxes to including the capital structure is $3 19,93 1,000 given agreed upon adjustments to rate base. The 13-month average balance was determined from activities shown in the budgeted income statement. (Myers)

<u>OPC</u>: No position at this time.

<u>PUBLIX</u>: No position at this time.

<u>FIPUG</u>: No position at this time.

<u>FRF</u>: Adopts OPC's position.

<u>SWCA</u>: Adopts OPC's position.

<u>STAFF</u>: No position at this time.

<u>ISSUE 29</u>: Dropped.

<u>ISSUE 30</u>: Have rate base and capital structure been reconciled appropriately for FPC?

<u>POSITIONS</u>

<u>FPC</u>: Yes. (Myers, Wilson)

<u>OPC</u>: No position at this time.

<u>PUBLIX</u>: No position at this time.

<u>FIPUG</u>: No.

<u>FRF</u>: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 31: Dropped.

ISSUE 32: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for the test year for FPC?

POSITIONS

FPC: A summary of the components, amounts and cost rates associated with the Company's capital structure after agreed upon adjustments to rate base for the 2002 test period is as follows:

($ in 000's)	FPSC Adj'd Retail	Ratio	Cost Rate	Weighted Cost
Common Equity	$1,959,424	53.62%	13.20%	7.08%
Preferred Stock	30,141	0.83%	4.51%	0.04%
Long-Term Debt				
Fixed Rate Debt	1,206,101	33.02%	7.14%	2.36%
Variable Rate Debt (3)	6,199	0.17%	4.92%	0.01%
Short Term Debt (3)	2,260	0.06%	4.92%	0.00%
Customer Deposits (4)				
Active	112,388	3.07%	6.13%	0.19%
Inactive	387	0.01%	0.00%	0.00%
Investment Tax Credit				
Post '70 - Equity	27,956	0.77%	13.07%	0.10%
Post '70 - Debt	17,033	0.47%	7.13%	0.03%

($ in 000's)	FPSC Adj'd Retail	Ratio	Cost Rate	Weighted Cost
Deferred Income Taxes	319,931	8.76%	1.00%	0.00%
FAS 109 Liability - Net	(28,576)	-0.78%	0.00%	0.00%
Total Capital Structure	$3,653,243	100.00%		9.81%

(3) 12 Month Weighted Average used as a proxy for daily weighted average used for historical reporting.
(4) 13 Month Average

(Myers)

OPC: The overall cost of capital should be based on the actual consolidated capital structure of Progress Energy and a cost of equity of 10.2%.. (Rothschild, DeRonne)

PUBLIX: The appropriate weighted average cost of capital for FPC is 8.36%.

FIPUG:

($ in 000's)	Ratio	Cost Rate	Weighted Cost
Common Equity	33.36%	10.50%	3.50%
Preferred Stock	0.83%	4.51%	0.04%
Long-Term Debt			
Fixed Rate Debt	53.51%	7.12%	3.81%
Customer Deposits (4)			0.00%
Active	3.07%	6.13%	0.19%
Inactive	0.01%	0.00%	0.00%
Investment Tax Credit			
Post '70 - Equity	0.77%	10.35%	0.08%
Post '70 - Debt	0.47%	7.13%	0.03%

($ in 000's)	Ratio	Cost Rate	Weighted Cost
Deferred Income Taxes	8.76%	0.00%	0.00%
FAS 109 Liability - Net	-0.78%	0.00%	0.00%
Total Capital Structure	100.00%		7.65%

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

NET OPERATING INCOME

ISSUE 33: Is FPC's requested level of Total Operating Revenues for the 2002 projected test year appropriate?

POSITIONS

FPC: Yes, the total fully adjusted operating revenues for the 2002 projected test year of $1,420,651,000 ($1,533,620,000 System) is appropriate. (Myers)

OPC: No. Test year revenues are under-projected. (D. Dismukes, DeRonne).

PUBLIX: No position at this time.

FIPUG: No; test year revenues are under projected.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 34: Has FPC under-projected its miscellaneous service revenues?

POSITIONS

FPC: No. Florida Power has used generally accepted accounting principles in its budgeting of miscellaneous service revenues. (Myers, Barnwell)

OPC: Yes. FPC has not adequately explained why a reduction to these revenues is appropriate or likely to be reflective of 2002 conditions. Miscellaneous Service Revenues should be increased by $818,246. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 35: Stipulated.

ISSUE 36: Stipulated.

ISSUE 37: Stipulated.

ISSUE 38: Stipulated.

ISSUE 39: Dropped.

<u>ISSUE 40</u>: Is it appropriate to use the traditional O&M benchmark to evaluate test year expenses?

<u>POSITIONS</u>

<u>FPC</u>: Yes. The PSC benchmarks provide a meaningful indication of costs that reasonably might be incurred to operate a utility like FPC. It is not appropriate to capture for ratepayers merger-related savings without recognizing merger-related costs incurred to bring about those savings. The PSC benchmark helps make clear that the merger has in fact brought about extraordinary savings. In addition, the MFR filing requirements in this proceeding included substantial benchmark reporting as an integral and traditional part of the FPSC's ratemaking process. Thus, deviating from this acknowledged practice at this point in the proceeding is inappropriate. (Myers, Bazemore, Young, E. Michael Williams, Sipes, Rogers)

<u>OPC</u>: No.

<u>PUBLIX</u>: Benchmarking is inappropriate to justify test year expenses given the significant changes in the company created by reorganizations and the merger and given the significant amount of time since the benchmark period was established.

<u>FIPUG</u>: Agree with OPC.

<u>FRF</u>: Adopts OPC's position.

<u>SWCA</u>: Adopts OPC's position.

<u>STAFF</u>: No.

<u>ISSUE 41</u>: Dropped.

ISSUE 42: Is FPC's requested level of Customer Accounts Expense in the amount of $65,694,000 ($66,000,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: Yes. (Myers, Barnwell, Slusser)

OPC: No position at this time.

PUBLIX: If the increases in the Customer Accounts Expense resulted in whole or in part due to changes in accounting practices by FPC, then such expenses should be reduced by that amount.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 43: Is FPC's requested level of Customer Service Expense in the amount of $5,041,000 ($5,041,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: Yes. (Myers, Barnwell, Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 44: Is FPC's requested level of Sales Expense in the amount of $6,406,000 ($6,406,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. After corrections, FPC has determined that the appropriate amount of Sales Expense is $3,662,000 ($6,406,000 system). (Myers, Barnwell, E. Michael Williams, Slusser)

OPC: No. The actual expense for account 912.70 in the historic 2000 test year was $2,581,000 and the projected 2002 amount in the test year is $6,426,000. Account 912.70 - Power Marketing Services should be reduced by $2,316,000. (DeRonne)

PUBLIX: FPC's level of Sales Expense should be reduced by $477,000 to reflect an allocated share of Power Marketing expense to the shareholders.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time. (Stambaugh)

ISSUE 45: Is FPC's requested level of Administrative and General Expense in the amount of $96,013,000 ($101,965,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. FPC has determined that the appropriate level of Administrative and General Expense is $122,600,000 ($130,076,000 system). (Myers, Bazemore, Slusser)

OPC: The Commission should make the adjustments shown on exhibit DD-1, schedule C-1. (DeRonne).

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 46: Stipulated.

ISSUE 47: Dropped.

ISSUE 48: Are any revisions necessary to the projected 2002 nuclear property and liability insurance expense?

POSITIONS

FPC: No. (Bazemore)

OPC: Yes. The projected 2002 test year amount for this expense is ($2,872,000) while the historic 2000 test year amount was ($5,345,000). The Company had also projected a similar decrease in this credit for the year 2001 which did not occur. The test year amount should be replaced with the actual credit for 2001 requiring an expense reduction of $1,700,798. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 49: Stipulated.

ISSUE 50: Is the accelerated amortization of Tiger Bay appropriate in the test year?

POSITIONS

FPC: Yes. Commission Order No. PSC-7--652-S-EQ recognizes that "FPC [has] the discretionary ability to contribute dollar amounts from its earning to accelerate the amortization of the Tiger Bay Regulatory Asset," which we anticipate to be $9 million. The Tiger Bay regulatory asset is now expected to be fully amortized in 2003. (Myers)

OPC: No. The Company projects that it will fully recover this regulatory asset by the end of 2003. The inclusion of an acceleration of the recovery of the asset in the calculation of base rates would result in continued recovery of a portion of the asset after it is fully recovered. Amortization expense should be reduced by $9,000,000. (DeRonne)

PUBLIX: No. It is not appropriate to convert "excess earnings", by which the amortization of Tiger Bay is accelerated, to "required earnings".

FIPUG: No. It is an extraordinary expense and should not be included.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No. Due to additional fuel clause recoveries and a greater than projected accelerated write-off for 2001, Tiger Bay will be fully recovered by the end of 2003 without the need for any further accelerated write-offs.

ISSUE 51: What adjustment, if any, should be made to the test year net operating income to reflect the Commission's decision in Docket No. 991931-EG concerning recovery of the last core of nuclear fuel?

POSITIONS

FPC: Based on the Commission Order No. PSC-02-0055-PAA-EI, the jurisdictional amount of last core nuclear fuel O&M amortization should be $1,100,000 which results in a decrease of $72,000 in O&M and $44,000 increase in net operating income as compared to the Company's original filing. (Myers, Young)

OPC: No position at this time.

PUBLIX: The amortization of the Last Core Nuclear Fuel should be eliminated. If the Commission allows the Last Core amortization to begin, then it should consider amortizing this expense over a 35 year period.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Agree with FPC.

ISSUE 52: What adjustment, if any, should be made to the test year net operating income to reflect the Commission's decision in Docket No. 001835-EI concerning nuclear decommissioning and end-of-life nuclear materials and supplies?

POSITIONS

FPC: Based on the Commission Order No. PSC-02-0055-PAA-EI, the jurisdictional amount of end-of-life nuclear materials and supplies O&M amortization should be $1,500,000 which results in a decrease of $100,000 in O&M and $61,000 increase in net operating income as compared to the Company's original filing. (Myers, Young)

OPC: The Commission should make the adjustments shown on exhibit DD-1, schedule C-9. (DeRonne).

PUBLIX: The amortization of the end-of-life nuclear materials and supplies should be eliminated. If the Commission allows the amortization to begin, then it should consider amortizing this expense over a 35 year period.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Agree with FPC.

ISSUE 53: **What adjustments, if any, should be made to FPC's 2002 projected test year operating expenses to account for the additional security measures implemented in response to the increased threat of terrorist attacks since September 11, 2001?**

POSITIONS

FPC: An adjustment should be made to Florida Power's requested retail operating expense (after tax) increase of $1,579,000 ($1,78 1,000 System) for additional security measures implemented in response to the increased threat of terrorist attacks since September 11, 2001 to reflect the separation factor impact of other agreed upon corrections. (Myers, Slusser, E. Michael Williams, Young, Sipes, Rogers)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 54: Are transmission improvements appropriately capitalized or expensed?

POSITIONS

FPC: Capital improvements are appropriately capitalized and O&M costs appropriately expensed. (Myers, Rogers)

OPC: No position at this time.

PUBLIX: FPC's expected total expenditures over a three year period of $29.19 million should be amortized over a 10 year period. The annual amortization would be $2.919 million, and result in a deferral of $6.811 million for collection in future years. Rate base should be increased by the average Test Year deferral of $3.406 million, net of deferred income taxes of $1.314 million.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 55: Is FPC's level of Total Distribution Operation and Maintenance expense, Accounts 580-599, in the amount of $96,905,000 ($97,170,000 System) for the 2002 projected test year appropriate?

POSITIONS

FPC: Yes. (Myers, Sipes)

OPC: No position at this time.

PUBLIX: No. The appropriate level of total Distribution Operation and Maintenance expenses for the 2002 test year is $82.168 million.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 56: Dropped.

ISSUE 57: Dropped.

ISSUE 58: Dropped.

ISSUE 59: What is the appropriate amount of advertising expense to be allowed in operating expense for the 2002 test year for FPC?

POSITIONS

FPC: The appropriate amounts of advertising expense to be allowed in operating expense for the 2002 test year is $5,156,000. (Bazemore, Myers)

OPC: The 2000 historic test year expense for advertising was $167,000 and the Company adjusted 2002 test year projected amount included for recovery is $5,149,000. The main purpose of the increase is to improve the company's image in the community. The requested level of advertising expense should be reduced to the four-year average of $456,000. This requires a reduction of $4,693,000. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 60: Stipulated.

