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**STATE OF FLORIDA
OFFICE OF THE PUBLIC COUNSEL**

ORIGINAL
FILE COPY

at The Florida Legislature
111 West Madison Street
Room 622
Tallahassee, Florida 32301-1400
904-488-0000

September 10, 1997

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

RE: Docket No. 98000020

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of the Direct Testimony of Hugh Larkin, Jr., on behalf of the Office of Public Counsel for filing in the above referenced file.

Also Enclosed is a 3.5 inch diskette containing the Direct Testimony of Hugh Larkin, Jr., in WordPerfect for Windows 6.1 format. Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,


John Roger Howe
Deputy Public Counsel

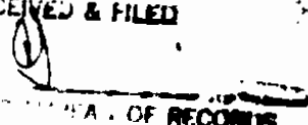
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- APP _____
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- CMU _____
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JRH/dab
Enclosures

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DIVISION OF RECORDS

DOCUMENT NUMBER-DARE

09-170-SEP 106

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In Re: Petition for approval of an early
termination amendment to a negotiated
qualifying facility contract with Orlando
Cogen Limited, Ltd. by Florida
Power Corporation.**

DOCKET NO. 961184-EQ

**DIRECT TESTIMONY OF
HUGH LARKIN, JR.**

**Respectfully submitted,
Jack Shreve
Public Counsel**

**Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400**

(904) 488-9330

**Attorneys for the Citizens
of the State of Florida**

DOCUMENT NUMBER-DATE

09178 SEP 10 6

FPSC-RECORDS/REPORTING

1 **DIRECT TESTIMONY OF HUGH LARKIN, JR.**
2 **ON BEHALF OF THE CITIZENS OF FLORIDA**
3 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

4 **DOCKET NO. 961184-EQ**

5 **INTRODUCTION**

6 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

7 **A. My name is Hugh Larkin, Jr. I am a Certified Public Accountant licensed in the States**
8 **of**

9 **Michigan and Florida and the senior partner in the firm of Larkin & Associates,**
10 **Certified**

11 **Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan**
12 **48154.**

13
14 **Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES.**

15 **A. Larkin & Associates is a Certified Public Accounting and Regulatory Consulting firm.**
16

17 **The firm performs independent regulatory consulting primarily for public service /**
18 **utility commission staffs and consumer interest groups (public counsels, public**
19 **advocates, consumer counsels, attorneys general, etc.). Larkin & Associates has**
20 **extensive experience in the utility regulatory field as expert witnesses in over 400**
21 **regulatory proceedings including numerous cases involving water and sewer, gas,**
22 **electric and telephone utilities.**

23
24 **Q. HAVE YOU PREPARED AN APPENDIX WHICH DESCRIBES YOUR**
25 **QUALIFICATIONS AND EXPERIENCE?**

1 A. Yes. I have attached Appendix I, which is a summary of my experience and
2 qualifications.

3
4 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A. The purpose of my testimony is to provide comments on the proposed Orlando Cogen
6 Limited, Ltd. contract buyout by Florida Power Corporation (FPC). Additionally, I
7 am recommending that Florida Public Service Commission not approve this contract
8 buyout in the format suggested by Florida Power Corporation.

9
10 Q. **HOW WILL YOUR TESTIMONY BE ORGANIZED?**

11 A. My testimony will cover five subject areas:

- 12 I. Cost / Benefit Analysis (purported savings to FPC customers)
- 13 II. Discount Rate
- 14 III. Intergenerational Inequities
- 15 IV. Stranded Cost Issue
- 16 V. Alternative Proposal

17
18 I. Cost/Benefit Analysis (Purported savings to FPC Customers)

19 Q **WOULD YOU PLEASE DISCUSS THE COST / BENEFIT ANALYSIS**
20 **PROPOSED BY FPC AND LABELED AS SAVINGS TO FPC CUSTOMERS?**

21 A. Yes. Both the primary and alternative recommendations of the Staff and the
22 Company have concentrated on presenting to the Commission a comparison which

1 has been labeled as savings to FPC customers. This analysis is essentially a
2 cost/benefit analysis. It is designed to compare the up-front payments made by
3 ratepayers in the amount of \$9,881,000 for each of the years 1997 through the year
4 2001 to a projected future benefit which is projected to have a net positive present
5 value to ratepayers of \$75,058,000 (FPC-Exhibit No. 7, Docket No. 961184-EQ).

6
7 The calculation of the proposed net present value to FPC customers is, in my view,
8 extremely speculative. The only amount that can be determined to be fixed, known
9 and measurable is the amount that ratepayers will be charged for this buyout. It is
10 clear that, in each and every year, 1997 through 2001, ratepayers will give up through
11 additional charges added to the capacity adjustment clause some \$40,411,000 net
12 present value.

13
14 In return for these up-front payments, ratepayers are, in theory, to receive reduced
15 fuel and capacity costs starting in the year 2014 which will compensate them for the
16 up-front payment of \$40,411,000 net present value. The ratepayers, in theory, are to
17 receive net present value benefits starting in the year 2014 through the year 2023 of
18 \$75,058,000 which, according to the Company's calculations, will provide a net
19 present value benefit to the ratepayer of \$34,647,000.

20
21 The Company does not state how it arrived at the payment of \$49,405,000
22 (\$40,411,000 net present value) to OCL for the buyout of the last ten years of the

1 contract. But it is the only dollar amount that can be substantiated. The benefits
2 projected to occur in the years 2014 through 2023 are projections of future costs for
3 both capacity and energy. The Company's net present value calculations have
4 projected both coal costs and gas costs for the years 2014 through the year 2023. It
5 has also projected capacity costs in its replacement case for the year 2014 through the
6 year 2023. Even though the Staff and the Company have focused on these
7 projections, the only conclusion that one could reach about these projections are that
8 they will not be accurate. The likelihood that someone could project even one
9 component, say gas costs, in the year 2023 and state that they were accurate with any
10 degree of reliability would be folly. But these projections not only project the price
11 of gas, they also project the price of coal and capacity in the year 2023. Setting aside
12 for the present the discount rate used by the Company, the likelihood of all three
13 components (i.e., coal prices, capacity costs and gas prices) remaining in the
14 relationship projected by the Company is extremely unlikely.

15
16 Q. WHAT DOES THIS INDICATE TO YOU?

