

## CARLTON FIELDS

ATTORNEYS AT LAW



ONE PROGRESS PLAZA 200 CENTRAL AVENUE. SUITE 2300 ST PETERSBURG. FLORIDA 33701-4352 MAILING ADDRESS PO BOX 2861, ST. PETERSBURG, FL 33731-2861 TEL (727) 821-7000 FAX (727) 822-3768

November 15, 2001

VIA FEDERAL EXPRESS

Ms. Blanca S. Bayo, Director Division of Records and Reporting Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

> 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

<sup>•</sup> Dear Ms. Bayo:

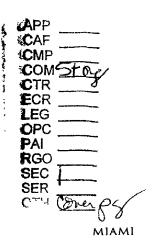
Florida Power Corporation ("FPC" or the "Company") is filing herewith are the original and twenty (20) copies of page 13 of Florida Power Corporation's Direct Testimony of William C. Slusser, Jr. inadvertently omitted in filing.

Thank you for your assistance in this regard.

Very truly yours,

Gary & Jasso Gary L. Sasso ja

Enclosures



ORLANDO

DOCUMENT NUMBER AN 9:32

FPSC-COMMISSION CLERK

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1		monthly coincident peak loads, and 1/13, or 8%, of production capacity costs on
2		the basis of class average hourly demands, which is mathematically equivalent to
3		class annual energy consumption. Florida Power believes that this method gives
4		too little recognition to energy responsibility, only 8%, as a determinant of
5		production costs, and, therefore, two additional studies have been prepared to
6		recognize a greater extent that energy responsibility should bear for sharing in the
7		Company's total production capacity costs.
8		
9		The two additional studies that have been prepared increase the proportion of
10		production costs that are allocated on average demand to 25% and 50%
11		respectively. I will refer to theses two additional studies as the 12 CP and 25%
12		AD method and the 12 CP and 50% AD method.
13		
15		
13	Q.	What is the rationale for preparing the 12 CP and 50% AD study which
	Q.	What is the rationale for preparing the 12 CP and 50% AD study which allocates 50% of production capacity costs on an average demand basis?
14	Q.	
14 15	Q.	allocates 50% of production capacity costs on an average demand basis?
14 15 16	Q.	allocates 50% of production capacity costs on an average demand basis? This method for which 50% of production capacity costs are allocated on an
14 15 16 17	Q.	allocates 50% of production capacity costs on an average demand basis? This method for which 50% of production capacity costs are allocated on an average demand basis is indicative of the type study that would result if an
14 15 16 17 18	Q.	allocates 50% of production capacity costs on an average demand basis? This method for which 50% of production capacity costs are allocated on an average demand basis is indicative of the type study that would result if an Equivalent Peaker Method was prepared for Florida Power Corporation. The
14 15 16 17 18 19	Q.	allocates 50% of production capacity costs on an average demand basis? This method for which 50% of production capacity costs are allocated on an average demand basis is indicative of the type study that would result if an Equivalent Peaker Method was prepared for Florida Power Corporation. The Equivalent Peaker Method was introduced by the FPSC Staff in a 1985 Tampa
14 15 16 17 18 19 20	Q.	<ul> <li>allocates 50% of production capacity costs on an average demand basis?</li> <li>This method for which 50% of production capacity costs are allocated on an</li> <li>average demand basis is indicative of the type study that would result if an</li> <li>Equivalent Peaker Method was prepared for Florida Power Corporation. The</li> <li>Equivalent Peaker Method was introduced by the FPSC Staff in a 1985 Tampa</li> <li>Electric Company rate case, Docket No. 850050-EI. It is predicated on the theory</li> </ul>
14 15 16 17 18 19 20 21	Q.	allocates 50% of production capacity costs on an average demand basis? This method for which 50% of production capacity costs are allocated on an average demand basis is indicative of the type study that would result if an Equivalent Peaker Method was prepared for Florida Power Corporation. The Equivalent Peaker Method was introduced by the FPSC Staff in a 1985 Tampa Electric Company rate case, Docket No. 850050-EI. It is predicated on the theory that if a utility installed new capacity simply to serve peak loads, it would choose
14 15 16 17 18 19 20 21 22	Q.	allocates 50% of production capacity costs on an average demand basis? This method for which 50% of production capacity costs are allocated on an average demand basis is indicative of the type study that would result if an Equivalent Peaker Method was prepared for Florida Power Corporation. The Equivalent Peaker Method was introduced by the FPSC Staff in a 1985 Tampa Electric Company rate case, Docket No. 850050-EI. It is predicated on the theory that if a utility installed new capacity simply to serve peak loads, it would choose a unit requiring the least capital investment, typically a combustion turbine unit

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·FPSC-CONTRISSION CLERK

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