ISSUE 61: Dropped.

ISSUE 62: Dropped.

ISSUE 63: Dropped.

ISSUE 64: Is FPC's assumed growth in salaries and wages appropriate? If not, what adjustment is necessary?

POSITIONS

FPC: Yes. The growth in FPC's test year salaries and wages is based on the levels necessary to attract and retain qualified employees in competition with other employers in local, regional, and national labor markets. (Myers, Bazemore)

OPC: No. FPC has over-projected its regular full-time positions by at least 71 positions. Salaries and wages should be reduced by $2,015,335 and payroll tax expense should be reduced by $154,173. (DeRonne)

PUBLIX: To the extent that increases in Transmission, Distribution and Administrative Expenses resulted from inappropriate increases in salaries and wages, such

Operating and Maintenance Costs should be reduced to recognize more appropriate salary and wage adjustments.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 65: Should an adjustment be made to the amount of Salaries and Employee Benefits for the 2002 projected test year?

POSITIONS

FPC: No. Florida Power's test year salaries and employee benefits are based on the levels necessary to attract and retain qualified employees in competition with other employers in local, regional, and national labor markets. (Myers, Bazemore)

OPC: Yes. Employee Benefits - Medical Expenses should be reduced in line with the reduction of Salaries and Wages. The Commission should reduce medical expenses by $172,109. (DeRonne)

PUBLIX: To the extent that increases in Salaries and Employee Benefits for the 2002 projected test year resulted from inappropriate increases in salaries and wages, such Salaries and Employee Benefits should be reduced to recognize more appropriate levels.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 66: Dropped.

ISSUE 67: Is FPC's budgeted level of employees in the 2002 projected test year appropriate?

POSITIONS

FPC: Yes. FPC's merger-related employee reductions occurred during 2001 and those employees are not included in the 2002 level of employees. FPC's budgeted level of employees for the 2002 test year is appropriate for rate making purposes. (Myers, Bazemore, Sipes, Rogers, Barnwell, E. Michael Williams, Young)

OPC: No. The Commission should reduce regular full-time positions by 71 employees. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 68: Dropped.

ISSUE 69: Should FPC's 2002 post-retirement benefits be adjusted to recognize the most recent actuarial estimates?

POSITIONS

FPC: Estimates for both Pension and Other Post Employment Benefits expense should be updated to reflect the most current actuarial estimate for the 2002 test year. (Myers, Bazemore)

OPC: Yes. Based on FPC's response to Citizen's discovery, the Company's outside actuaries have projected the 2002 FAS 106 expense based on the 2001 actuarial report. The more recent actuarial estimates project the 2002 expense to be lower so that this expense should be reduced by $658,518. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 70: **Is FPC's requested level of Other Post Employment Benefits Expense for the 2002 projected test year appropriate?**

POSITIONS

FPC: Yes. But the actuarial estimates for Other Post Employment Benefits expense should be updated to the most current estimate of $18.5 million, ($19.6 million system) for the 2002 Test Year. (Bazemore, Myers)

OPC: The Commission should make the adjustments shown in exhibit DD-1, schedule C-6. (DeRonne).

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

<u>ISSUE 71</u>: Is the projected 2002 increase in FAS 112 Miscellaneous Employee Benefits costs reasonable?

<u>POSITIONS</u>

<u>FPC</u>: Yes. FAS 112 Miscellaneous Employee Benefits of $1.6 million ($1.7 million system) are reasonable and primarily represent a shift of an expense that was previously included as part of Pension and Other Post Employment Benefits expense. (Myers, Bazemore)

<u>OPC</u>: No. The Company has not accounted for the current pension costs being incurred for disabled employees. This cost should be rejected until there is a proper accounting for what the average disabled employees' salary is and what pension costs are currently being incurred for those employees. O&M should be reduced by $1,690,000. (DeRonne)

<u>PUBLIX</u>: No position at this time.

<u>FIPUG</u>: Agree with OPC.

<u>FRF</u>: Adopts OPC's position.

<u>SWCA</u>: Adopts OPC's position.

<u>STAFF</u>: No position at this time.

<u>ISSUE 72</u>: Is FPC's 2002 test year requested accrual for medical/life reserve-active employees and retirees appropriate?

<u>POSITIONS</u>

<u>FPC</u>: Yes, but the requested accrual for retirees under Other Post Employment Benefits should be updated to the most current estimate for the 2002 Test Year. Medical/Life expense for active employees and retirees of $38.2 million ($40.4 million system). (Myers, Bazemore)

OPC: The Commission should make the adjustments shown in exhibit DD-1, schedule C-6. (DeRonne).

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 73: Is FPC's requested level of Pension Expense for the 2002 projected test year appropriate?

POSITIONS

FPC: Yes. Florida Power's requested level of Qualified Pension Expense for the 2002 projected test year of $21,345,000 ($22,600,000 system), as stated in Mr. Bazemore's testimony is appropriate. No adjustments were made to Non-qualified Pension Expense of $2,975,000 ($3,150,000 system). (Myers, Bazemore)

OPC: Florida Power included pension expense in its synergy savings. Although the company revised the level of pension expense in its November 15, 2001 filing, it still claims that it will realize the original forecasted synergy savings notwithstanding the change in pension expense. If the Commission uses the November 15, 2001, revised pension expense figure, an adjustment of $6 million must be made to reflect FPC's achievement of the synergy forecast. The company also mentions a further adjustment to pension expense in its rebuttal testimony on a different issue. If the Commission entertains this as an additional adjustment (which it should not), an additional offsetting adjustment should be made to reflect FPC's continued achievement of the synergy forecast. (DeRonne)

PUBLIX: No position at this time.

FIPUG: No. FPC has failed to recognize anticipated upturns in the economy.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 74: What is the appropriate amount of outside services expense to be allowed in operating expense for FPC?

POSITIONS

FPC: All outside services expenses included in the Company's 2002 test year are appropriate. (Myers, Bazemore)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 75: Should any franchise litigation related costs, which may be deemed prudent, be recoverable from FPC customers?

POSITIONS

FPC: Yes. All franchise litigation related costs should be recoverable from Florida Power's customers. Florida Power's budgeted litigation expenses reflect a fair and accurate estimate of ongoing prudent litigation expenses that are reasonably borne by all customers who do benefit from such expenditures. No special treatment of these franchise litigation related costs is warranted. (Myers)

OPC: No position at this time.

PUBLIX: No.

FIPUG: No.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 76: **Dropped.**

ISSUE 77: **Dropped.**

ISSUE 78: **Is FPC's 2002 projected test year accrual of $5,818,000 ($6,000,000 System) for storm damage appropriate?**

POSITIONS

FPC: Yes. The accrual is based on the level approved by the Commission in Order PSC-94-0852-FOF-EI. The purpose of this Commission ordered reserve is to provide insurance to deal with catastrophic losses for which insurers will not provide coverage. Historic losses demonstrate the need for the current level of the accrual and may justify an even greater accrual. (Myers, Sipes)

OPC: No position at this time.

PUBLIX: No. The annual level of the storm damage accrual should be reduced to $2 million, to better reflect historical storm damage experience. In the event that the Commission allows FPC to continue accruing $6 million per year, the

Company's rate base offset should be adjusted to reflect Test Year charges to the fund of $2 million to better reflect historical storm damage experience .

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 79: Is the credit to interest on tax deficiencies of $1,450,000 ($1,574,000 System) for the 2002 projected test year appropriate for FPC?

POSITIONS

FPC: Yes. FPC's customers are direct beneficiaries of the Company's tax administration policies. The Commission has previously recognized this in permitting such costs to be included in rates. See Order No. PSC-92-1197-FOF-EI. (Myers)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 80: Stipulated.

<u>ISSUE 81</u>: Is FPC's requested Rate Case Expense in the amount of $1,644,000 appropriate?

<u>POSITIONS</u>

<u>FPC</u>: Yes. (Myers)

<u>OPC</u>: No. The Company included excessive amounts for CPA's, consultants and others, including excessive hourly rates. Rate case expense should be reduced to $1,369,000 and rate case amortization expense should be reduced by $479,750. (DeRonne)

<u>PUBLIX</u>: No. FPC should be required to either absorb or apply to the Tiger Bay amortization such costs as were incurred in 2001. Only the expenses expected to be incurred in 2002 should be amortized.

<u>FIPUG</u>: No; FPC's rate case expense is excessive.

<u>FRF</u>: Adopts OPC's position.

<u>SWCA</u>: Adopts OPC's position.

<u>STAFF</u>: No position at this time.

<u>ISSUE 82</u>: What is the appropriate Amortization period for FPC's Rate Case Expense?

<u>POSITIONS</u>

<u>FPC</u>: Two years. The Florida Public Service Commission authorized a two-year amortization in the two rate cases prior to the 1992 case, and a two-year period is eminently reasonable in this case. Certainly, if the Commission does not see fit to approve our request for a step increase effective November 2003 to recover the revenue requirements of Hines 2, we will be back before the Commission in another rate proceeding within two years. (Myers)

OPC: The Company's last rate case was over nine years ago and required a four-year amortization period. The Commission should use no less than a four-year amortization period for rate case expense in the current case. (DeRonne)

PUBLIX: The 2002 Rate Case Expense should be amortized over a 4 year period.

FIPUG: No less than 4 years.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The appropriate amortization period for rate case expense should be four years.

ISSUE 83: Dropped.

ISSUE 84: Is FPC's requested level of Nuclear O&M in the amount of $83,410,000 ($88,135,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. After adjustments, FPC has determined that Nuclear O&M in the amount of $83,310,000 ($88,006,000 system) is appropriate. (Myers, Young)

OPC: No. The amortization of nuclear materials and supply inventory should be reduced by $200,000 to reflect an error in the Company's filing. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 85: Is FPC's requested level of Total Fossil O&M in the amount of $87,878,000 ($94,026,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: Yes. (Myers, E. Michael Williams)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No; FPC's O&M expenses have increased dramatically.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 86: Stipulated.

ISSUE 87: Dropped.

ISSUE 88: Dropped.

ISSUE 89: Is FPC's requested Depreciation and Amortization Expense of $323,658,000 ($376,304,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. The amount of $322,999,000 ($346,621,000 system) is appropriate for Depreciation and Amortization Expense for the 2002 projected test year. (Myers)

<u>OPC</u>: No. Nuclear Decommissioning Expense should be reduced by $2,250,000 to reflect the current status of Docket No. 001835-EI. Depreciation expense for the closed business offices should be reduced by $419,000. Also, amortization expense should be reduced by $9,000,000 for the Tiger Bay accelerated recovery. (DeRonne)

<u>PUBLIX</u>: No position at this time.

<u>FIPUG</u>: Agree with OPC.

<u>FRF</u>: Adopts OPC's position.

<u>SWCA</u>: Adopts OPC's position.

<u>STAFF</u>: No position at this time. This issue is a fall-out of adjustments made in other issues.

<u>ISSUE 90</u>: Are FPC's requested Income Tax expenses in the amount of $157,332,000 ($173,886,000 system) for the 2002 projected test year appropriate?

<u>POSITIONS</u>

<u>FPC</u>: No. FPC has determined that the appropriate amount for Income Tax Expense in the 2002 projected test year is $141,218,000 ($149,205,000 system). (Myers)

<u>OPC</u>: No. The level of income taxes should be reconciled for other adjustments to rate base, cost of capital and net operating income.

<u>PUBLIX</u>: Income tax expenses should be adjusted to reflect the impact of all other adjustments accepted by the Commission.

<u>FIPUG</u>: Agree with OPC.

<u>FRF</u>: Adopts OPC's position.

<u>SWCA</u>: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 91: Dropped.

ISSUE 92: Is FPC's requested level of Taxes Other Than Income Taxes in the amount of $92,870,000 ($100,486,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. FPC has determined that the appropriate level of Taxes Other Than Income Taxes for the 2002 projected test year is $93,097,000 ($98,795,000 system). (Myers)

OPC: N o. The projected 2001 property tax expense used for the 2002 projections is overstated by $3.6 million and the 6% property tax expense growth factor is also overstated. The growth factor should be limited to the actual five-year average net property taxes growth rate of 3.51%. Property taxes should be reduced by $5,731,834. Taxes - Other for payroll taxes should be reduced by $154,173. (DeRonne)

PUBLIX: No position at this time.