17 A. This indicates that there is the likelihood that one or all three of these components
18 might vary significantly from what is projected. This has the effect of increasing the
19 risk that customers who front the money for this buyout will be harmed. Clearly from
20 a risk reward standpoint the risk that the ratepayer takes is extremely high in that
21 there is no guarantee that one or any of these components will turn out the way the
22 Company has indicated.

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Q. ARE THERE ANY OTHER RISKS THAT ARE INHERENT IN THIS TYPE OF TRANSACTION?

A. Yes. It is clear that the Company is aware that some form or level of competition will affect the electric retail industry in the coming years. It is clear that the effect of these competitive changes will impact FPC and other regulated entities long before the year 2014. In fact, the motivation for this type of buyout is to prepare for competitive changes by reducing the cost of capacity and fuel to make the company more competitive. The Company's proposal, however, assumes that regulation will be in effect as it is today in the years 2014 through 2023, and that customers should be willing to accept higher costs today in return for lower costs under regulation in the future. One thing that is clear is that regulation will change and there can be no assurance that capacity adjustment or fuel adjustment clauses will exist 26 years from today.

From the standpoint of risk, both the risk of inaccurate projections some 26 years in the future and the risk that regulation will change or no longer exist, it would be imprudent for the Commission to require ratepayers to front these costs.

1 **II. Discount Rate**

2 **Q. WOULD YOU PLEASE DISCUSS THE DISCOUNT RATE USED BY FPC TO**
3 **CALCULATE A PRESENT VALUE BENEFIT TO RATEPAYERS FROM THIS**
4 **BUYOUT?**

5 **A. FPC has used its marginal cost of capital rate of 9.97% less the tax deductible portion**
6 **of the debt component of 1.3% to arrive at an after-tax rate of 8.67%. The**
7 **Company's overall rate of return is predicated upon a secure monopoly franchise to**
8 **provide energy in its service territory. The debt component, at least in part, is secured**
9 **by the physical assets of the Company. Thus, this marginal rate of return reflects a**
10 **monopoly enterprise secured in part by physical assets. It is not an appropriate**
11 **discount rate to be utilized in analyzing possible future benefits to ratepayers.**

12

13 **Even if one could get by the risk associated with the projections of fuel and capacity**
14 **in future periods, the discount rate should reflect the risk being taken by the ratepayer**
15 **and not the cost of capital that the Company receives based on its monopoly**
16 **enterprise. The payment that ratepayers will make over a five-year period will impose**
17 **a discount rate on customers more akin to an interest rate on an unsecured loan or a**
18 **credit card. The rate on these types of payments would range from 13% to as high**
19 **as 18%. On exhibit HL-1 I have shown the net present value of the Company's case**
20 **based on a 13% discount rate. As can be seen there is a net negative present value**
21 **based on a 13% discount rate of (\$4,690,550).**

22

1 Q. **WOULDN'T RATEPAYERS ACCEPT AN 8.67% RETURN IF THEY WERE**
2 **INVESTING THE MONEY?**

3 A. **It would be unlikely that any sophisticated investor would accept an 8.67% rate of**
4 **return on his investment considering both the risk and the length of time associated**
5 **with the Company's proposal. Industrial and commercial customers clearly would not**
6 **accept a rate of return on their investment as low as 8.67% since their stockholders**
7 **would demand higher rates of return because of the inherent risk associated with any**
8 **business other than a monopoly. Thus, for the Company to suggest that a 8.67% rate**
9 **of return is appropriate in calculating the net present value benefit to ratepayers is not**
10 **reasonable.**

11

12 **If one uses an appropriate discount rate, one that reflects a high risk investment or the**
13 **rate charged for unsecured loans, clearly there is no benefit to ratepayers. The net**
14 **present value would be negative.**

15

16 **FPC's argument that ratepayers are better off by making the buyout then they would**
17 **be otherwise cannot be justified. There is no justification in the Company's case of**
18 **how it arrived at the payment of \$49,405,000 or why that is fair to the ratepayers.**
19 **There is, however, clear indication that there is substantial risk associated with this**
20 **buyout and that the discount rate is not appropriate.**

21

22

1 Also, the Commission should keep in mind that FPC has no investment in the co-
2 generation facility. The Company's marginal cost of capital affects none of the
3 components, either capacity or energy, of the costs passed through to ratepayers.
4 This is merely a flow through directly to the customers through the fuel adjustment
5 clause and the capacity adjustment clause. Therefore, the use of FPC's cost of capital
6 as a discount rate is inappropriate.

7
8 **III. Intergenerational Inequities**

9 **Q. ARE THERE INTERGENERATIONAL INEQUITIES ASSOCIATED WITH THE**
10 **COMPANY'S PROPOSAL?**

11 **A. Clearly there are. Customers who make payments in the first five years must remain**
12 **on the system for some 27 years in order to receive the benefits associated with their**
13 **up-front payments. It is unlikely that many, if any, customers will collect for the**
14 **payments that they have to make currently in order to receive some future benefit**
15 **which is subject to the risk of fuel and capacity projections and changes in regulation.**

16
17
18 **Q. FPC SAYS THAT THIS IS NOT INTERGENERATIONAL INEQUITY, BUT**
19 **SOMEWHAT MIRRORS THE OCL CONTRACT, WOULD YOU PLEASE**
20 **COMMENT.**

21 **A. It appears that FPC's argument is that capacity payments to OCL are lower in the**
22 **beginning years and higher in ending years and, therefore, the customers at the**

1 beginning of the contract receive some type of benefit because of these lower capacity
2 payments at the beginning. The Company concludes that this is no different than
3 ratepayers making payments at the beginning of the period to receive benefits at the
4 end of the period, an analogy I do not believe is accurate. The capacity payments are
5 lower in the OCL contract to ensure performance. In other words, to ensure that
6 OCL meets its obligations to provide capacity and energy, it is not compensated up-
7 front for the full amount of its investment in capacity. This benefit should flow to the
8 current ratepayers because they are the ones assuming the risk of whether OCL can
9 and will perform its contractual obligations. The higher payments at the end of the
10 contract are justified because, historically, OCL would have performed under the
11 contract for a significant part of the contract term and its performance for the
12 remainder of the contract would be more or less guaranteed by the higher payments.
13 Thus, because the risk is lower, the payment by customers would be higher. This is
14 not comparable to the contract buyout where customers are making payments up
15 front and may not be on the system to receive any benefits at the end of the period.
16 They are taking the risk and receiving no benefit while in the original contract the
17 customers at the beginning are taking the risk of nonperformance and receiving the
18 benefit of lower cash payment for that risk. These are not comparable situations and
19 clearly one is intergenerational inequity (the contract buyout) and one is the payment
20 for risk (current contract costs).

