

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

Submitted for Filing: December 21, 2001

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FLORIDA POWER CORPORATION'S OBJECTIONS TO CITIZENS' NINTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION (NOS. 131-152)

Pursuant to § 350.0611(1), Fla. Stat. (2000), Fla. Admin. Code R. 28-106.206, and Fla. R. Civ. P.1.340, Florida Power Corporation ("FPC") objects to Florida's Citizens' Ninth Set of Interrogatories (Nos. 131-152) and states as follows:

GENERAL OBJECTIONS

FPC objects to any interrogatory that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time the response is first made to these interrogatories or is later determined to be applicable based on the discovery of documents, investigation or analysis. FPC in no way intends to waive any such privilege or protection.

In certain circumstances, FPC may determine upon investigation and analysis that information responsive to certain interrogatories to which objections are not otherwise asserted are confidential and proprietary and should be produced only under an appropriate confidentiality agreement and protective order, if at all. By agreeing to provide such information in response to such interrogatory, FPC is not waiving its right to insist upon appropriate protection of

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confidentiality by means of a confidentiality agreement and protective order. FPC hereby asserts its right to require such protection of any and all documents that may qualify for protection under the Florida Rules of Civil Procedure and other applicable statutes, rules and legal principles.

FPC objects to these interrogatories and any definitions and instructions that purport to expand FPC's obligations under applicable law.

FPC objects to these interrogatories to the extent they are intended to require any expert/consultant retained by FPC in connection with this proceeding to provide a response, except those interrogatories that are expressly permitted to be directed at an expert/consultant as set forth in Florida Rule of Civil Procedure 1.280(b)(4). Rule 1.340 permits interrogatories to be directed only to parties, and FPC is not obligated to have experts/consultants respond to interrogatories other than those limited interrogatories that are specifically authorized as stated above. However, in the spirit of cooperation, FPC will agree at this point to have its experts/consultants provide responses to this set of interrogatories, but preserves its right to refuse to continue to do so at any point should it so choose. FPC in no way intends to waive this objection.

FPC also objects to these interrogatories to the extent they purport to require FPC to prepare information in a particular format or perform calculations not previously prepared or performed as an attempt to expand FPC's obligations under applicable law. FPC will comply with its obligations under the applicable rules of procedure.

FPC incorporates by reference all of the foregoing general objections into each of its specific objections set forth below as though pleaded therein.

In addition, FPC reserves its right to count interrogatories and their sub-parts (as permitted under the applicable rules of procedure) in determining whether it is obligated to respond to additional interrogatories served by any party.

INTERROGATORIES

131. According to Exhibit MAM-4, the Market Value of Assets for the pension plan as projected for the beginning of 2002 was \$1,170,810,000 in July 2000, and decreased to \$906,870,000 in September 2001. Provide the actual market value of assets as of the date MAM-4 was prepared (indicate the date), as of August 31, 2001, as of September 30, 2001, and as of the current date.

FPC objects to this interrogatory as compound and reserves its right to count this interrogatory as (3) interrogatories for the purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

132. Please show and explain, in detail, how each of the amounts appearing in the adjustment columns on Exhibit MAM-5 were determined.
133. New Payment Locations. Refer to Mr. Meyer's September 14th testimony at page 12 and the response to OPC Interrogatory 28.

(a) Provide the total amount, by FERC account, included in the adjusted 2002 test year for the new payment locations and show, in detail, how the amount was determined. The response should include both expenses and capital costs.

(b) Provide the total amount, by FERC account, included in the adjusted 2002 test year for the 33 business offices which were being phased out during 2001, by office (these were listed in response to OPC Interrogatory 28d). The response should include expenses and capital costs and be broken out by item (i.e., plant in service, accumulated depreciation, maintenance expense, utilities, employee costs, etc.)

(c) Explain, in detail, what has been done or is planned to be done with each of the 33 business offices that will be closed (i.e., sold, expired lease, etc.).

(d) If any of the 33 business offices are/were owned by the Company and have been or are projected to be sold, identify the actual and anticipated gains/losses on sales for each of the buildings and identify how these gains/losses have been treated in the adjusted 2002 test year. Include supporting workpapers and calculations.

134. Closed Business Offices. Refer to the response to OPC Interrogatory 28(h).

(a) What will/has happened with these employees (i.e., terminated, transferred to other positions, retired, etc.)?

(b) Provide the number of employees included in the 2002 adjusted test year for the 33 business offices that are being/have been closed and provide the amount included in adjusted 2002 test year expenses for these employees, including payroll, payroll taxes, benefits, and any other employee related costs.

135. **Merger Synergies.** Please provide a detailed breakdown of the following identified merger synergies, by FERC account number, confirm that the full amount has in fact been reflected in the 2002 budgeted test year and show, in detail, how the amounts were determined. Include all supporting assumptions and calculations:

FPC objects to this interrogatory as compound and reserves its right to count this

interrogatory as (3) interrogatories as to each sub-part for the purposes of determining its

obligation to continue to provide responses under the order governing procedure in this

case.

(a) MFR Schedule C-57a, page 1, for Steam and Other Power Generation of \$16.8 million;

(b) MFR Schedule C-57b, page 1, for Nuclear Generation of \$4.1 million;

(c) MFR Schedule C-57c, page 1, for Transmission of \$1,563,000;

(d) MFR Schedule C-57d, page 1, for Distribution of \$5,512,000;

(e) MFR Schedule C-57e, page 1, for Customer Accounts of \$5.9 million; and

(f) MFR Schedule C-57f, page 1, for Administrative & General of \$24.8 million.