FIPUG: Agree with OPC.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 93: Is FPC's requested level of Operation and Maintenance Expense in the amount of $503,133,000 ($549,799,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. FPC has determined that the appropriate level of Operation and Maintenance Expense for the 2002 projected test year is $531,178,000 ($582,956,000). (Myers, Bazemore, Young, E. Michael Williams, Dale D. Williams, Young, Rogers, Barnwell, Sipes)

OPC: No. FPC projects an increase of 23.7% from 2000 to the 2002 test year. The test year expenses should be reduced for the effects of OPC's recommended adjustments. (Stewart, DeRonne)

PUBLIX: No. The appropriate level of Operating and Maintenance expenses for the Test Year is $438,656,000 ($481,128,000 system).

FIPUG: No; FPC's O&M expenses have increased dramatically.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 94: Is FPC's requested Net Operating Income of $359,551,000 ($384,778,000 system) for the 2002 projected test year appropriate?

POSITIONS

FPC: No. FPC has determined that, after corrections, the appropriate level of Net Operating Income for the 2002 projected test year should be $333,900,000 ($356,044,000 system). (Myers, Bazemore, Young, E. Michael Williams, Dale D. Williams, Young, Rogers, Barnwell, Sipes)

OPC: No. The appropriate NOI after adjustments is $424,227,000. (DeRonne).

PUBLIX: No. The appropriate level of Net Operating Income for the Test Year is $404,718,000 before rate adjustments and $309,908,000 after rate adjustments.

FIPUG: $261,053,000.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

REVENUE REQUIREMENTS

ISSUE 95: Stipulated.

ISSUE 96: In determining whether any portion of the revenue held subject to refund by Order No. PSC-01-2313-P.O.-EI should be refunded, how should the refund be calculated, and what is the amount of the refund, if any for FPC?

POSITIONS

FPC: It is premature to quantify the amount of refund, if any, but it is Florida Power's position that the Commission's order contemplated the following calculation:

Original Interim Refund Cap	$114
Less: CR3 Equity Adjustment	(16)
Adjusted Cap Per Order	$ 98
Less: Accelerated Amort. of Tiger Bay	(34)
Less: Approved Acquisition Adjustment	(TBD)
Final Interim Refund Cap	$TBD

TBD = To Be Determined

The final Interim refund cap being an annualized figure would be divided by 12 months and multiplied by the number of months between March 15, 2001 and the setting of new base rates. This would set the cap for the entire interim period from which excess earnings, if any, could be refunded. (Myers, Portuondo)

OPC: The refund should be calculated in accordance with the criteria set forth in section 366.071, Florida Statutes (2001).

PUBLIX: No position at this time.

FIPUG: The refund should be calculated in accordance with Section 366.071, Florida Statutes.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

COST OF SERVICE AND RATE DESIGN

ISSUE 97: Is FPC's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

POSITIONS

FPC: FPC's proposed separation of costs and revenues between the wholesale and retail jurisdiction has been prepared using the appropriate methodology, however, adjustments to the original separation study must be made to correct the jurisdictional allocation of $4,897,000 in power marketing expenses as discussed in the rebuttal testimony of William C. Slusser, Jr. pp. 17-18. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: FPC uses a different methodology for allocating the wholesale rate base and fixed O&M costs than it does for allocating the costs between retail customer classes. For retail it uses a methodology giving greater weight to energy consumption. This increases the cost for high load factor business and industry customers. However, it fails to credit these customers for the lower fuel costs associated with the additional plant investment that has been allocated to them. This is in stark contrast to FPC's treatment of its partial requirement wholesale customers, which explicitly recognizes the symmetrical relationship between plant investment and expenses. That is, customers that are allocated investment in certain types of generation capacity also pay the corresponding operating and fuel costs. FIPUG demands strict proof that retail customers are not being disadvantaged by the disparate cost allocation approaches.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The appropriate separation of costs and revenues between the wholesale and retail jurisdictions is contained in the Jurisdictional Separation Study, filed in MFR Schedule E-1, adjusted to correct the jurisdictional allocation of $4,897,000 in power marketing expenses as discussed in the rebuttal testimony of William C. Slusser, Jr., pp.17-18.

ISSUE 98: **Are FPC's estimated revenues from sales of electricity by rate class at present rates for the projected 2002 test year appropriate?**

POSITIONS

FPC: Yes. FPC's estimated revenues from sales of electricity by rate class at present rates is appropriate based on the original filing but does not reflect the updated sales forecast resulting from the events of September 11,

2001. The Company has agreed with Staff to update the sales of electric by rate class once revenue requirements have been approved. (Crisp, Slusser)

OPC: No. (D. Dismukes)

PUBLIX: No. To the extent the demand and energy calculations utilized in the development of present rates are incorrect due to the use of incorrect load factors, the present revenues are misstated and therefore are inappropriate for the projected 2002 test year.

FIPUG: No. In estimating sales to the IS-1 class and other industrial classes, FPC used a pro forma year in which it presumed sales would not follow historic average growth rates. This understates the revenue from these customer classes. FPC should use normalized sales in the same way that it normalizes weather.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position pending resolution of Issue 1.

ISSUE 99: Is the method used by FPC to develop its estimates by rate class of the 12 monthly coincident peak hour demands and the class non-coincident peak hour demands appropriate?

POSITIONS

FPC: Yes. FPC's development of its estimates by rate class of the 12 monthly coincident peak hour demands and the class non-coincident peak hour demands is appropriate. (Slusser)

OPC: No position at this time.

PUBLIX: No. To the extent that the development by rate class of the 12 monthly coincident peak hour demands and the non-coincident peak hour demands were based on incorrect load factors, they are not appropriate.

FIPUG: Yes. The use of historical relationships to project coincident and non-coincident peak demands is consistent with past practice and is appropriate.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Yes. The estimates of the 12 CP and NCP demands by rate class were arrived at by applying load factors derived from FPC's most recent load research results to the projected MWH sales by rate class for the test year.

ISSUE 100: **What is the appropriate cost of service methodology to be used in designing FPC's rates?**

POSITIONS

FPC: The appropriate cost of service methodology is the one used by FPC in its Cost of Service Study that employs 12 CP & 25% Weighted Average Demand methodology for production capacity costs. (Slusser)

OPC: No position at this time.

PUBLIX: The historically used 12CP and 1/13 Average Demand method is the appropriate methodology to use in designing FPC's rates.

FIPUG: Since projected peak demands are the cost-causative factor in determining the amount of capacity resources required to serve firm load customers, the Summer/Winter Coincident Peak (SWCP) method would be the most appropriate method for FPC based on its load characteristics. However, if factors other than peak demand are to be considered, then the 12CP and 1/13th Average Demand methodology traditionally employed by the Commission is far preferable than FPC's proposed 12CP and 25% Average Demand methodology. The latter should be rejected because it is simply a flawed application of the theory of "capital substitution," which the Commission has rejected in the past.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 101: **How should any change in revenue requirements be allocated among the customer classes?**

POSITIONS

FPC: To the extent practical, excluding Lighting SS-3 and GS-1, each rate class's revenues should be established such that each class is at rate of return parity based on the approved cost of service method. No class should receive a base rate increase if a reduction is approved and no class should receive a base rate decrease if an increase is approved. (Slusser)

OPC: No position at this time.

PUBLIX: The change in revenue requirements should result in rate decreases of $90.255 million to Residential, $15.001 million to General Service Non Demand, $0.063 million to General Service 100% Load Factor, $47.702 million to General Service Demand, $0.957 million to Curtailable, $4.066 million to Interruptible, and $0.761 million to Lighting Energy. The change in revenue requirements should result in rate increases of $1.791 million to Lighting-FM and $2.664 million to Lighting Poles.

FIPUG: All classes should be moved to cost of service and in no event should any class receive a base rate increase if FPC is ordered to reduce base rates overall.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: To the extent practicable, each rate class's revenues should be established such that each class is at rate of return parity based on the approved cost of service method. No class should receive a base rate increase if a reduction in revenue requirement is approved, and no class should receive a base rate decrease if an increase in revenue requirement is approved.

ISSUE 102: **What are the appropriate demand charges?**

POSITIONS

FPC: FPC's proposed demand charges are appropriate. (Slusser)

OPC: No position at this time.

PUBLIX: The General Service Demand rate should reflect cost differentials between high and low load factor customers.

FIPUG: The GSD, CS and IS demand charges should reflect the demand unit costs derived from the 12CP & 1/13th AD method, using the Commission-approved revenue requirement.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The demand charges should be based on the Commission-approved cost of service methodology, and should reflect the demand-related production, transmission and distribution costs allocated to each class. The time-of-use demand charges are addressed in the issue addressing the appropriate time-of-use rate design.

<u>ISSUE 103</u>: What are the appropriate energy charges?

<u>POSITIONS</u>

<u>FPC</u>: Energy charges shall be established to recover the balance of revenue required in each rate schedule after consideration of revenue from customer charges and demand charges where applicable. (Slusser)

<u>OPC</u>: No position at this time.

<u>PUBLIX</u>: The General Service Demand rate should reflect cost differentials between high and low load factor customers.

<u>FIPUG</u>: The GSD, CS and IS energy charges should reflect the energy unit costs derived from the 12CP & 1/13th AD method, using the Commission-approved revenue requirement.

<u>FRF</u>: Adopts OPC's position.

<u>SWCA</u>: Adopts OPC's position.

<u>STAFF</u>: No position at this time.

<u>ISSUE 104</u>: What are the appropriate customer charges?

<u>POSITIONS</u>

<u>FPC</u>: FPC's proposed customer charges are appropriate. (Slusser)

<u>OPC</u>: No position at this time.

<u>PUBLIX</u>: No position at this time.

<u>FIPUG</u>: The GSD, CS and IS customer charges should reflect the customer unit costs derived from the 12CP & 1/13th AD method, using the Commission-approved revenue requirement.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF:

RS-1	$ 8.85
RST-1	
1 phase	$ 16.35
3 phase	$ 22.35
GS-1	
Unmetered	$ 6.60
Secondary Metered	$ 11.70
Primary Metered	$120.00
Transmission Metered	$585.00
GST-1	
Secondary Metered	
1 phase	$ 19.20
3 phase	$ 25.20
Primary Metered	$123.00
Transmission Metered	$590.00
GS-2	
Unmetered	$ 6.60
Metered	$ 11.70
GSD	
Secondary Metered	$ 11.70
Primary Metered	$120.00
Transmission Metered	$585.00
GSDT	
Secondary Metered	$ 19.20
Primary Metered	$123.00
Transmission Metered	$590.00
CS and CST	
Secondary Metered	$ 76.70
Primary Metered	$181.00
Transmission Metered	$623.00

IS and IST	
Secondary Metered	$281.70
Primary Metered	$395.00
Transmission Metered	$836.00
LS	
Unmetered	$ 1.20
Metered	$ 3.45

SS-1 - CS Customer Charge + $25.00
SS-2 - CS Customer Charge + $25.00
SS-3 - IS Customer Charge + $25.00

ISSUE 105: **What are the appropriate service charges?**

POSITIONS

FPC: FPC's proposed service charges are appropriate. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position pending receipt of discovery.

ISSUE 106: **What are the appropriate Lighting Service (LS-1) rate schedule charges?**

POSITIONS

FPC: FPC's proposed fixture, maintenance, and pole charges are appropriate. (Myers, Slusser

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The Lighting Service energy charges should be set to recover the total non-fuel energy and demand-related costs allocated to the class in the Commission-approved cost of service study. Customer-related costs should be recovered through the customer charge. The maintenance charges should be set to recover the total maintenance and associated A&G costs allocated to the class in the cost of service study. The fixture and pole charges should be set to recover the remaining revenue requirement for the Lighting Service class.

ISSUE 107: **How should FPC's time-of-use rates be designed?**

POSITIONS

FPC: The rates should reflect the same rate design methodology as employed in establishing the Company's present time-of-use rates. (Slusser)

OPC: No position at this time.

PUBLIX: FPC's time of use rates should reflect load factor differentials.

FIPUG: Time of use rates should be designed to send the appropriate price signal to consumers so that they can adjust consumption.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The off-peak and on-peak energy charges for all TOU rates should be developed based on the methodology shown in response to Staff POD No. 49 and Staff Interrogatory No. 262. That methodology sets the off-peak energy charge equal to the system energy unit cost and the portion of production capacity costs that is allocated on an energy basis. The on-peak energy charge is then determined by a break-even calculation to achieve the standard rate non-fuel energy revenue, using the class's proportion of on-peak and off-peak energy use.