1 **IV. Stranded Cost**

2 **Q. BOTH THE PRIMARY STAFF'S RECOMMENDATION AND FPC HAVE**
3 **CONCLUDED THAT THE BUYOUT HAS ADDITIONAL BENEFITS IN**
4 **ADDITION TO THE EXPECTED COST SAVINGS. WOULD YOU PLEASE**
5 **COMMENT.**

6 **A. In the Staff memorandum of December 26, 1996, the primary Staff's recommendation**
7 **states, "The buyout will mitigate potential straddable costs and increase FPC's**
8 **flexibility in meeting customer needs in the future." The Company states, on page 19**
9 **of Mr. Schuster's testimony, that "In the case of the OCL transaction, the effect of**
10 **reducing future costs from the level of the contract to FPC's projected avoided costs**
11 **during the buyout period 2014-2023 has, for all intents and purposes, the same effect**
12 **as eliminating potential straddable costs of a like amount." Additionally, on page 18**
13 **of Mr. Schuster's testimony, he states, "FPC's objective is to continue to meet the**
14 **electric needs of its customers at competitive prices. The Company has recognized**
15 **that the rising cost of its portfolio of co-generation contracts poses a threat to this**
16 **objective."**

17
18 **The problem with both the primary Staff's recommendation and the Company's stated**
19 **objectives is that these costs, if they are straddable costs, have been segregated and**
20 **placed as a burden upon the ratepayer. In other words, the Company and the Staff**
21 **have concluded that the co-generation contract in question will be above the cost that**
22 **the marketplace will be willing to pay for energy in the year 2014. Thus, by**

1 eliminating these costs now, the Company can lower its future capacity and energy
2 costs. The problem with this approach is that it burdens the ratepayer with strandable
3 cost without examining the offsetting mitigating assets that the Company owns which
4 should be used in mitigation of strandable cost.

5
6 **Q. WOULD YOU PLEASE EXPLAIN THAT FURTHER?**

7 **A. As an example, suppose that in the year 2014, the first year of the contract buyout,**
8 **the OCL energy and capacity payments result in an average cost on the Florida Power**
9 **Corporation System of 11¢ per KWH. Assume however, the other generating plants**
10 **on the Company's system have an average capacity and fuel price of 5¢ a kilowatt**
11 **hour including return and all other fixed costs. If the market clearing price on average**
12 **was 8¢ a kilowatt hour, then FPC would be able to sell all of its native generation at**
13 **an excess profit of 3¢ a kilowatt hour since its embedded 5¢ rate included a rate of**
14 **return. The 11¢ power would, of course, only be able to sell at the same market**
15 **clearing price of 8¢, thus leaving a strandable cost of 3¢ per kilowatt hour. If the**
16 **Commission approves this contract buyout in the manner that it is currently**
17 **structured, ratepayers will pick up the 3¢ per kilowatt hour of potential strandable**
18 **cost in the contract buyout but the Company will earn an additional profit of 3¢ a**
19 **kilowatt hour on its own assets because the imbedded cost of their plant and energy**
20 **is cheaper than the market clearing price.**

1 **There is no justification for the Company receiving the benefit of the additional 3¢ per**
2 **kilowatt hour profit on its generating assets since the ratepayer had supported the**
3 **plant during its entire life. Thus, the more equitable method would be to offset the**
4 **strandable cost of 3¢ by the excess profit earned by the Company at the same time.**
5 **The Company would still retain a large portion of this excess profit since KWH from**
6 **their native generation assets would far exceed the strandable cost from the KWH of**
7 **this cogeneration contract.**

8
9 **By separating the two transactions, both the primary Staff's recommendation and the**
10 **Company seek to place the burden of strandable cost on the shoulders of the**
11 **ratepayer, while keeping any additional profits that the Company's assets might**
12 **generate for the stockholders. This is inequitable, and the Commission should not**
13 **embark on such a one- sided policy.**

14
15 **Clearly, if a transaction has the potential of affecting strandable cost, it must be**
16 **considered in the light of any other positive offsets that the Company might have**
17 **available to it, such as my example of plant which will generate additional profits at**
18 **the market clearing price. To do otherwise would burden ratepayers with increased**
19 **cost and keep increased profits for stockholders.**

20
21 **V. Alternative Proposal**

22 **Q. IS THERE AN ALTERNATIVE THAT THE COMMISSION COULD CONSIDER**

1 TO THE COMPANY'S PROPOSAL?

2 A. Yes, there is. If the Company believes that its proposal is beneficial then it shouldn't
3 matter to the Company whether the ratepayer or the Company make the buyout
4 payments in the years 1997 to 2001.

5
6 It would seem to me that, if the Company thought that its projections and its
7 negotiation of the buyout were reasonable and the Commission should rely on them,
8 then the Company should in the alternative be willing to make the up-front payments.

9 Let the Company front the \$49 million plus buyout payment and if the Company's fuel
10 and capacity projections are accurate and there is a capacity and fuel adjustment
11 clause in existence in the year 2014, then the Company can recover its up-front
12 payments from the ratepayer through the adjustment clauses. The company will
13 receive a rate of return equal to its current authorized rate of return and at the same
14 time be able to reduce its future capacity and energy costs and achieve its stated goal
15 of offering competitive price to its customers. Since the Company feels its projections
16 ought to be relied on, it should be willing to make the up-front payments and receive
17 a return plus the up-front payments in the years 2014 to 2023.

18
19 Q. WOULD FPC SUFFER ANY HARM IF THE COMMISSION WERE TO DENY
20 ITS PETITION?