136. **Employee Count.** Refer to the response to OPC Interrogatory No. 40. Please explain, in detail, why the projected 2002 employee counts for each of the following functional areas for Progress Energy Services exceeds the combined December 31, 2000 employee counts for both FPC and CP&L pre-merger:

(a) Payroll and Benefits Management (38 pre-merger combined compared to 50 for 2002); and

- (b) Legal and Regulatory Compliance (63 pre-merger compared to 79 for 2002).
137. Tiger Bay Regulatory Asset. Please refer to the response to OPC Interrogatory No. 66. Please identify which of the amounts on the attached schedule for 2001 are based on actual amounts and which are based on estimates. For the months based on estimates, provide the actual amounts, by month, for 2001 to date along with the current actual balance of the Tiger Bay Regulatory Asset.
138. Revenues – Other. Provide the amount of Revenues recorded in Account 45110 – Misc. Service Revenues, for each month, of 2001 to date.
139. Revenues – Other. Refer to the response to OPC Interrogatory 70. Explain, in detail, why the Company does not forecast to collect as much in revenue for those services in 2002 and provide the amount of revenues recorded in account 456.20, by revenue type, by month for 2001 to date.
140. Other Power Generation. Refer to the response to OPC Interrogatory 74. Please show, in detail, how the amount of increase in PC Support and Voice Data Services expenses of \$2,625,000 was determined and explain, in detail, what caused this large expense increase.
141. Other Power Generation. Refer to the response to OPC Interrogatory 74.
- (a) Please show, in detail, how the Develop CT System Support Organization – Primarily Growth Driven of \$1,681,000 was determined.
- (b) Provide a more detailed description of this cost and the CT System Support Organization.
- (c) Since the response indicates that it is primarily growth driven, explain, in detail, any impact of the Company’s recently projected reduction in the revenue forecast impacts this projected cost.
142. Customer Account Expense. The response to OPC Interrogatory 76 indicates that the increase in Account 90320 is the result of reclassing postage expense for customer bills from Account 90310. Considering this fact, please explain, in detail, what factors caused the large increase in expense in account 90310 between 2000 actual of \$31,898,000 to 2002 projected of \$39,396,000, particularly as postage for customer bills is no longer in that account.
143. Sales Expense. Refer to OPC Interrogatory 80. Provide a detailed description of the Power Marketing Services expense of \$4.9 million included in the 2002 adjusted test year. Explain, in detail, how the projected amount was determined and explain why it increased so significantly between 2000 actual and 2002 projected (See MFR Sch. C-12, p. 8).

FPC objects to this interrogatory as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for the purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

144. **Property Insurance. Refer to the response to OPC Interrogatory 81. Please update the actual amount of non-nuclear property insurance expense for each month subsequent to September 30, 2001 to date.**
145. **Property Insurance. Refer to the response to OPC Interrogatory 81. Has the Company's insurer's provided any information regarding projected 2002 non-nuclear property insurance costs? If yes, please explain, in detail, how the information compare to the Company's projection that its insurance costs will "double from 2000 to 2001 and are expected to continue to rise in 2002."**

FPC objects to this interrogatory as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for the purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

146. **Medical Expense. Refer to the response to OPC Interrogatory 82. Please provide a detailed itemization of the actual 2000 expense of \$13,031,000, the actual 2001 expense to date, and the projected 2002 of \$19,640,000 by benefit type.**
147. **Medical Expense. Refer to the response to OPC Interrogatory 82. Please explain, in detail, how the projected increase of \$5 million for premium/claim costs was determined, providing supporting calculations and assumptions.**
148. **Medical Expense. The attachment provided in response to OPC Interrogatory 82 indicates that the 2002 budgeted medical expense was based on the expected headcount as of December 31, 2001, which is 4,037.**
 - (a) **What is the projected average 2002 test year employee head count?**
 - (b) **Explain, in detail, why the 2002 budgeted medical expense is based on the expected December 31, 2001 employee headcount instead of the projected average 2002 test year headcount.**
 - (c) **What is the current headcount and the current number of employees waiving coverage?**

- 149. Medical Expense. Refer to the response to OPC Interrogatory 82. Has the Company updated its projected medical benefits costs since the filing was prepared? If yes, provide the updated projection and identify and explain any variances from the original estimates.**

FPC objects to this interrogatory as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for the purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

- 150. Medical Expense – Retirees. Refer to the response to OPC Interrogatory 83.**

(a) Provide a detailed description of the increases in the medical “caps”.

(b) Provide detailed calculations showing how each of the amounts summarized in the response were determined.

(c) Provide a detailed description of the “updated actuarial assumptions”, identifying all changes in the assumptions and describing, in detail, why the changes were made.

- 151. Medical Expense – Refer to the response to OPC Interrogatory 83. Please explain, in detail, why the Company believes the \$1.18M increase from 2000 to 2002 based on the 2000 actuarial study assumptions is still applicable post merger, particularly considering the changes in employee compliment and changes in the plan itself. Also, indicate whether or not the 2000 actuarial study specifically factored in anticipated future changes resulting from the merger.**

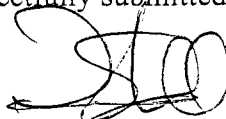
FPC objects to this interrogatory as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for the purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

152. Miscellaneous Benefits. Refer to the response to OPC Interrogatory 84.

(a) Please show, in detail, how the \$871,000 amortization of the Restricted Stock Grant was determined. This should include, but not be limited to, the total amount being amortized by employee (title will suffice) and the amortization period.

(b) Please show, in detail, how the projected cost of \$92,000 to investigate the possibility of offering education services was determined.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of foregoing has been furnished via hand delivery
(where indicated by *) and via U.S. Mail to the following this 21st day of December, 2001.

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