For demand classes (GSDT), the maximum demand charge and the on-peak demand charge should be designed as described in response to Staff Interrogatories Nos. 260 and 261. The maximum demand charge should be set to recover the cost of distribution secondary facilities. These costs are related to the maximum demand a customer places on the system, whether that demand occurs on-peak or off-peak. The GSDT On-Peak Demand charge should then be designed so that the sum of the maximum demand charge and the On-Peak Demand Charge is equal to the Demand Charge of the GSD-1 rate.

ISSUE 108: **Should FPC be required to provide realtime pricing to customers? If so, by when should it be required to make such offering available?**

POSITIONS

FPC: No. The Commission should not require Florida Power to provide real-time pricing to customers. (Slusser)

OPC: No position at this time.

PUBLIX: Yes. FPC should be required to provide real-time pricing as soon as an equitable rate structure can be designed.

FIPUG: Yes. FPC should make this offering available as soon as possible.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 109: **Stipulated.**

ISSUE 110: **Stipulated.**

ISSUE 111: **What is the appropriate method for designing the interruptible and curtailable rate schedules?**

POSITIONS

FPC: The appropriate method for designing FPC's interruptible and curtailable rates is as proposed. The development of costs for these classes of customers is based on their usage characteristics as if their requirements are firm. The value for their load being interruptible or curtailable is recognized separately by payment of credits as a demand side management (DSM) program. In this regard, the costing and rate treatment afforded curtailable and interruptible general service is the same treatment afforded residential and general service customers receiving non-firm service under the Company's load management rate schedules. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: The present structure of the interruptible and curtailable rate schedules should be maintained. IS-1 should not be consolidated with IS-2. Further, FPC's approach uses a customer's billing load factor as a proxy for the customer's coincidence factor should be rejected. This assumes there is a linear relationship between load factor and coincidence factor but FPC has provided no evidence of such a relationship. In the alternative, FPC should directly measure the amount of load available for interruption by using the average of the customer's maximum demand on the day of, the day before, and the day after an interruption. In lieu of a direct measurement, the credit should apply to billing demand, as is currently the practice.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Agree with FPC.

ISSUE 112: **What are the appropriate billing demand credits for the curtail able and interruptible rate schedules?**

POSITIONS

FPC: The appropriate billing demand credits for the curtailable and interruptible rate schedules are $2.31 per kW of load factor adjusted demand and $3.08 per kW of load factor adjusted demand. Refer to exhibit WCS-5 in the rebuttal testimony of William C. Slusser. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: The current billing demand credits should remain in effect.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 113: **Should the optional buy through provision be revised to allow nonfirm customers to acquire alternative sources of power using brokers other than FPC?**

POSITIONS

FPC: No. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: Yes; customers who must buy through due to a lack of FPC capacity should not be limited to just the monopoly supplier but should be able to utilize alternative sources.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 114: **What are the appropriate delivery voltage credits?**

POSITIONS

FPC: The appropriate delivery voltage credits are $0.38 per kW of billing demand for distribution primary delivery voltage and $0.89 per kW of billing demand for transmission delivery voltage. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Agree with FPC.

ISSUE 115: **Stipulated.**

ISSUE 116: **Stipulated.**

ISSUE 117: **What is the appropriate monthly fixed charge carrying rate to be applied to the installed cost of LS-1 additional lighting fixtures for which there is no tariffed monthly charge?**

POSITIONS

FPC: The appropriate monthly fixed charge carrying rate is 1.46% of installed cost. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The monthly fixed charge carrying rate should be calculated based on the methodology shown in Section E of the MFRs, Schedule E-17 Supplement, Schedule C, Page 1 and should be set at 1.40% of the installed costs. 1.40% represents a cost-based rate developed from the cost of service study.

ISSUE 118: **What is the appropriate monthly fixed charge carrying rate to be applied to the installed cost of additional customer-requested distribution equipment (including pole offering under rate schedule LS-1) for which there are no tariffed charges?**

POSITIONS

FPC: The appropriate monthly fixed charge carrying rate is 1.67% across installed cost. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The monthly fixed charge carrying rate should be calculated based on the methodology shown in Section E of the MFRs, Schedule E-17 Supplement, Schedule C, Page 1. The rate to be applied to the installed cost of additional customer-requested distribution equipment should be 1.54% and the rate to be applied to pole offerings should be 1.67%.

ISSUE 119: **Stipulated.**

ISSUE 120: **Is FPC's proposal to add a 500 kW minimum billing demand provision to its IS-2, IST-2, CS-2 and CST-2 rate schedules appropriate?**

POSITIONS

FPC: Yes. Florida Power's proposal to add a 500 kW minimum billing demand provision is appropriate. This synchronizes the minimum billing demand with the minimum kW required to qualify for this rate schedule, thereby eliminating the potential for customer manipulation to qualify for this rate schedule. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No; FPC's approach uses a customer's billing load factor as a proxy for the customer's coincidence factor. This assumes there is a linear relationship between load factor and coincidence factor but FPC has provided no evidence of such a relationship.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 120A: **Should FPC's proposal to require IS-2, IST-2, CS-2, and CST-2 customers to have a minimum billing demand of 500 kW in order to take service under the rates be approved?**

POSITIONS

FPC: Yes. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No. FPC's proposed load factor adjustment should be rejected because load factor is not a reasonable proxy for measuring the amount of load available for interruption.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 120B: **Is FPC's proposal to close the IS-1, IST-1, CS-1, and CST-1 rate schedules and to transfer all customers currently taking service under these rate schedules to the applicable IS-2, IST-2, CS-2, or CST-2 rate schedules appropriate?**

POSITIONS

FPC: Yes. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No. This proposal would dramatically and adversely change the economics of interruptible service for existing IS-1/IST-1 customers and it should be rejected. At a time when significant additional capacity is needed to maintain reliable service in the state, it is totally inappropriate to diminish the value of the interruptible resource. IS-1 and IST-1 should be retained at the existing level of demand credits since existing credits are less than the avoided generation capacity costs attributable to interruptible service.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 121: **FPC proposes to reduce the notice requirement from 60 months to 36 months for standby customers under rate schedules SS-1, SS-2 and SS-3 who wish to transfer to firm full requirements service. Is this appropriate?**

POSITIONS

FPC: Yes. FPC's proposal to reduce the notice requirement from 60 months to 36 months for customers who wish to transfer to firm full requirements service is appropriate. This change is consistent with advances in technology that has reduced the time to install new generation down to 3 years. (Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No. The notice requirement should be reduced to 24 months.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: Yes.

GRIDFLORIDA ISSUES

ISSUE 122: **Does the Commission have jurisdiction to authorize the recovery of GridFlorida costs from retail ratepayers?**

POSITIONS

FPC: Yes. The Commission has already determined correctly that it has such jurisdiction in Order No. PSC-01-2489-FOF-EI. (Rogers)

OPC: No. GridFlorida costs are interstate, wholesale costs attributable to actions by FERC. The Commission does not have jurisdiction to require intrastate, retail customers pay for interstate, wholesale costs.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The issue should be reworded to read: Does the Commission have jurisdiction to authorize the recovery of GridFlorida costs from retail ratepayers? Staff's position is: Yes.

ISSUE 123: **What are the amounts and components of rate base associated with transmission assets of 69kV and above?**

POSITIONS

FPC: The amounts and components of rate base associated with transmission assets of 69kV and above adjusted for agreed upon corrections, are as follows (Fully adjusted retail):

Gross Electric Plant In Service	$688,882,000
Total Depreciation Reserve	(315,216,000)
Total Rate Base Adjustments	33,939,000
Total Rate Base	$407,605,000

(Rogers, Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 124: **What are the amounts and components of capital structure associated with transmission assets of 69kV and above?**

POSITIONS

FPC: The amount of and components of capital structure associated with the transmission assets of 69kv and above would be a pro rata share of total retail capital structure to support the amount of the rate base assigned to transmission assets in Issue 123. Florida Power does not directly assign any components of capital structure to specific assets. (Myers, Rogers, Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 125: **What are the amounts of revenues and expenses associated with transmission assets of 69kV and above?**

POSITIONS

FPC: The amounts and components of rate base associated with transmission assets of 69kV and above, adjusted for agreed upon corrections, are as follows:

(Fully adjusted retail):	
Total O&M Expense	$ 33,230,000
Total Depreciation & Amort. Expense	22,296,000
Total Other Tax & Misc. Expense	8,630,000
Misc. Allowable Expenses	(93,000)
Total Revenue Credits	(1,810,000)
Total Income Taxes	17,592,000
Return on Rate Base	39,982,000
Total Electric Cost of Service	$119,827,000

(Myers, Rogers, Slusser)

OPC: No position at this time.

PUBLIX: No position at this time.

FIPUG: No position at this time.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

<u>ISSUE 126</u>: **How should costs incurred prior to May 31, 2001, associated with FPC's participation in GridFlorida be recovered?**

<u>POSITIONS</u>

<u>FPC</u>: Costs incurred prior to May 31, 2001 should be recovered through base rates. (Myers)

<u>OPC</u>: These costs can and should only be recovered through interstate wholesale rates, since these costs belong to the interstate wholesale jurisdiction.

<u>PUBLIX</u>: No position at this time.

<u>FIPUG</u>: GridFlorida costs incurred prior to May 31, 2001 should be recovered through base rates.

<u>FRF</u>: Adopts OPC's position.

<u>SWCA</u>: Adopts OPC's position.

<u>STAFF</u>: FPC should be allowed to book its portion of the GridFlorida costs incurred prior to May 31, 2001 (i.e., start-up costs) as a one-time adjustment to fuel and purchased power costs. These costs should then be recovered through the fuel adjustment costs recovery clause. (Bass)

<u>ISSUE 127</u>: **How should costs incurred after May 31, 2001, associated with FPC's participation in GridFlorida be recovered?**

<u>POSITIONS</u>

<u>FPC</u>: Costs incurred after May 31, 2001, should be recovered through the Capacity Cost Recovery Clause or a cost recovery clause specific to recovery of GridFlorida transmission costs. (Myers)

OPC: These costs can and should only be recovered through interstate wholesale rates, since these costs belong to the interstate wholesale jurisdiction.

PUBLIX: No position at this time.

FIPUG: It is premature to determine how GridFlorida costs incurred after May 31, 2001 should be recovered.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: The appropriate recovery methodology of the costs associated with FPC's participation in GridFlorida and that are incurred after May 31, 2001 should be determined in a generic docket. This docket should specifically address the Independent System Operator (ISO) proposal to be submitted by the GridFlorida Companies, and the methodology should be based on utility-specific estimates of costs and benefits. (Bass)

ISSUE 128: **Dropped.**

OTHER ISSUES

ISSUE 129: **How, if at all, should the Commission treat the costs associated with the projected 11/30/03 completion of the Hines 2 power plant?**

POSITIONS

FPC: These costs are known and measurable at this time. Accordingly, the Commission should order that revenue requirements be increased to cover such costs when they are incurred. (Myers, E. Michael Williams)

OPC: The company projects that Hines 2 will be placed in service far beyond the end of the test year. These speculative costs, if allowed in this case, would result in a serious mismatch of investment, revenues and expenses. The Commission should not allow these costs to be considered in this case. (DeRonne).

PUBLIX: No position at this time.

FIPUG: The Commission should not consider the costs associated with the Hines 2 power plant as they are outside of the test year period. Though when this plant comes on line, FPC's expenses may increase, other factors such as FPC's number of customers and earnings may increase as well. FPC has provided no information as to these other factors, so the Commission has no evidence upon which to support any increase in rates related to Hines 2.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 130: **Should FPC's proposed earnings sharing plan be approved?**

POSITIONS

FPC: Yes. It will provide FPC with an effective incentive to achieve hard-to-reach efficiencies that will benefit customers and shareholders alike. (Myers, Cicchetti)

OPC: No. An incentive plan is not appropriate for FPC. Such a plan would give FPC an incentive to skimp on the increased expenses it projects for the test year to improve reliability and provide better service. The Commission should not consider an incentive plan until FPC provides better service to its customers.

PUBLIX: No. Excess earnings above a return on equity of 10.66% should be shared equally between FPC and its customers, with FPC's portion of the excess earnings used to accelerate amortization of merger-related Transition Expenses and Transaction Costs.