21 A. FPC stated, at page 5 of its protest, that "the amendment (to the OCL contract) will
22 provide net savings of over \$400 million to Florida Power and its customers and will

1 mitigate the exposure of Florida Power and its customers to potentially strandable
2 costs in the future." FPC, however, has been flowing the costs of the OCL contract
3 through to its customers through the fuel adjustment clause, and its proposal would
4 flow the costs of the buyout to customers. It would appear that FPC cannot be
5 harmed from a denial of its petition because FPC's earnings are not affected under
6 either scenario. If FPC could be harmed by the existence of strandable costs in the
7 future, then it must be presumed that traditional ratemaking will not be applicable in
8 the future. As I have previously explained, FPC should be required to offset
9 strandable costs with those assets that will be able to mitigate stranded costs. If this
10 is the case, FPC's NPV analysis, which are premised on the continuation of traditional
11 ratemaking through 2023, are invalid as a basis for predicting future customer savings.

12

13 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

14 A. Yes it does.

APPENDIX I

QUALIFICATIONS OF HUGH LARKIN, JR.

Q. WHAT IS YOUR OCCUPATION?

A. I am a certified public accountant and a partner in the firm of Larkin & Associates, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I graduated from Michigan State University in 1960. During 1961 and 1962, I fulfilled my military obligations as an officer in the United States Army.

In 1963 I was employed by the certified public accounting firm of Peat, Marwick, Mitchell & Co., as a junior accountant. I became a certified public accountant in 1966.

In 1968 I was promoted to the supervisory level at Peat, Marwick, Mitchell & Co. As such, my duties included the direction and review of audits of various types of business organizations, including manufacturing, service, sales and regulated companies.

Through my education and auditing experience of manufacturing operations, I obtained an extensive background of theoretical and practical cost accounting.

I have audited companies having job cost systems and those having process cost systems, utilizing both historical and standard costs.

I have a working knowledge of cost control, budgets and reports, the accumulation of overheads and the application of same to products on the various recognized methods.

Additionally, I designed and installed a job cost system for an automotive parts manufacturer.

I gained experience in the audit of regulated companies as the supervisor in charge of all railroad audits for the Detroit office of Peat, Marwick, including audits of the Detroit, Toledo and Ironton Railroad, the Ann Arbor Railroad, and portions of the Penn Central Railroad Company. In 1967, I was the supervisory senior accountant in charge of the audit of the Michigan State Highway Department, for which Peat, Marwick was employed by the State Auditor General and the Attorney General.

In October of 1969, I left Peat, Marwick to become a partner in the public accounting firm of Theetler & Lyeon of Detroit. In April of 1970, I left the latter firm to form the certified public accounting firm of Larkin, Chaputi & Company. In September 1982 I re-organized the firm into Larkin & Associates, a certified public accounting firm. The firm of Larkin & Associates performs a wide variety of auditing and accounting services, but concentrates in the area of utility regulation and ratemaking. I am a member of the Michigan Association of Certified Public Accountants and the American Institute of Certified Public Accountants. I testified before the Michigan Public Service Commission and in other states in the following cases:

- U-3749 Consumers Power Company - Electric
Michigan Public Service Commission
- U-3910 Detroit Edison Company
Michigan Public Service Commission
- U-4331 Consumers Power Company - Gas
Michigan Public Service Commission
- U-4332 Consumers Power Company - Electric
Michigan Public Service Commission
- U-4293 Michigan Bell Telephone Company
Michigan Public Service Commission
- U-4498 Michigan Consolidated Gas sale to
Consumers Power Company
Michigan Public Service Commission

U-4576	Consumers Power Company - Electric Michigan Public Service Commission
U-4575	Michigan Bell Telephone Company Michigan Public Service Commission
U-4331R	Consumers Power Company - Gas - Rehearing Michigan Public Service Commission
6813	Chesapeake and Potomac Telephone Company of Maryland, Public Service Commission, State of Maryland
Formal Case No. 2090	New England Telephone and Telegraph Co. State of Maine Public Utilities Commission
Dockets 574, 575, 576	Sierra Pacific Power Company, Public Service Commission, State of Nevada
U-5131	Michigan Power Company Michigan Public Service Commission
U-5125	Michigan Bell Telephone Company Michigan Public Service Commission
R-4840 & U-4621	Consumers Power Company Michigan Public Service Commission
U-4835	Hickory Telephone Company Michigan Public Service Commission
36626	Sierra Pacific Power Company v. Public Service Commission, et al, First Judicial District Court of the State of Nevada
American Arbitration Assoc.	City of Wyoming v. General Electric Cable TV
760842-TP	Southern Bell Telephone and Telegraph Company, Florida Public Service Commission
U-5331	Consumers Power Company Michigan Public Service Commission
U-5125R	Michigan Bell Telephone Company Michigan Public Service Commission
770491-TP	Winter Park Telephone Company, Florida Public Service Commission

77-554-EL-AIR	Ohio Edison Co., Public Utility Commission of Ohio
78-284-EL-AEM	Dayton Power and Light Co., Public Utility Commission of Ohio
OR78-1	Trans Alaska Pipeline, Federal Energy Regulatory Commission (FERC)
78-622-EL-FAC	Ohio Edison Co., Public Utility Commission of Ohio
U-5732	Consumers Power Company - Gas, Michigan Public Service Commission
77-1249-EL-AIR, et al	Ohio Edison Co., Public Utility Commission of Ohio
78-677-EL-AIR	Cleveland Electric Illuminating Co., Public Utility Commission of Ohio
U-5979	Consumers Power Company, Michigan Public Service Commission
790084-TP	General Telephone Company of Florida, Florida Public Service Commission
79-11-EL-AIR	Cincinnati Gas and Electric Co., Public Utilities Commission of Ohio
790316-WS	Jacksonville Suburban Utilities Corp., Florida Public Service Commission
790317-WS	Southern Utility Company, Florida Public Service Commission
U-1345	Arizona Public Service Company, Arizona Corporation Commission
79-537-EL-AIR	Cleveland Electric Illuminating Co., Public Utilities Commission of Ohio
800011-EU	Tampa Electric Company, Florida Public Service Commission
800001-EU	Gulf Power Company, Florida Public Service Commission

