

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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RECOMMENDATION  
REPORTING

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** FEBRUARY 8, 2001

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

**FROM:** DIVISION OF ECONOMIC REGULATION (SLEMKEWICZ) JS DM RVE  
DIVISION OF LEGAL SERVICES (WALKER) KOW RVE

**RE:** DOCKET NO. 010112-EI - REQUEST FOR EXTENSION OF TIME TO  
FILE THE 2001 FORECASTED EARNINGS SURVEILLANCE REPORT BY  
FLORIDA POWER CORPORATION

**AGENDA:** 02/20/01 - REGULAR AGENDA - PROPOSED AGENCY ACTION -  
INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** ATTACHMENT NOT AVAILABLE

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\010112.RCM

### DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission grant Florida Power Corporation's request to extend the filing deadline of its 2001 Forecasted Earnings Surveillance Report to May 1, 2001?

**RECOMMENDATION:** Yes, the Commission should grant Florida Power Corporation's request to extend the filing deadline of its 2001 Forecasted Earnings Surveillance Report to May 1, 2001. (SLEMKEWICZ)

**STAFF ANALYSIS:** Pursuant to Rule 25-6.1353, Florida Administrative Code, investor-owned electric utilities are required to file a Forecasted Earnings Surveillance Report for the current year on or before March 1st of that year. One extension of 15 days can be granted upon request. Requests for longer extensions must be accompanied by a statement of good cause and specify a proposed filing date.

DOCUMENT NUMBER-DATE

01803 FEB-8

FPSC-RECORDS/REPORTING

DOCKET NO. 010112-EI  
DATE: February 8, 2001

In its letter, dated January 8, 2001 (Attachment), Florida Power Corporation (FPC) stated that the extra time and resources involved in the integration of the FPC and Carolina Power & Light Company (CPL) budgeting process would delay the availability of data critical for completing the required forecasted report for calendar year 2001. As a result, FPC has requested a two-month extension of the filing deadline to May 1, 2001. The letter contained an inadvertent reference to the year 2000, rather than to the appropriate year of 2001.

Although the acquisition of FPC by CP&L Holdings, Inc. (now known as Progress Energy Company) was initiated in 1999, it was not consummated until November 30, 2000. It was not until that time that many of the projected expenses of the combined entity could be more accurately determined for the forthcoming year 2001. This contributed to the delay and disruption of the normal budgeting process, as did the combination of the two different budgeting systems of FPC and CPL. Although an overall operating budget is in place, it still needs further review and analysis to ensure that the forecasted expenses are allocated to the appropriate FERC accounts for FPC's budgeting and reporting purposes.

One reason for requiring forecasted data is to give the Commission an early opportunity to assess whether there is a possibility of potential overearnings during the current year. If the forecasted data indicates that overearnings might occur, the Commission can take action to attach jurisdiction to those earnings for disposition at a later date. Although FPC is not under an incentive regulation plan or subject to an earnings or revenue cap, it does have the discretion to accelerate the amortization of the Tiger Bay regulatory asset (Order No. PSC-97-0652-S-EQ). The ability to accelerate this amortization mitigates the concern that FPC would have overearnings for 2001. In addition, FPC will still be required to submit its monthly surveillance reports on an actual basis for 2001. This will allow the Commission to monitor FPC's 2001 earnings during the extension period for submitting the 2001 forecasted data.

Given the circumstances of the merger's affect on the budgeting process and FPC's ability to accelerate the Tiger Bay amortization during 2001, staff recommends that FPC's request to extend the deadline for filing its 2001 Forecasted Earnings Surveillance Report to May 1, 2001, be approved.

DOCKET NO. 010112-EI  
DATE: February 8, 2001

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (WALKER)

**STAFF ANALYSIS:** At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.



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**Javier Portuondo**  
Manager, Regulatory Services - Florida

January 8, 2001

Mr. Timothy Devlin, Director  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Dear Mr. Devlin:

Pursuant to Commission Order No. PSC-94-1600-FOF-PU, Florida Power Corporation is requesting an extension of time for the Company's Forecasted Earnings Surveillance Report for the twelve months ended December 31, 2000. Due to the extra time and resources required to integrate Florida Power Corporation and Carolina Power and Light budgeting process, the availability of information critical to the completion of the Forecasted Earnings Surveillance has been delayed. Florida Power Corporation respectfully requests to extend the filing deadline to May 1, 2001.

If you have any questions, please feel free to contact me at (727) 820-5835.

Sincerely,

Javier Portuondo  
Manager, Regulatory Services - Florida

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