FIPUG: No; the Commission should adopt a revenue sharing plan as set out in the testimony of FIPUG witness, Mr. Gorman.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 131: Are the Progress Energy Service Company cost allocations and allocation methodology appropriate?

POSITIONS

FPC: Yes. The current allocations are appropriate and the current methodology is appropriate and has been approved by the SEC. It would be premature and inappropriate to impose a different methodology at this time. (Bazemore)

OPC: The Commission should adopt the allocation methodology proposed by Witness Kim Dismukes which incorporates the allocation formula FPC proposed to the SEC. Further, the Commission should disallow the aircraft expenses allocated to FPC. See exhibit KHD-1, schedule 12. (K. Dismukes)

PUBLIX: No position at this time.

FIPUG: No. The Commission should ensure that any costs allocated to ratepayers from an affiliate company are no more than FPC would have incurred had it entered into an arms length transaction as the result of competitive bidding.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

<u>ISSUE 132</u>: **Dropped.**

<u>ISSUE 133</u>: **Dropped.**

<u>ISSUE 134</u>: **Does FPC's proposed regulatory treatment of the stock premium paid by Carolina Power & Light to the shareholders of Florida Progress Corporation violate the provisions of section 366.06(1), Florida Statutes?**

<u>POSITIONS</u>

<u>FPC</u>: No. That section applies to the inclusion of goodwill in rate base. Goodwill is the difference between the price paid and the book value of the company acquired, amounting to $3.4 billion in this instance. FPC is not seeking to recover goodwill, or to include it rate base. (Myers, Cicchetti)

<u>OPC</u>: Yes. Section 366.06 (1), Florida Statutes, requires the Commission to determine the actual legitimate costs of the property of Florida Power Corporation, actually used and useful in the public service. By the terms of the statute, net investment cannot include any goodwill or going-concern value or franchise value in excess of payment made therefore. The stock premium Florida Power seeks to recover from its utility customers is a significant portion of the goodwill purchased by Carolina Power and Light. Florida Power's attempt to convert the portion of the goodwill attributable to the stock premium from a rate base item to an expense does not cure the statutory violation. The Commission must not and cannot allow the company to recover this amount from utility customers.

<u>PUBLIX</u>: The proposed treatment of the stock premium paid by Carolina Power & Light to Florida Power Corporation violates Section 366.06(1), Florida Statutes and the Commission should not allow Florida Power Corporation to recover this amount from its utility customers.

__FIPUG__: Yes.

__FRF__: Adopts OPC's position.

__SWCA__: Adopts OPC's position.

__STAFF__: No position at this time.

__ISSUE 135__: **What is the impact of the acquisition of FPC by Carolina Power and Light (Progress Energy) upon retail rates?**

__POSITIONS__

__FPC__: Based on the regulatory plan proposed by FPC, the acquisition of FPC by Carolina Power & Light will result in a $ 5 million rate credit for the next 15 years and the opportunity for even greater customer benefits during that time and thereafter. (Myers, Cicchetti)

__OPC__: The acquisition is responsible for FPC including an acquisition adjustment of $58,000,000 per year for 15 years as an expense in its income statement, leading to rates higher than necessary to pay for the plant actually used and useful in providing service to its customers.

__PUBLIX__: Adopts FIPUG's position.

__FIPUG__: If the proposal set forth by FPC is approved, the merger will result in a substantial increase in customer rates with no demonstrated benefit from the merger. Therefore, the Commission should adjust FPC's rate request as detailed in Intervenors' testimony.

__FRF__: Adopts OPC's position.

__SWCA__: Adopts OPC's position.

__STAFF__: No position at this time.

ISSUE 136: **What is FPC's acquisition premium and should any of this amount be borne by ratepayers?**

POSITIONS

FPC: The acquisition premium is $285,681 million and should be netted against the merger synergy savings that the premium was expended to achieve. This results in a net benefit to the customers. (Myers, Cicchetti)

OPC: The company allocated $285.681 million of the premium to Florida Power Corporation. None of this should be charged to customers. The merger between Florida Progress and Carolina Power & Light is not an extraordinary merger. Ratepayers should not be made to fund a premium that one group of stockholders pays another group of stockholders. (K. Dismukes, DeRonne)

PUBLIX: Under applicable caselaw and PSC precedent, the Commission may find that none of FPC's acquisition premium may be legally recoverable from FPC's ratepayers. Should the Commission determine that some or all such acquisition premium is recoverable, then the portion of the Transaction Costs allocated to FPC's retail customers should be $188.776 million, based on relative estimated merger-related savings. These Transaction Costs should be allocated over a 40 year period at a net of tax interest rate of 4.607%. The amortization of these expenses should end with the onset of retail competition in Florida.

FIPUG: The amount of the acquisition premium is $25.31 million after taxes and $41.205 million pretax for an annual cost to ratepayers of $43.626 million annually. Retail ratepayers should not bear any of this cost.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 137: **What are the transition costs associated with the merger, and should those amounts be borne by ratepayers?**

POSITIONS

FPC: The transition costs identified by FPC should be, netted against the merger synergy savings experienced as a result of the merger. This results in a net benefit to the ratepayers. (Myers, Cicchetti)

OPC: The amount of the transition costs is $69.7 million. This Commission has rightly not allowed recovery of transition costs associated with mergers. Most of these costs are associated with change in control payments to executives prior to the test year. Ratepayers should not be made to pay large sums provided to former executives. (K. Dismukes, DeRonne)

PUBLIX: FPC proposes to amortize $69.676 million in Transition Expenses. The Transition Expenses associated with executive payouts do not seem reasonable to be borne by ratepayers. Any Transition Expenses associated with the merger and deemed prudent by the Commission should be amortized over a 20 year period with no return. The amortization of these expenses should end with the onset of retail competition in Florida.

FIPUG: The transition costs associated with the merger are $4.387 million annually. Retail ratepayers should not bear any of this cost.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

ISSUE 138: **Dropped.**

ISSUE 139: **Should the Commission approve FPC's proposal for treatment of the costs and benefits of the merger?**

POSITIONS

FPC: Yes. The Company has demonstrated that customers can anticipate extraordinary benefits from the merger and that the cost to achieve those benefits must be recognized. (Myers, Cicchetti).

OPC: No.

PUBLIX: The Commission should not approve FPC's proposal to recover the costs and benefits of the merger. The Transition Expenses associated with the merger should be amortized over a 20 year period. The Transaction Costs associated with the merger should be amortized over a 40 year period with a rate of return of 7.5%. The amortization of these costs may be accelerated with 50% of the excess earnings above a return on equity of 10.66%. The amortization of these costs should end with the beginning of retail competition in Florida.

FIPUG: No. FPC has failed to demonstrate that the merger will provide ratepayers with benefits that outweigh the costs of the transaction. And if fact, FPC's O&M expenses appear to have increased, not decreased since the merger.

FRF: Adopts OPC's position.

SWCA: Adopts OPC's position.

STAFF: No position at this time.

PROPOSED PREHEARING STIPULATED ISSUES

ISSUE 140: **Stipulated.**

IX. EXHIBIT LIST

Witness	Proffered By	I.D. No.	Description
Direct			
Martha W. Barnwell	FPC	MWB-1	Customer Service strategy and expenses
Robert H. Bazemore, Jr.	FPC	RHB-1	SEC order, Nov. 27, 2000 approving service company organization
Robert H. Bazemore, Jr.	FPC	RHB-2	Service Company Organizational Chart
Robert H. Bazemore, Jr.	FPC	RHB-3	Cost Allocation Manual
Robert H. Bazemore, Jr.	FPC	RHB-4	Progress Energy Assessment of Service Company Affiliate Transactions Baryenburch & Co.
Charles J. Cicchetti	FPC	CJC-1	Curriculum Vitae of Charles J. Cicchetti
Charles J. Cicchetti	FPC	CJC-2	Examples of regulatory plans following mergers
Charles J. Cicchetti	FPC	CJC-3	Summary of Earnings Sharing Mechanisms in Approved PBR Plans

Witness	Proffered By	I.D. No.	Description
Charles J. Cicchetti	FPC	CJC-4	Merger Benefit Analysis (revised - filed Nov. 15, 2001)
Charles J. Cicchetti	FPC	CJC-5	Savings predicted by the merger using the ratio method (revised - filed Nov. 15, 2001)
Charles J. Cicchetti	FPC	CJC-6	Table reflecting regression models success level in projecting synergy savings
Charles J. Cicchetti	FPC	CJC-7	Announced mergers
Charles J. Cicchetti	FPC	CJC-8	Variables used to evaluate mergers
Charles J. Cicchetti	FPC	CJC-9	Day-ahead regression analyses and percent over pre-merger per share values for the one-day models
Charles J. Cicchetti	FPC	CJC-10	Four regressions used to evaluate amount paid over pre-merger share values with an explanation of the variables

Witness	Proffered By	I.D. No.	Description
Charles J. Cicchetti	FPC	CJC-11	Four charts showing statistical plots of the actual premium offered or paid for merger targets used to estimate the four regression models along with corresponding predictions from equations 1-4, as shown in CJC-10 for the one-day ahead model
John B. Crisp	FPC	JBC-1	Florida Power Corporation's Customer, Energy Sales and Seasonal Demand June 2001 Forecast
John B. Crisp	FPC	JBC-2	FPC Short Term Forecast Performance
John B. Crisp	FPC	JBC-3	FPC Energy and Customer Forecasting Models
John B. Crisp	FPC	JBC-4	FPC Historical Forecast Accuracy
John B. Crisp	FPC	JBC-5	Comparison of Lowered Economic Expectations
John B. Crisp	FPC	JBC-6	Revised projections based on the events of September 11, 2001.

Witness	Proffered By	I.D. No.	Description
John B. Crisp	FPC	JBC-7	Updated Load Forecast following the events of September 11, 2001
H. William Habermeyer, Jr.	FPC	HWH-1	Curriculum Vitae of H. William Habermeyer, Jr.
Mark A. Myers	FPC	MAM-1	Calculation of net synergies arising from the merger
Mark A. Myers	FPC	MAM-2	Capital Structure of Florida IOUs on an average FPSC adjusted basis as of June 2001
Mark A. Myers	FPC	MAM-3	Listing of MFRs sponsored in whole or in part by Mark A. Myers
Mark A. Myers	FPC	MAM-4	Changes in the actuarial studies forecasting pension plan costs for 2002
Mark A. Myers	FPC	MAM-5	Pro forma adjustments to our MFRs
Mark A. Myers	FPC	MAM-6	Key elements of the capital budget process
Mark A. Myers	FPC	MAM-7	Expenses related to Hines 2
Mark A. Myers, Robert H. Bazemore, Jr.	FPC	MAM-10	Updated Adjustments

Witness	Proffered By	I.D. No.	Description
Sarah S. Rogers	FPC	SSR-1	Transmission reliability initiatives and budget
Robert A. Sipes	FPC	RAS-1	Distribution Reliability Initiatives and Budget
William C. Slusser, Jr.	FPC	WCS-1	List of MFRs sponsored in whole or in part by William C. Slusser, Jr.
William C. Slusser, Jr.	FPC	WCS-2	Florida Power Corporation's Allocated Class Cost of Service Comparison of Production Capacity Cost Allocation Methods for the 2002 Test Year
William C. Slusser, Jr.	FPC	WCS-3	Summary of Development of Functional Unit Costs with Proposed Revenue Credits Projected Calendar year 2002 Data: Fully adjusted production capacity allocation method: 12 CP & 25% AD (IS & CS treated as firm)

Witness	Proffered By	I.D. No.	Description
William C. Slusser, Jr.	FPC	WCS-4	Test Period: Projected Calendar Year 2002; Summary of Proposed Rates and Class Rates of Return
William C. Slusser, Jr.	FPC	WCS-7	Updated Cost of Service Study
Jan A. Umbaugh	FPC	JAU-1	D&T's report on an examination of the financial forecast and the Company's related forecasted financial statements, including footnotes
Jan A. Umbaugh	FPC	JAU-2	Summary of D&T's examination procedures
Jan A. Umbaugh	FPC	JAU-3	Summary of the Company's compliance with the AICPA Guide for Prospective Financial Information.
James H. Vander Weide	FPC	Schedule 1	Schedule 1 - Summary of Discounted Cash Flow Analysis for the Value Line Electric Energy Companies