U-5979-R	Consumers Power Company, Michigan Public Service Commission
800119-EU	Florida Power Corporation, Florida Public Service Commission
810035-TP	Southern Bell Telephone and Telegraph Company, Florida Public Service Commission
800367-WS	General Development Utilities, Inc., Port Malabar, Florida Public Service Commission
TR-81-208**	Southwestern Bell Telephone Company, Missouri Public Service Commission **Issues Stipulated
810095-TP	General Telephone Company of Florida, Florida Public Service Commission
U-6794	Michigan Consolidated Gas Company, 16 refunds Michigan Public Service Commission
U-6798	Cogeneration and Small Power Production -PURPA, Michigan Public Service Commission
810136-EU	Gulf Power Company, Florida Public Service Commission
E-002/GR-81-342	Northern State Power Company Minnesota Public Utilities Commission
820001-EU	General Investigation of Fuel Cost Recovery Clauses, Florida Public Service Commission
810210-TP	Florida Telephone Corporation, Florida Public Service Commission
810211-TP	United Telephone Co. of Florida, Florida Public Service Commission
810251-TP	Quincy Telephone Company, Florida Public Service Commission
810252-TP	Orange City Telephone Company, Florida Public Service Commission
8400	East Kentucky Power Cooperative, Inc., Kentucky Public Service Commission

U-6949 **Detroit Edison Company - Partial and Immediate Rate Increase**
Michigan Public Service Commission

18328 **Alabama Gas Corporation,**
Alabama Public Service Commission

U-6949 **Detroit Edison Company - Final Rate Recommendation**
Michigan Public Service Commission

820007-EU **Tampa Electric Company,**
Florida Public Service Commission

820097-EU **Florida Power & Light Company,**
Florida Public Service Commission

820150-EU **Gulf Power Company,**
Florida Public Service Commission

18416 **Alabama Power Company,**
Public Service Commission of Alabama

820100-EU **Florida Power Corporation,**
Florida Public Service Commission

U-7236 **Detroit Edison-Burlington Northern Refund - Michigan**
Public Service Commission

U-6633-R **Detroit Edison - MRCS Program,**
Michigan Public Service Commission

U-6797-R **Consumers Power Company - MRCS Program, Michigan**
Public Service Commission

82-267-EFC **Dayton Power & Light Company,**
Public Utility Commission of Ohio

U-5510-R **Consumers Power Company - Energy Conservation**
Finance Program,
Michigan Public Service Commission

82-240-E **South Carolina Electric & Gas Company, South**
Carolina Public Service Commission

8624 **Kentucky Utilities,**
Kentucky Public Service Commission

8648	East Kentucky Power Cooperative, Inc., Kentucky Public Service Commission
U-7065	The Detroit Edison Company (Fermi II), Michigan Public Service Commission
U-7350	Generic Working Capital Requirements, Michigan Public Service Commission
820294-TP	Southern Bell Telephone Company, Florida Public Service Commission
Order RH-1-83	Westcoast Gas Transmission Company, Ltd., Canadian National Energy Board
8738	Columbia Gas of Kentucky, Inc., Kentucky Public Service Commission
82-168-EL-EFC	Cleveland Electric Illuminating Company, Public Utility Commission of Ohio
6714	Michigan Consolidated Gas Company Phase II, Michigan Public Service Commission
82-165-EL-EFC	Toledo Edison Company, Public Utility Commission of Ohio
830012-EU	Tampa Electric Company, Florida Public Service Commission
ER-83-206**	Arkansas Power & Light Company, Missouri Public Service Commission **Issues Stipulated
U-4758	The Detroit Edison Company - (Refunds), Michigan Public Service Commission
8836	Kentucky American Water Company, Kentucky Public Service Commission
8839	Western Kentucky Gas Company, Kentucky Public Service Commission
83-07-15	Connecticut Light & Power Company, Department of Utility Control, State of Connecticut
81-0485-WS	Palm Coast Utility Corporation, Florida Public Service Commission

U-7650	Consumers Power Company - (Partial and Immediate), Michigan Public Service Commission
83-662**	Continental Telephone Company, Nevada Public Service Commission **Issues Stipulated
U-7650	Consumers Power Company - Final Michigan Public Service Commission
U-6488-R	Detroit Edison Co. (FAC & PIPAC Reconciliation), Michigan Public Service Commission
Docket No. 15684	Louisiana Power & Light Company, Public Service Commission of the State of Louisiana
U-7650 Reopened	Consumers Power Company (Reopened Hearings) Michigan Public Service Commission
38-1039**	CP National Telephone Corporation Nevada Public Service Commission **Issues Stipulated
83-1226	Sierra Pacific Power Company (Re application to form holding company), Nevada Public Service Commission
U-7395 & U-7397	Campaign Ballot Proposals Michigan Public Service Commission
820013-WS	Seacoast Utilities, Florida Public Service Commission
U-7660	Detroit Edison Company Michigan Public Service Commission
U-7802	Michigan Gas Utilities Company Michigan Public Service Commission
830465-EI	Florida Power & Light Company Florida Public Service Commission
U-7777	Michigan Consolidated Gas Company Michigan Public Service Commission
U-7779	Consumers Power Company Michigan Public Service Commission

U-7480-R	Michigan Consolidated Gas Company Michigan Public Service Commission
U-7488-R	Consumers Power Company - Gas Michigan Public Service Commission
U-7484-R	Michigan Gas Utilities Company Michigan Public Service Commission
U-7550-R	Detroit Edison Company Michigan Public Service Commission
U-7477-R	Indiana & Michigan Electric Company Michigan Public Service Commission
U-7512-R	Consumers Power Company - Electric Michigan Public Service Commission
18978	Continental Telephone Company of the South - Alabama, Alabama Public Service Commission
9003	Columbia Gas of Kentucky, Inc. Kentucky Public Service Commission
R-842583	Duquesne Light Company Pennsylvania Public Utility Commission
9006*	Big Rivers Electric Corporation Kentucky Public Service Commission *Company withdrew filing
U-7830	Consumers Power Company - Electric (Partial and Immediate) Michigan Public Service Commission
7675	Consumers Power Company - Customer Refunds Michigan Public Service Commission
5779	Houston Lighting & Power Company Texas Public Utility Commission
U-7830	Consumers Power Company - Electric - "Financial Stabilization" Michigan Public Service Commission
U-4620	Mississippi Power & Light Company (Interim) Mississippi Public Service Commission