Witness	Proffered By	I.D. No.	Description
James H. Vander Weide	FPC	Schedule 2	Schedule 2 - Companies not included in Electric Company Discounted Cash Flow Analysis
James H. Vander Weide	FPC	Schedule 3	Summary of Discounted Cash Flow Analysis of the Value Line Natural Gas Distribution Companies
James H. Vander Weide	FPC	Schedule 4	Comparison of DCF Expected Return on Equity Investment in Natural Gas Distribution Companies to the Interest Rate on 20-Year Treasury Bonds
James H. Vander Weide	FPC	Schedule 5	Comparative Returns on S&P 500 Stock Index and Moody's A-Rated Bonds 1937-2001
James H. Vander Weide	FPC	Schedule 6	Comparative Returns on S&P Utility Stocks and Moody's A-Rated Bonds 1937-2001
James H. Vander Weide	FPC	Appendix 1	Derivation of the Quarterly DCF Model

Witness	Proffered By	I.D. No.	Description
James H. Vander Weide	FPC	Appendix 2	Adjusting for Flotation Costs in Determining a Public Utility's Allowed Rate of Return on Equity
James H. Vander Weide	FPC	Appendix 3	Risk Premium Approach
Dale D. Williams	FPC	DDW-1	Coal Price Projections
Dale D. Williams	FPC	DDW-2	List of MFRs sponsored in whole or in part by Dale D. Williams
Dale D. Williams	FPC	DDW-3	Fuel Inventory Target Levels
Dale D. Williams	FPC	DDW-4	Comparison of Fully Adjusted Fuel Inventory Versus FPSC Guidelines and Resultant Impact on Revenue Requirement
E. Michael Williams	FPC	EMW-1	Graphs: Power Plant Performance - Equivalent Availability and Starting Reliability

Witness	Proffered By	I.D. No.	Description
E. Michael Williams	FPC	EMW-2	Plant Maintenance Optimization Assessment Guidelines, EPRI, Palo Alto, CA, and CSI Services, Eddystone, PA: 2000.1000321
E. Michael Williams	FPC	EMW-3	Graph: O&M Cost Performance of Power Plants
Mark A. Myers	FPC	MFR A-2	Summary of Rate Case
Mark A. Myers	FPC	MFR A-4a	Full Revenue Requirements Bill Comparison - Typical Monthly Bill
Mark A. Myers	FPC	MFR A-5	Summary of TARIFFs
Mark A. Myers	FPC	MFR A-7	Statistical Information
Mark A. Myers	FPC	MFR A-8	Five Year Analysis-Change in Cost
Mark A. Myers	FPC	MFR A-9	Summary of Jurisdictional Rate Base
Mark A. Myers	FPC	MFR A-10	Summary of Jurisdictional Net Operation Income
Mark A. Myers	FPC	MFR A-12a	Summary of Jurisdictional Capital Structure

Witness	Proffered By	I.D. No.	Description
Mark A. Myers	FPC	MFR A-12b	Summary of Jurisdictional Capital Cost Rate
Mark A. Myers	FPC	MFR A-12c	Summary of Financial Integrity
Mark A. Myers	FPC	MFR A-13	Affiliated Company Relationships
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR B-1	Balance Sheet - Jurisdictional
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR B-2a	Balance Sheet - Jurisdictional Assets Calculation
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR B-2b	Balance Sheet - Jurisdictional Liabilities Calculation
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR B-3	Adjusted Rate Base
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR B-4	Rate Base Adjustments
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR B-7	Jurisdictional Separation Factors - Rate Base
Mark A. Myers	FPC	MFR B-8a	Plant Balances by Account and Sub-Account
Mark A. Myers	FPC	MFR B-8b	Depreciation Reserve Balances by Account and Sub-Account
Mark A. Myers	FPC	MFR B-10	Capital Additions and Retirements

Witness	Proffered By	I.D. No.	Description
Mark A. Myers	FPC	MFR B-12a	Property Held for Future Use - 13 month average
Mark A. Myers	FPC	MFR B-12d	Property held for future use - cold standby units
Mark A. Myers	FPC	MFR B-13a	Construction Work in Progress - 13 month average
Mark A. Myers	FPC	MFR B-13b	Construction Work in Progress - Other details
Mark A. Myers	FPC	MFR B-13c	Construction Work in Progress - AFUDC
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR B-14	Working Capital - 13 month average
Mark A. Myers, Dale D. Williams	FPC	MFR B-16	Nuclear Fuel Balances
Mark A. Myers, Dale D. Williams	FPC	MFR B-17a	System Fuel Inventory
Mark A. Myers, Dale D. Williams	FPC	MFR B-17b	Fuel Inventory by Plant
E. Michael Williams, Dale E. Young	FPC	MFR B-18	Capacity Factors
Mark A. Myers	FPC	MFR B-20	Plant Materials and Operation Supplies
Mark A. Myers	FPC	MFR B-21	Other Deferred Credits
Mark A. Myers	FPC	MFR B-22	Miscellaneous Deferred Debts

Witness	Proffered By	I.D. No.	Description
Mark A. Myers	FPC	MFR B-24a	Total Accumulated Deferred Income Taxes
Mark A. Myers	FPC	MFR B-26	Accounting Policy Changes Affecting Rate Base
Mark A. Myers	FPC	MFR B-27	Detail of Changes in Rate Base
Mark A. Myers	FPC	MFR B-28a	Leasing Arrangements
Mark A. Myers	FPC	MFR B-28b	Leasing Arrangements (ERTA 1981)
Mark A. Myers	FPC	MFR B-29	10 Year Historical Balance Sheet
Mark A. Myers, E Michael Williams, Dale E. Young	FPC	MFR B-30	Net Production Plant Additions
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-1	Jurisdictional Net Operating Income
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-2	Adjusted Jurisdiction Net Operating Income
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-3a	Net Operating Income and Adjustments
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-3b	Commission Net Operating Income Adjustments
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-3c	Company Net Operating Income Adjustments

Witness	Proffered By	I.D. No.	Description
Mark A. Myers	FPC	MFR C-6	Out of Period Adjustment to Revenues & Expenses
Mark A. Myers	FPC	MFR C-7	Extraordinary Revenues and Expenses
Mark A. Myers, Dale E. Young, E. Michael Williams, Martha W. Barnwell, Sarah S. Rogers, Robert A. Sipes	FPC	MFR C-8	Report of Operation Compared to Forecast-Revenues and expenses
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-9	Jurisdictional Separation Factors - Net Operating Income
Mark A. Myers	FPC	MFR C-11	Unbilled Revenues
Mark A. Myers	FPC	MFR C-12	Budgeted versus Actual Operating Revenues and Expenses
Mark A. Myers, Dale E. Young, E. Michael Williams, Dale D. Williams	FPC	MFR C-13	Annual Fuel Revenues and Expenses
Mark A. Myers, Dale E. Young, E. Michael Williams, Dale D. Williams	FPC	MFR C-14	Monthly Fuel Expenses
Mark A. Myers	FPC	MFR C-11	Unbilled Revenues
Mark A. Myers	FPC	MFR C-12	Budgeted versus Actual Operating Revenues and Expenses
Mark A. Myers, Dale E. Young, E. Michael Williams, Dale D. Williams	FPC	MFR C-13	Annual Fuel Revenues and Expenses

Witness	Proffered By	I.D. No.	Description
Mark A. Myers, Dale E. Young, E. Michael Williams, Dale D. Williams	FPC	MFR C-14	Monthly Fuel Expenses
Mark A. Myers	FPC	MFR C-15	Fuel Revenues and Expenses Reconciliation
Mark A. Myers, E. Michael Williams, Dale E. Young, Robert H. Bazemore, Martha W. Barnwell, Sarah S. Rogers, Robert A. Sipes	FPC	MFR C-19	Operation and Maintenance Expenses - Test Year
Mark A. Myers, E. Michael Williams, Dale E. Young, Robert H. Bazemore, Martha W. Barnwell, Sarah S. Rogers, Robert A. Sipes	FPC	MFR C-20	Operation and Maintenance Expenses - Prior Year
Mark A. Myers, E. Michael Williams, Dale E. Young, Robert H. Bazemore, Martha W. Barnwell, Sarah S. Rogers, Robert A. Sipes	FPC	MFR C-21	Detail of Change Expenses
Mark A. Myers	FPC	MFR C-22	Maintenance on Customer Facilities, Installations, & Leased Property on Customer Premises
Mark A. Myers	FPC	MFR C-23	Detail of Rate case Expenses for Outside Consultants
Mark A. Myers	FPC	MFR C-24	Total Rate Cast Expenses and Comparisons
Mark A. Myers	FPC	MFR C-25	Uncollectible Accounts

Witness	Proffered By	I.D. No.	Description
Mark A. Myers, , William C. Slusser, Jr.	FPC	MFR C-26	Advertising Expenses
Mark A. Myers, E. Michael Williams, Dale E. Young, Robert H. Bazemore, Martha W. Barnwell, Sarah S. Rogers, Robert A. Sipes	FPC	MFR C-27	Industry Association Dues
Mark A. Myers, Dale E. Young, Robert H. Bazemore, Dale E. Young, Martha W. Barnwell	FPC	MFR C-28	Accumulated Provision Accounts - 228.1, 228.2 & 228.4
Mark A. Myers	FPC	MFR C-29	Lobbying and other political expenses
Mark A. Myers	FPC	MFR C-30	Civic and Charitable Contributions
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-31	Administrative Expenses
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-32	Miscellaneous General Expenses
Mark A. Myers, Robert H. Bazemore	FPC	MFR C-33	Payroll and Fringe Benefit Increases compared to CPI
Mark A. Myers	FPC	MFR C-34	Depreciation expense computed on Plant Balances Test Year - 12 months
Mark A. Myers	FPC	MFR C-35	Amortization/ Recovery Schedule 12 months
Mark A. Myers	FPC	MFR C-36	Current Depreciation Rates
Mark A. Myers, William C.	FPC	MFR C-38a	Taxes other than

Witness	Proffered By	I.D. No.	Description
Slusser, Jr.			Income Taxes
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-38b	Revenue Taxes
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-39	State Deferred Income Taxes
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-40	Federal Deferred Income Taxes
Mark A. Myers	FPC	MFR C-41	Deferred Tax Adjustment
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-42	State and Federal Income Taxes
Mark A. Myers	FPC	MFR C-43	Reconciliation of Tax Expense
Mark A. Myers	FPC	MFR C-44	Interest in Tax Expense Calculation
Mark A. Myers	FPC	MFR C-45	Consolidated Return
Mark A. Myers	FPC	MFR C-46	Income Tax Returns
Mark A. Myers	FPC	MFR C-47	Parent(s) Debt Information
Mark A. Myers	FPC	MFR C-48	Reconciliation of Total Income Tax Provision
Mark A. Myers	FPC	MFR C-49	Miscellaneous Tax Information
Mark A. Myers	FPC	MFR C-50	Reacquired Bonds
Mark A. Myers	FPC	MFR C-51	Gains and Losses on Disposition of Plant & Property
Mark A. Myers, E. Michael Williams, Dale E. Young, Robert A. Sipes, Sarah S.	FPC	MFR C-52	Non-Fuel Operation and Maintenance Expense Compared to

Witness	Proffered By	I.D. No.	Description
Rogers, Martha W. Barnwell, Robert H . Bazemore			CPI
Mark A. Myers, E. Michael Williams, Dale E. Young, Robert A. Sipes, Sarah S. Rogers, Martha W. Barnwell, Robert H . Bazemore	FPC	MFR C-53	O&M Benchmark Comparison by Function
Mark A. Myers, William C. Slusser, Jr.	FPC	MFR C-54	O&M Adjustments by Function
Mark A. Myers	FPC	MFR C-55	Benchmark Year Recoverable O&M Expenses by Function
Mark A. Myers	FPC	MFR C-56	O&M Compound Multiplier Calculation
Mark A. Myers, E. Michael Williams, Dale E. Young, Robert A. Sipes, Sarah S. Rogers, Martha W. Barnwell, Robert H . Bazemore	FPC	MFR C-57	O&M Benchmark Variance by Function
Mark A. Myers	FPC	MFR C-58	Revenue Expansion Factor
Mark A. Myers	FPC	MFR C-59	Attrition Allowance
Mark A. Myers	FPC	MFR C-60	Transactions with Affiliated Companies
Mark A. Myers, E. Michael Williams, Dale E. Young, Robert A. Sipes, Sarah S. Rogers, Martha W. Barnwell, Robert H. Bazemore	FPC	MFR C-61	Performance Indices

Witness	Proffered By	I.D. No.	Description
Mark A. Myers	FPC	MFR C-62	Non-Utility Operations Utilizing Utility Assets
Mark A. Myers	FPC	MFR C-63	Statement of Cash Flows
Mark A. Myers	FPC	MFR C-64	Earnings Test
Mark A. Myers	FPC	MFR C-65	Outside Professional Services
Mark A. Myers	FPC	MFR C-66	Pension Cost
Mark A. Myers	FPC	MFR D-1	Cost of Capital-13 month average
Mark A. Myers	FPC	MFR D-3a	Short-Term Debt
Mark A. Myers	FPC	MFR D-3b	Short-Term Financing Policy
Mark A. Myers	FPC	MFR D-4a	Long-Term Debt Outstanding
Mark A. Myers	FPC	MFR D-6	Reports of Operations Compared to Forecast- Cost of Capital
Mark A. Myers	FPC	MFR D-7	Preferred Stock Outstanding
Mark A. Myers	FPC	MFR D-8	Customer Deposits
Mark A. Myers	FPC	MFR D-9	Common Stock Data
Mark A. Myers	FPC	MFR D-10a	Financing Plans-Stock and Bond Issues
Mark A. Myers	FPC	MFR D-10b	Financing Plans-General Assumptions

Witness	Proffered By	I.D. No.	Description
Mark A. Myers	FPC	MFR D-11a	Financial Indicators-Summary
Mark A. Myers	FPC	MFR D-11d	Financial Indicators-Calculation of the Percentage of Construction Funds Generated Internally
Mark A. Myers	FPC	MFR D-12a	Reconciliation of Jurisdictional Rate Base and Capital Structure
William C. Slusser, Jr.	FPC	MFR E-1	Cost of Service Studies
William C. Slusser, Jr.	FPC	MFR E-2	Explanation of Variations From Cost of Service Study Approved in Company's Last Rate Case
William C. Slusser, Jr.	FPC	MFR E-3a	Cost of Service Study-Rates of Return by Rate Schedule (Present Rates)
William C. Slusser, Jr.	FPC	MFR E-5a	Cost of Service Study-Allocation of Rate Base Components to Rate Schedule
William C. Slusser, Jr.	FPC	MFR E-5b	Cost of Service Study-Allocation of Expense Components to Rate Schedule

Witness	Proffered By	I.D. No.	Description
William C. Slusser, Jr.	FPC	MFR E-6a	Cost of Service Study-Functionalization and Classification of Rate Base
William C. Slusser, Jr.	FPC	MFR E-6b	Cost of Service Study-Functionalization and Classification of Expenses
William C. Slusser, Jr.	FPC	MFR E-7	Source and Amount of Revenues-at Present Rates
William C. Slusser, Jr.	FPC	MFR E-8a	Cost of Service Study-Unit Costs, Present Rates
William C. Slusser, Jr.	FPC	MFR E-9	Detailed Breakdown of Customer Unit Costs
William C. Slusser, Jr.	FPC	MFR E-10	Development of Service Charges
William C. Slusser, Jr.	FPC	MFR E-12	Cost of Service-Load Data
William C. Slusser, Jr.	FPC	MFR E-13	Cost of Service Study-Development of Allocation Factors
William C. Slusser, Jr.	FPC	MFR E-14	Development of Coincident and Noncoincident Demands for Cost Study

Witness	Proffered By	I.D. No.	Description
William C. Slusser, Jr.	FPC	MFR E-15	Adjustment to Test Year Unbilled Revenue
William C. Slusser, Jr.	FPC	MFR E-16a	Revenue from Sale of Electricity by Rate Schedule
William C. Slusser, Jr.	FPC	MFR E-16b	Revenues by Rate Schedule-Service Charges
William C. Slusser, Jr.	FPC	MFR E-16c	Base Revenue by Rate Schedule-Calculations
William C. Slusser, Jr.	FPC	MFR E-16d	Revenue by Rate Schedule-Lighting Schedule Calculation
William C. Slusser, Jr.	FPC	MFR E-18a	Billing Determinants-Number of Bills
William C. Slusser, Jr.	FPC	MFR E-18b	Billing Determinants-KW Demand
William C. Slusser, Jr.	FPC	MFR E-18c	Billing Determinants-MWH Sales
William C. Slusser, Jr.	FPC	MFR E-18d	Projected Billing Determinants-Derivation
William C. Slusser, Jr.	FPC	MFR E-19	Customers by Voltage Level
William C. Slusser, Jr.	FPC	MFR E-20	Load Research Data
William C. Slusser, Jr.	FPC	MFR E-26	Monthly Peaks

Witness	Proffered By	I.D. No.	Description
William C. Slusser, Jr.	FPC	MFR E-27a-MFR c	Demand and Energy Losses
William C. Slusser, Jr.	FPC	MFR E-28a	Interruptible Rates Policy
William C. Slusser, Jr.	FPC	MFR E-28b	Curtailable Rates Policy
Mark A. Myers	FPC	MFR F-1	Annual and Quarterly Report to Shareholders
Mark A. Myers	FPC	MFR F-2	Financial Statements - Opinions of Independent Certified Public Accountants
Mark A. Myers	FPC	MFR F-3	SEC Reports
Mark A. Myers	FPC	MFR F-4	FERC Audit
H. William Habermeyer, Jr.	FPC	MFR F-5	Company Directors
H. William Habermeyer, Jr.	FPC	MFR F-6	Officers of Affiliated Companies or Subsidiaries
H. William Habermeyer, Jr.	FPC	MFR F-7	Business Contract with Officers or Directors
Dale E. Young	FPC	MFR F-8	NRC Safety Citations
John B. Crisp/Mark A. Myers	FPC	MFR F-9	Forecasting Models
John B. Crisp	FPC	MFR F-10	Forecasting Models - Sensitivity of Output to Change in Data Input

Witness	Proffered By	I.D. No.	Description
John B. Crisp	FPC	MFR F-11	Forecasting Models - Historical Data
John B. Crisp	FPC	MFR F-12	Heating Degree Days
John B. Crisp	FPC	MFR F-13	Cooling Degree Days
John B. Crisp	FPC	MFR F-14	Temperature at Time of Monthly Peaks
Mark A. Myers, John B. Crisp, Dale D. Williams, Dale E.Young	FPC	MFR F-17	Assumptions
Donna DeRonne, C.P.A.	OPC	A	Revenue Requirement
Donna DeRonne, C.P.A.	OPC	B	Adjusted Rate Base
Donna DeRonne, C.P.A.	OPC	C-1	Adjusted Net Operating Income
Donna DeRonne, C.P.A.	OPC	C-2	Breakdown of Merger Transition Costs
Donna DeRonne, C.P.A.	OPC	C-3	Other Electric Revenues - Account 456.20
Donna DeRonne, C.P.A.	OPC	C-4	Salary and Wage Expense
Donna DeRonne, C.P.A.	OPC	C-5	Medical Insurance Expense
Donna DeRonne, C.P.A.	OPC	C-6	Employee Benefits - FAS 106
Donna DeRonne, C.P.A.	OPC	C-7	Other General Advertising Expense
Donna DeRonne, C.P.A.	OPC	C-8	Rate Case Expense
Donna DeRonne, C.P.A.	OPC	C-9	Nuclear Decommissioning Expense

Witness	Proffered By	I.D. No.	Description
Donna DeRonne, C.P.A.	OPC	C-10	Property Tax Expense
Donna DeRonne, C.P.A.	OPC	C-11	Income Tax Expense
Donna DeRonne, C.P.A.	OPC	D	Overall Cost of Capital, per OPC
David E. Dismukes, Ph.D.	OPC	DED-1	Comparison of FPC Forecasts
David E. Dismukes, Ph.D.	OPC	DED-2	Comparison of Company Forecasts
David E. Dismukes, Ph.D.	OPC	DED-3	Comparison of Forecasts
David E. Dismukes, Ph.D.	OPC	DED-4	Comparison of Gross Domestic Product Forecasts
David E. Dismukes, Ph.D.	OPC	DED-5	Comparison of Real Disposable Personal Income Growth Forecasts
Kimberly H. Dismukes	OPC	KHD-1	Calculation of net Synergies
Kimberly H. Dismukes	OPC	KHD-2	Synergy Savings Reconstruction from OPC POD 73
Kimberly H. Dismukes	OPC	KHD-3	Regulatory Treatment of Acquisition Premium
Kimberly H. Dismukes	OPC	KHD-4	Progress Energy Service Company Product/Service Cost Distribution Model

Witness	Proffered By	I.D. No.	Description
Kimberly H. Dismukes	OPC	KHD-5	Progress Energy Service Company Indirect Product/Service Cost Distribution Methodology
Kimberly H. Dismukes	OPC	KHD-6	Progress Energy Service Company 2001 Cost Model (Budget)
Kimberly H. Dismukes	OPC	KHD-7	Progress Energy Service Company 2001 Service Company Budget by Product/Service-Consolidated Charges
Kimberly H. Dismukes	OPC	KHD-8	Progress Energy Service Company Modified Massachusetts Formula Ratio 2001 Budget
Kimberly H. Dismukes	OPC	KHD-9	Progress Energy Service Company 2002 Cost Distribution Model Metric Changes
Kimberly H. Dismukes	OPC	KHD-10	Progress Energy Service Company Comparison of Allocation Factors 2001 Budget and 2002 Budget

Witness	Proffered By	I.D. No.	Description
Kimberly H. Dismukes	OPC	KHD-11	Progress Energy Service Company OPC Adjust 2001 Service Company
Kimberly H. Dismukes	OPC	KHD-12	Progress Energy Service Company Test Year Allocations to FPC OPC Recommended Adjustment
R. Earl Poucher	OPC	REP-1	PSC Complaints
R. Earl Poucher	OPC	REP-2	PSC Logged Customer Complaints
R. Earl Poucher	OPC	REP-3	Warm Transfers
R. Earl Poucher	OPC	REP-4	Electric Service Quality Analysis
R. Earl Poucher	OPC	REP-5	Summary of Electric Utility Indices
R. Earl Poucher	OPC	REP-6	Reliability, Replace, Refurbish
R. Earl Poucher	OPC	REP-7	Florida Statutes - Service
James A. Rothschild	OPC	JAR-1	Florida Power Corporation Overall Cost of Capital; Florida Power Computation of Capital Structure; Capital Structure and Florida Power Corp. Cost of Debt
James A. Rothschild	OPC	JAR-2	Florida Power Corporation Cost of Equity Summary

Witness	Proffered By	I.D. No.	Description
James A. Rothschild	OPC	JAR-3	Comparative Companies Selected Financial Data; Comparative Companies Earnings Per Share and Return on Equity; Return on Equity Implied in Zack's Consensus Growth Rates; Comparative Electric Companies Return on Common Equity; and Comparative Gas Companies Return on Common Equity
James A. Rothschild	OPC	JAR-4	Comparative Electric Companies Selected by Company Discounted Cash Flow (DCF) Indicated Cost of Equity; Progress Energy Discounted Cash Flow (DCF) Indicated Cost of Equity and Comparative Gas Companies Discounted Cash Flow (DCF) Indicated Cost of Equity

Witness	Proffered By	I.D. No.	Description
James A. Rothschild	OPC	JAR-5	Comparative Electric Companies Complex DCF Method; Comparative Electric Companies Value Line's Earnings Projections and Comparative Electric Companies Value Line's Book Value Projections
James A. Rothschild	OPC	JAR-6	Comparative Electric Companies Value Line's Projection of Dividends Per Share and Comparative Gas Companies Selected by Company Value Line's Projection of Dividends Per Share
James A. Rothschild	OPC	JAR-7	Comparative Electric Companies Percentage of Common Equity in the Capital Structure Excluding Short-term Debt
James A. Rothschild	OPC	JAR-8	Comparative Companies External Financing Rate (Millions of Shares)