U-16091	Louisiana Power & Light Company Louisiana Public Service Commission
9163	Big Rivers Electric Corporation Kentucky Public Service Commission
U-7830	Consumers Power Company - Electric - (Final) Michigan Public Service Commission
U-4620	Mississippi Power & Light Company - (Final) Mississippi Public Service Commission
76-18788AA & 76-18793AA	Detroit Edison (Refund - Appeal of U-4807) Ingham County Circuit Court Michigan Public Service Commission
U-6633-R	Detroit Edison (MBCS Program Reconciliation) Michigan Public Service Commission
19297	Continental Telephone Company of the South - Alabama, Alabama Public Service Commission
9283	Kentucky American Water Company Kentucky Public Service Commission
850050-EI	Tampa Electric Company Florida Public Service Commission
R-850021	Duquesne Light Company Pennsylvania Public Service Commission
TR-85-179**	United Telephone Company of Missouri Missouri Public Service Commission
6350	El Paso Electric Company The Public Utility Board of the City of El Paso
6350	El Paso Electric Company Public Utility Commission of Texas
85-53476AA & 85-534855AA	Detroit Edison-refund-Appeal of U-4758 Ingham County Circuit Court Michigan Public Service Commission
U-8091/ U-8239	Consumers Power Company-Gas Michigan Public Service Commission

9430	Leslie County Telephone Company, Inc. Kentucky Public Service Commission
85-212	Central Maine Power Company Maine Public Service Commission
850782-EI & 850783-EI	Florida Power & Light Company Florida Public Service Commission
ER-85646001 & ER-85647001	New England Power Company Federal Energy Regulatory Commission
Civil Action * No. 2:85-0652	Allegheny & Western Energy Corporation, Plaintiff, - against - The Columbia Gas System, Inc., Defendant
Docket No. 850031-WS	Orange Ocoola Utilities, Inc. Before the Florida Public Service Commission
Docket No. 840419-SU	Florida Cities Water Company South Ft. Myers Sewer Operations Before the Florida Public Service Commission
R-860378	Duquesne Light Company Pennsylvania Public Service Commission
R-850267	Pennsylvania Power Company Pennsylvania Public Service Commission
R-860378	Duquesne Light Company - Surrebuttal Testimony - OCA Statement No. 2D Pennsylvania Public Service Commission
Docket No. 850151	Marco Island Utility Company Before the Florida Public Service Commission
Docket No. 7195 (Interim)	Gulf States Utilities Company Public Utility Commission of Texas
R-850267 Reopened	Pennsylvania Power Company Pennsylvania Public Service Commission
Docket No. 87-01-03	Connecticut Natural Gas Corporation Connecticut Department of Public Utility Control
Docket No. 5740	Hawaiian Electric Company Hawaii Public Utilities Commission

1345-85-367	Arizona Public Service Company Arizona Corporation Commission
Docket 011 No. 86-11-019	Tax Reform Act of 1986 - California Generic, California Public Utilities Commission
Case No. 29484	Long Island Lighting Company New York Department of Public Service
Docket No. 7460	El Paso Electric Company Public Utility Commission of Texas
Docket No. 870092-WS*	Cinnas Springs Utilities Before the Florida Public Service Commission
Case No. 9892	Dickerson Lumber EP Company - Complainant vs. Farmers Rural Electric Cooperative and East Kentucky Power Cooperative - Defendants Before the Kentucky Public Service Commission
Docket No. 3673-U	Georgia Power Company Before the Georgia Public Service Commission
Docket No. U-8747	Anchorage Water and Wastewater Utility Report on Management Audit
Docket No. 861564-WS	Century Utilities Before the Florida Public Service Commission
Docket No. FA86-19-001	Systems Energy Resources, Inc. Federal Energy Regulatory Commission
Docket No. 870347-TI	AT&T Communications of the Southern States, Inc. Florida Public Service Commission
Docket No. 870980-WS	St. Augustine Shores Utilities Inc. Florida Public Service Commission
Docket No. 870654-WS*	North Naples Utilities, Inc. Florida Public Service Commission
Docket No. 870853	Pennsylvania Gas & Water Company Pennsylvania Public Utility Commission,
Civil Action*	Reynolds Metals Company, Plaintiff, v.

No. 87-0446-R

The Columbia Gas System, Inc., Commonwealth Gas Service, Inc., Commonwealth Gas Pipeline Corporation, Columbia Gas Transmission Corporation, Columbia Gulf Transmission Company, Defendants - In the United States District Court for the Eastern District of Virginia Richmond
Division

Docket No.
E-2, Sub 537

Carolina Power & Light Company
North Carolina Utilities Commission

Case No. U-7830

Consumers Power Company - Step 2 Reopened
Michigan Public Service Commission

Docket No.
880069-TL

Southern Bell Telephones & Telegraph
Florida Public Service Commission

Case No.
U-7830

Consumers Power Company - Step 3B
Michigan Public Service Commission

Docket No.
880355-EI

Florida Power & Light Company
Florida Public Service Commission

Docket No.
880360-EI

Gulf Power Company,
Florida Public Service Commission

Docket No.
FAB6-19-002

System Energy Resources, Inc.
Federal Energy Regulatory Commission

Docket Nos.
83-0537-Remand
&
84-0555-Remand

Commonwealth Edison Company
Illinois Commerce Commission

Docket Nos.
83-0537-Remand
&
84-0555-Remand

Commonwealth Edison Company -
Surrebuttal
Illinois Commerce Commission

Docket No.
880537-SU

Key Haven Utility Corporation
Florida Public Service Commission

Docket No.
881167-EI****

Gulf Power Company
Florida Public Service Commission

Docket No.
881503-W/S
Cause No.

Potomacans Utilities, Inc.
Florida Public Service Commission
Puget Sound Power & Light Company

U-89-2688-T

Washington Utilities & Transportation Committee

**Docket No.
89-68**

**Central Maine Power Company
Maine Public Utilities Commission**

**Docket No.
861190-PU**

**Proposal to Amend Rule 25-14.003, F.A.C.
Florida Public Service Commission**

**Docket No.
89-08-11**

**The United Manufacturing Company
State of Connecticut, Department of Public Utility Control**

**Docket No.
R-891364**

**The Philadelphia Electric Company
Pennsylvania Public Utility Commission**

**Formal Case
No. 889**

**Potomac Electric Power Company
Public Service Company of the District of**

**Column
b1a**

Case No. 88/S46*

**Niagara Mohawk Power Corporation, et al Plaintiffs, v.
Gulf+Western, Inc. et al, defendants
(In the Supreme Court County of Onondaga,
State of New York)**

Case No. 87-11628*

**Duquesne Light Company, et al, plaintiffs, against Gulf +
Western, Inc. et al, defendants
(In the Court of the Common Pleas of Allegheny County,
Pennsylvania Civil Division)**