Witness	Proffered By	I.D. No.	Description
James A. Rothschild	OPC	JAR-9	Cost of Equity Indicated by Inflation Risk Premium Method
James A. Rothschild	OPC	JAR-10	Risk Premium/CAPM Method Cost of Equity for Common Stock and Risk Premium Based Upon Analysis Historic Returns
Stephen A. Stewart	OPC	SS-1	Operation & Maintenance Expense per Customer Florida Power Corporation 1998-2002
Stephen A. Stewart	OPC	SS-2	Sources of Data for Graph in Schedule 1
Stephen A. Stewart	OPC	SS-3	Operation & Maintenance Expense/Customer with Acquisition Adj. Florida Power Corporation 1998-2002
Stephen A. Stewart	OPC	SS-4	Operation & Maintenance Expense/Customer with OPC Adj. Florida Power Corporation, 1998-2002

Witness	Proffered By	I.D. No.	Description
Sheree L. Brown	Publix	SLB-1	Resume
Sheree L. Brown	Publix	SLB-2	FPC Distribution O&M Expenses
Sheree L. Brown	Publix	SLB-3	FPC Allocated Cost of Service Study Projected 2002 Test Year - FPC Original Base Case 75%/25%
Sheree L. Brown	Publix	SLB-4	FPC Allocated Cost of Service Study Projected 2002 Test Year - Publix Adjusted Case 12CP and 1/13th AD
Theodore J. Kury	Publix	TJK-2	Resume
Theodore J. Kury	Publix	TJK-3	FPC Cost of Capital - 13 Month Average
Theodore J. Kury	Publix	TJK-4	DCF Results (Discounted Cash Flows)
Theodore J. Kury	Publix	TJK-5	Restated Vander Weide Schedule 1
Theodore J. Kury	Publix	TJK-6	Restated MFR Schedule D-1
Michael Gorman	FIPUG	MPG-1 Schedule 1	Retail Non-Fuel O&M Expense
Michael Gorman	FIPUG	MPG-1 Schedule 2	Cost of Capital - 13-Month Average
Michael Gorman	FIPUG	MPG-1 Schedule 3	Cost of Capital - 13-Month Average
Michael Gorman	FIPUG	MPG-1 Schedule 4	Comparable Electric & Electric & Gas Utility Group

Witness	Proffered By	I.D. No.	Description
Michael Gorman	FIPUG	MPG-1 Schedule 5	Constant Growth DCF Model
Michael Gorman	FIPUG	MPG-1 Schedule 6	Payout Ratios
Michael Gorman	FIPUG	MPG-1 Schedule 7	Non-Constant Growth DCF
Michael Gorman	FIPUG	MPG-1 Schedule 8	Equity Risk Premium
Michael Gorman	FIPUG	MPG-1 Schedule 9	Comparable Group Beta
Michael Gorman	FIPUG	MPG-1 Schedule 10	CAPM Return Estimate
Michael Gorman	FIPUG	MPG-1 Schedule 11	Electric Revenues as a Percent of Total Revenues
Michael Gorman	FIPUG	Appendix A	Qualifications
Jeffry Pollock	FIPUG	JP-1	Capital Substitution Theory
Jeffry Pollock	FIPUG	JP-2	Cost Allocation Using the 12 CP Method
Jeffry Pollock	FIPUG	JP-3	Cost Allocation Using Average Demand
Jeffry Pollock	FIPUG	JP-4	Allocated Net Production Investment by Class Allocation Method: 12CP and 25% AD
Jeffry Pollock	FIPUG	JP-5	Comparison of Net Plant Investment and Operating Expense by Capacity

Witness	Proffered By	I.D. No.	Description
			Type
Jeffry Pollock	FIPUG	JP-6	Analysis of Monthly Peak Demands as a Percent of the Annual System Peak for the Fiscal Years 1996-2000
Jeffry Pollock	FIPUG	JP-7	Value of Interruptibility
James E. Breman	Staff	JEB-1	Distribution Reliability Indices for years 1997 - 2000
James E. Breman	Staff	JEB-2	Vegetation Management cost of the national Electric Safety Code
James E. Breman	Staff	JEB-3	Photographs of Non-Compliance with the National Electric Safety Code
James E. Breman	Staff	JEB-4	Example of Distribution Reliability Incentive Program

Witness	Proffered By	I.D. No.	Description
Rebuttal			
Robert H. Bazemore, Jr.	FPC	RHB-5	Composite Exhibit - correspondence and an analysis relating to Nuclear Electric Insurance Limited ("NEIL").
John B. Crisp	FPC	JBC-8	June 2001 forecast compared to actuals through December 2001
John B. Crisp	FPC	JBC-9	September 2001 forecast compared to actuals through December 2001
John B. Crisp	FPC	JBC-10	DED-1 Adjusted for Seasonal Service Rate Customers
Mark A. Myers	FPC	MAM-8	Calculation of synergy savings after correcting for an error in Ms. Brown's calculations
Mark A. Myers	FPC	MAM-9	Identification of synergy savings in 2002 based on 1998 baseline, demonstrating that 2000 was an aberrational year.
Sarah S. Rogers	FPC	SSR-2	Analysis of Transmission O&M Expenses Rebuttal of SLB

Witness	Proffered By	I.D. No.	Description
Robert A. Sipes	FPC	RAS-2	A regional comparison of Florida Power's reliability performance to other utilities in the Southeast (Figures 1-6) (Confidential)
Robert A. Sipes	FPC	RAS-3	A 1999 national comparison of Florida Power's reliability performance to other utilities across the country (Figure 1-6) (Confidential)
Robert A. Sipes	FPC	RAS-4	A 2000 national comparison of Florida Power's reliability performance to other utilities across the country (Figures 1-6) (Confidential)
Robert A. Sipes	FPC	RAS-5	A 2000 comparison of the FRCC with other NERC reliability regions across the country (Figures 1-6) (Confidential)
Robert A. Sipes	FPC	RAS-6	Underground Cable Installation timeline

Witness	Proffered By	I.D. No.	Description
Robert A. Sipes	FPC	RAS-7	Rebuttal of Ms. Brown's SLB-2 regarding Distribution O&M expenses
William C. Slusser, Jr.	FPC	WCS-5	IC/CS Cost-Effectiveness Results - All existing IS/CS
William C. Slusser, Jr.	FPC	WCS-6	General Service Customer Billing by Load Factor- Total Demand and Energy Charges @ Present Rates Reflects Billing Adjustments as of 4/1/01
James H. Vander Weide	FPC	Rebuttal Schedule 1	Recalculation of Rothschild Schedule JAR-4, Page 1 Electric Companies Discounted Case Flow (DCF) indicated Cost of Equity
James H. Vander Weide	FPC	Rebuttal Schedule 2	Recalculation of Rothschild Schedule JAR-4, Page 2, Progress Energy, Discounted Cash Flow (DCF) indicated Cost of Equity

Witness	Proffered By	I.D. No.	Description
James H. Vander Weide	FPC	Rebuttal Schedule 3	Recalculation of Rothschild Schedule JAR-4, Page 3, Gas Companies, Discounted Cash Flow (DCF) indicated Cost of Equity
James H. Vander Weide	FPC	Rebuttal Schedule 4	Comparison of Value Line Risk Indicators and Bond Ratings for Vander Weide and Gorman Proxy Groups
James H. Vander Weide	FPC	Rebuttal Schedule 5	Discounted Cash Flow Analysis, Kury Proxy Group, Using Value Line Earnings Growth Forecasts
Scott D. Wilson	FPC	SDW-1	Representation of capital structure and capital structure ratios prepared along the lines of how rating agencies and investors view FPC's investor capital
Scott D. Wilson	FPC	SDW-2	Investor Funds Excluding OBS
Scott D. Wilson	FPC	SDW-3	Regulatory Adjusted Excluding CR3 and Non-Investor Funds

Witness	Proffered By	I.D. No.	Description
Scott D. Wilson	FPC	SDW-4	Regulatory Adjusted Including CR3 and Excluding Non-Investor Funds
Scott D. Wilson	FPC	SDW-5	Investor Funds Including OBS and CR3 Equity Adjustment
Scott D. Wilson	FPC	SDW-6	FPC's common equity ratios for 1996-2000 plus test year 2002 computed in a manner consistent with SDW-1
Scott D. Wilson	FPC	SDW-7	Andrew Maurey's exhibit ALM-7
Scott D. Wilson	FPC	SDW-8	Andrew Maurey's exhibit ALM-13

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

Category One Stipulations

Those stipulations to which FPC and Staff agree and on which other parties take no position are set forth below:

1. Property Held for Future Use is $6,426,000 ($8,274,000 System) for the 2002 projected test year.

2. Account 151, Fuel Stock, is $78,177,000 ($86,291,000 System) for the 2002 projected test year.

3. Accounts Receivable from Associated Co. shall be reduced by a total of $6,615,000 ($7,264,000 System) to remove

non-utility energy supply receivables ($4,321,000) and non-utility energy delivery receivables ($2,294,000) from this account.

4. Bad Debt Expense shall be reduced by $119,372 ($119,372 System).

5. FPC has made the appropriate adjustments to remove conservation revenues and conservation expenses recoverable in the Conservation Cost Recovery Clause.

6. FPC has made the appropriate adjustments to remove fuel revenues and fuel expenses recoverable in the Fuel Adjustment Clause.

7. FPC has made the appropriate adjustments to remove the capacity cost revenues and the related expenses recoverable through the Capacity Cost Recovery Clause.

8. Depreciation expense should be increased by $1,680,000 ($1,313,000 system) to reflect the annual fossil dismantlement accrual approved in Docket No. 010031-EI. In addition, rate base should be reduced by $1,660,000 ($1,313,000 system) to reflect the additional 13-month average accumulated depreciation effective July 1, 2001.

9. The appropriate revenue expansion factor is 61.2951% and the appropriate net operating income multiplier is 1.6315 which includes an uncollectible accounts component of .1394%.

10. The appropriate CIAC payment should be $132 for residential and general service non-demand, secondary delivery voltage, single phase service. No CIAC payments are required for residential and general service non-demand 3 phase service or for general service demand time of use service.

11. Florida Power's proposed inverted rate design should be approved for the RS, RSS, RSL-1 and RSL-2 rate schedule.

12. If the Commission decides to recognize migrations between rate classes, the revenue shortfall, if any, shall be made up by adjusting the Energy Charges of the combined General Service Non-demand and General Service Demand rate classes by a unit amount that in total will recover the shortfall.

13. FPC's method to calculate the increase in unbilled revenues by rate classes, which relies on historical relationships of unbilled to billed MWHs, is appropriate.

14. The Firm Standby Service (SS-1), Interruptible Standby Service (SS-2), and Curtailable Standby Service (SS-3) charges shall be based on the Commission approved cost of service study and the design specified in Order No. 17159, Docket No. 850673-EU, Generic Investigation of Standby Rates for Electric Utilities.

15. FPC shall be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case.

Category Two Stipulations

Those stipulations to which FPC, OPC, FIPUG, SWCA, FRF, and Staff agree and on which other parties take no position are set forth below:

16. The projected 2002 executive benefits expense of $81,250 for change of control cash payment shall be removed from O&M expenses.

17. An adjustment reducing depreciation expense by $419,000 shall be made to remove closed business office expenses from the projected 2002 test year.

18. Test Year O&M expenses should be reduced by $97,066 to eliminate the lobbying-related portion of the dues paid to EEI ($71,466) and to NEI ($25,600).

Category Three Stipulations

Those stipulations to which FPC, Staff, OPC, SWC, and FRF agree and on which other parties take no position are set forth below:

19. Cash should be reduced by a jurisdictional amount of $5,875,000 to reflect the average cash balance for 2000 and 2001. A corresponding decrease should also be made to short-term debt of $5,875,000.

20. Other electric revenue should be increased by $64,195.

XI. PENDING MOTIONS

None.

XII. PENDING CONFIDENTIALITY MATTERS

FIPUG's Request for Confidential Classification and Motion for Protective Order as to the testimony of Thomas J. Regan filed on February 8, 2002.

XIII. RULINGS

Issue Nos. 12, 13, 51, and 52 shall remain issues in this case. Any necessary adjustments under these issues will not involve relitigating those matters already determined by the Commission in Docket Nos. 001835-EI and 991931-EG. The impact of FPC's request to renew its Crystal River 3 nuclear license will be addressed when FPC files its next nuclear decommissioning study as required by Rule 25-6.04365, Florida Administrative Code.

Opening statements, if any, shall not exceed ten minutes per party.

It is therefore,

ORDERED by Commissioner Braulio L. Baez, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Braulio L. Baez, as Prehearing Officer, this 15th day of March, 2002.

BRAULIO L. BAEZ
Commissioner and Prehearing Officer

(S E A L)

MAH/RG

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.