**Case No.
89-640-G-42T***

**Mountainair Gas Company
West Virginia Public Service Commission**

Docket No. 890319-EI

**Florida Power & Light Company
Florida Public Service Commission**

**Docket No.
EM-89110888**

**Kerry Central Power & Light Company
Board of Public Utilities Commissioners**

Docket No. 891345-EI

**Gulf Power Company
Florida Public Service Commission**

**BPU Docket No.
ER 8811 0912J**

**Kerry Central Power & Light Company
Board of Public Utilities Commissioners**

Docket No. 6531

**Hawaiian Electric Company
Hawaii Public Utilities Commissioners**

Docket No. 890509-WUJ

**Florida Cities Water Company, Golden Gate Division
Florida Public Service Commission**

Docket No. 880069-TL	Southern Bell Telephone Company Florida Public Service Commission
Docket Nos. F-3848, F-3849, and F-3850	Northwestern Bell Telephone Company South Dakota Public Utilities Commission
Docket Nos. ER89-^o 678-000 & EL90-16-000	System Energy Resources, Inc. Federal Energy Regulatory Commission
Docket No. 5428	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 90-10	Artesian Water Company, Inc. Delaware Public Service Commission
Case No. 90-243-E-42T^o	Wheeling Power Company West Virginia Public Service Commission
Docket No. 900329-WS	Southern States Utilities, Inc. Florida Public Service Commission
Docket Nos. ER89-^o 678-000 & EL90-16-000	System Energy Resources, Inc. (Surrebuttal) Federal Energy Regulatory Commission
Application No. 90-12-018	Southern California Edison Company California Public Utilities Commission
Docket No. 90-0127	Central Illinois Lighting Company Illinois Commerce Commission
Docket No. FA-89-28-000	System Energy Resources, Inc. Federal Energy Regulatory Commission
Docket No. U-1551-90-322	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. R-911966	Pennsylvania Gas & Water Company The Pennsylvania Public Utility Commission
Docket No. 176-717-U	United Cities Gas Company Kansas Corporation Commission
Docket No. 860001-EI-G	Florida Power Corporation Florida Public Service Commission
Docket No. 6720-TI-102	Wisconsin Bell, Inc. Wisconsin Citizens' Utility Board

(No Docket No.)

Southern Union Gas Company
Before the Public Utility Regulation Board
of the City of El Paso

Docket No. 6998

Hawaiian Electric Company, Inc.
Before the Public Utilities Commission of the State of
Hawaii

Docket No. TC91-040A

In the Matter of the Investigation into the Adoption
of a Uniform Access Methodology
Before the Public Utilities Commission of the
State of South Dakota

Docket Nos. 911030-W/S
& 911067-W/S

General Development Utilities, Inc.
Before the Florida Public Service Commission

Docket No. 910890-EI

Florida Power Corporation
Before the Florida Public Service Commission

Docket No. 910890-EI

Florida Power Corporation, Supplemental
Before the Florida Public Service Commission

Case No. 3L-74199

Idaho Power Company, an Idaho Corporation
In the District Court of the Fourth Judicial District of the
State of Idaho, In and For the County of Ada - Magistrate
Division

Case No. 39353*

Indiana Gas Company
Before the Indiana Utility Regulatory Commission

Docket No. 90-0169
(Remand)

Commonwealth Edison Company
Before the Illinois Commerce Commission

Docket No. 92-06-05

The United Illuminating Company
State of Connecticut, Department of Public Utility Control

Case No. 39498

PSI Energy, Inc.
Before the State of Indiana - Indiana Utility Regulatory
Commission

Case No. 39498

PSI Energy, Inc. - Surrebuttal testimony
Before the State of Indiana - Indiana Utility
Regulatory Commission

Docket No. 7287

Public Utilities Commission - Instituting a Proceeding to
Escrow the Gross-up of CIAC
Before the Public Utilities Commission of the State of
Hawaii

Docket No. 92-227-TC
*US West Communications, Inc.
 Before the State Corporation Commission of the
 State of New Mexico*

Docket No. 92-47
*Diamond State Telephone Company
 Before the Public Service Commission of the State of
 Delaware*

**Docket Nos. 920733-WS
 & 920734-WS**
*General Development Utilities, Inc.
 Before the Florida Public Service Commission*

Docket No. 92-11-11
*Connecticut Light & Power Company
 State of Connecticut, Department of Public Utility Control*

**Docket Nos. EC92-21-000
 & ER92-806-000**
*Energy Corporation
 Before the Federal Energy Regulatory Commission*

Docket No. 930405-EI
*Florida Power & Light Company
 Before the Florida Public Service Commission*

Docket No. UE-92-1262
*Puget Sound Power & Light Company
 Before the Washington Utilities & Transportation
 Commission*

Docket No. 93-02-04
*Connecticut Natural Gas Corporation
 State of Connecticut, Department of Public Utility Control*

Docket No. 93-02-04
*Connecticut Natural Gas Corporation -
 Supplemental
 State of Connecticut, Department of Public Utility Control*

Docket No. 93-057-01
*Mountain Fuel Supply Company
 Before the Utah Public Service Commission*

**Cause No. 39353
 (Phase II)**
*Indiana Gas Company
 Before the Indiana Utility Regulatory Commission*

PU-314-92-1060
*US West Communications, Inc.
 Before the North Dakota Public Service Commission*

Cause No. 39713
*Lansingops Water Company
 Before the Indiana Utility Regulatory Commission*

93-L/A-0301*
*Mississippi Power & Light Company
 Before the Mississippi Public Service Commission*

Docket No. 93-08-06

SNET America, Inc.
State of Connecticut, Department of Public Utility Control

Docket No. 93-057-01

Mountain Fuel Supply Company - Rehearing on
Unbilled Revenues - Before the Utah Public Service
Commission

Case No.
78-T119-0013-94

Guam Power Authority vs. U.S. Navy Public Works
Center, Guam - Assisting the Department of Defense in the
investigation of a billing dispute.
Before the American Arbitration Association

Application No.
93-12-025 - Phase I

Southern California Edison Company
(Before the California Public Utilities Commission)

Case No.
94-0027-E-42T

Potomac Edison Company
(Before the Public Service Commission of West
Virginia)

Case No.
94-0035-E-42T

Monongahela Power Company
(Before the Public Service Commission of West
Virginia)

Docket No. 930204-WS**

Jacksonville Suburban Utilities Corporation
(Before the Florida Public Service Commission)

Docket No. 5258-U

Southern Bell Telephone and Telegraph Company
(Before the Georgia Public Service Commission)

Case No. 95-0011-G-42T*

Mountaineer Gas Company
(Before the West Virginia Public Service Commission)

Case No. 95-0003-G-42T*

Hope Gas, Inc.
(Before the West Virginia Public Service Commission)

Docket No. 95-02-07	Connecticut Natural Gas Corporation State of Connecticut, Department of Public Utility Control
Docket No. 95-03-01	Southern New England Telephone Company State of Connecticut, Department of Public Utility Control
Docket No. U-1933-95-317	Tucson Electric Power Before the Arizona Corporation Commission
Docket No. 950495-WS	Southern States Utilities Before the Florida Public Service Commission

- *Case Settled**
- **Issues Stipulated**
- ***Company withdrew case**

Additionally, I performed an investigation and analysis of Michigan Consolidated Gas Company and participated in the discussion which led to the settlement of Michigan Consolidated rate case which was culminated in Rate Order U-4166.

From April 28, 1975, to March 15, 1976, I was under contract to the Michigan House of Representatives as Technical Staff Director of a Special House Committee to study and evaluate the effectiveness of the Michigan Public Service Commission and the rates and service of public utilities. As Technical Staff Director, I supervised personnel loaned to the Committee from the State Auditor General's Office. The reports to that Committee prepared by myself and Allen Briggs, an attorney, to revise utility regulation, were adopted in virtually all material respects in its final report and recommendations and served as a basis of numerous bills introduced in the 1976 and 1977 sessions of the legislature. The Staff of the Committee, under my direction, investigated and reported to the Committee on numerous regulatory issues, including ratepayer participation in utility regulation, fuel cost adjustment clauses, purchased gas adjustment clauses, comparative electric, gas and telephone rates, treatment of subsidiaries of utilities in ratemaking, research and

planning capabilities of the Michigan Public Service Commission, utility advertising, regulatory oversight of utility management, deferred taxes in ratemaking and the organizational structure and functions of the Michigan Public Service Commission.

In the course of my work as a certified public accountant, I advise clients concerning the obtaining of capital funds, and have worked with banking institutions in obtaining loans. I have participated in negotiating the sale and purchase of businesses for clients, in connection with which I have valued the physical assets of various business firms, and also determined the value of present and future earnings measured by market rates of return. I have participated in acquisition audits on behalf of large national companies interested in acquiring smaller companies.

My testimony in utility rate cases has been sponsored by state Attorney Generals, groups of municipalities, a district attorney, Peoples' Counsel, Public Counsel, a ratepayers' committee, and I have also worked as a Staff Consultant to the Arizona Corporation Commission.

In November 1985, with two members of the firm, I presented a seminar on utility accounting for the Legal Services Regional Utilities Task Force in Atlanta, Georgia.

In September, 1988, with two members of the firm, I presented a seminar on utility accounting for the Office of Consumer Advocates, Attorney General's Office, State of Pennsylvania. Individuals from that division as well as Commission Staff members attended.

**FLORIDA POWER CORPORATION
NET PRESENT VALUE SUMMARY**

**DOCKET NO. 961184-EQ
EXHIBIT (HL-1)
WITNESS LARKIN**

(1)	(2)	(3)	(4)	(5)
YEAR	CUSTOMER SAVINGS EXHIBIT NO.7	ALT RATE OF RETURN	NUMBER OF YEARS	NPV AT ALT. RATE
1997	(9,881)	13.00%	0.5	(9,295.263)
1998	(9,881)	13.00%	1.5	(8,225.896)
1999	(9,881)	13.00%	2.5	(7,279.554)
2000	(9,881)	13.00%	3.5	(6,442.083)
2001	(9,881)	13.00%	4.5	(5,700.959)
2002		13.00%	5.5	
2003		13.00%	6.5	
2004		13.00%	7.5	
2005		13.00%	8.5	
2006		13.00%	9.5	
2007		13.00%	10.5	
2008		13.00%	11.5	
2009		13.00%	12.5	
2010		13.00%	13.5	
2011		13.00%	14.5	
2012		13.00%	15.5	
2013		13.00%	16.5	
2014	36,123	13.00%	17.5	4,255.113
2015	38,275	13.00%	18.5	3,989.918
2016	40,575	13.00%	19.5	3,743.078
2017	42,887	13.00%	20.5	3,501.205
2018	45,365	13.00%	21.5	3,277.437
2019	47,985	13.00%	22.5	3,067.895
2020	50,824	13.00%	23.5	2,875.580
2021	53,645	13.00%	24.5	2,686.009
2022	56,652	13.00%	25.5	2,510.238
2023	59,847	13.00%	26.5	<u>2,346.733</u>
NET PRESENT VALUE AT 1/1/97:				<u>(4,690.550)</u>

**CERTIFICATE OF SERVICE
DOCKET NO. 92024EQ**

**I HEREBY CERTIFY that a true and correct copy of the foregoing DIRECT TESTIMONY
OF HUGH LARKIN, JR., has been furnished by U. S. Mail or *Hand-delivery to the following
parties on this 10th day of September, 1997.**

**James A. McGee, Esquire
Florida Power Corporation
Post Office Box 14042
St. Petersburg, Florida 33733-4042**

**Wm. Cochran Keating, IV, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gunter Building, Room 370
Tallahassee, Florida 32399-0850**

**Debra Swim, Esquire
Legal Environmental Assistance
Foundation, Inc.
1115 N. Gadsden Street
Tallahassee, Florida 32303**

**Mr. Roger A. Yott
Manager, Power Sales Contracts
Air Products & Chemicals, Inc.
7201 Hamilton Boulevard
Allenton, PA 18195**

**Matthew M. Childs, Esquire
Steel Hector & Davis, L.L.P.
215 South Monroe Street, Suite 601
Tallahassee, Florida 32301-1804**



**John Roger Howe
Deputy Public Counsel**

*DN 09178 - 97
9/10/97*

**CERTIFICATE OF SERVICE
DOCKET NO. 961184-EQ**

**I HEREBY CERTIFY that a true and correct copy of the foregoing DIRECT TESTIMONY
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**John Roger Howe
Deputy Public Counsel**