

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

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**FLORIDA POWER CORPORATION'S OBJECTIONS TO
STAFF'S NINTH SET OF INTERROGATORIES
TO FLORIDA POWER CORPORATION (NOS. 211-227)**

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 The Staff of the Florida Public Service Commission's Ninth Set of Interrogatories (Nos. 211-227) 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 or analyses not previously prepared or performed as an attempt to expand FPC's obligations under applicable law. Further, FPC objects to these interrogatories to the extent they purport to require FPC to conduct an analysis or create information not prepared by FPC in the normal course of business. 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

- 211. Please explain process used to forecast migrations of customers from Load Management Class to RS Class. (Hewitt)**
- 212. For calendar year 2002, are tree-trimming expenses included in Account 59300? If so, what is the total amount for calendar year 2002? If not, in which account are tree-trimming expenses included for calendar year 2002, and what is that amount? (Costner)**

FPC objects to this interrogatory as compound and reserves the 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.

- 213. Please explain in full detail how the utility projects the marginal cost of long-term debt. If a formula was used please include the inputs and how they were derived. (Vendetti)**
- 214. In reference to Schedule D-1, page 1 of 17, please explain what source documents FPC's finance department used to project the short term debt cost rate of 4.92%. If a formula was used please include the inputs and how they were derived. (Vendetti)**
- 215. In reference to Schedule D-1, page 2 of 17, please explain in full detail what the non-utility property adjustment of \$7.121 million to common equity consists of. (Vendetti)**
- 216. Please explain why the 2000 non-utility adjustment included investment in associated companies and accounts receivable from associated companies but these accounts are not present in the 2002 projected adjustment. (Vendetti)**
- 217. In reference to Schedule D-3a, line 19, please explain in full detail how the weighted average cost rate of 4.92% was derived. If a formula was used please include the inputs and how they were derived. (Vendetti)**
- 218. In reference to Schedule D-9, line 6, please provide the pre-tax interest coverage ratio for Florida Power Corporation (the utility), for each year shown. (Vendetti)**
- 219. Please provide the long-term debt Schedules D-4a for the year ended December 31,**

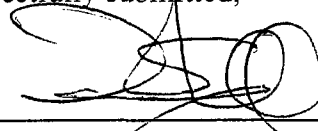
2000. (Vendetti)

220. Please explain in full detail the significant decrease in the relative amount of short term debt for the projected year ending December 31, 2002, compared to the year ended December 31, 2000. (Vendetti)
221. In reference to Schedule F-17, page 4 of 25, please explain in detail the specific source documents used in the determination of each inflation rate forecast. (Vendetti)
222. In reference to Schedule F-17, page 4 of 25, please explain how FPC uses each of these inflation rates in the development of specific expense amounts and plant balances in its budget process. (Vendetti)
223. For the purpose of this question and question number 224, distribution reliability and quality of service activities are the distribution activities the utility undertakes to maintain or improve the distribution system such as but not limited to tree trimming, thermal vision inspections, root cause analysis, investigation into customer complaints, survey activities for compliance with voltage level requirements, wooden pole surveys, lightning arrester surveys, grounding circuit surveys, and outage restoration costs not associated with extreme weather such as hurricanes and tornadoes. Please provide an itemized list of all activities that FPC is including in the rate case prior year budget (2001) for distribution reliability and quality of service. List each activity as a separate line item. Include in your response the following information for each activity listed.
- a. Depreciation expenses and rate.
 - b. Taxes.
 - c. Operation and Maintenance expenses.
 - d. Net Plant.
 - e. Accumulated Depreciation.
 - f. General description of the activity.
 - g. MFR schedule, line(s) and column(s) reporting the activity costs.
 - h. Indicate the number of years that FPC will be engaged in the activity.
 - i. Account number used to record the investment.
 - j. Account numbers used to record the expenses.
 - k. Fully loaded payroll allocated to the activity. (Breman)
224. Please provide an itemized list of all activities that FPC is including in the rate case test year budget (2002) for distribution reliability and quality of service. List each activity as a separate line item. Include in your response the following information for each activity listed.
- a. Depreciation expenses and rate.
 - b. Taxes.
 - c. Operation and Maintenance expenses.
 - d. Net Plant.

- e. **Accumulated Depreciation.**
- f. **General description of the activity.**
- g. **MFR schedule, line(s) and column(s) reporting the activity costs**
- h. **Indicate the number of years that FPC will be engaged in the activity.**
- i. **Account number used to record the investment.**
- j. **Account numbers used to record the expenses.**
- k. **Fully loaded payroll allocated to the activity. (Breman)**

225. **Please provide an itemized list of every type of event that FPC expects to charge to the storm reserve. Include in your response separate estimates for the annualized level of damages for generation assets, transmission assets, and distribution assets. (Breman)**
226. **On page 15 of Mr. Mark A. Meyer's testimony, he provides a summarized breakdown of the \$58.7 million of merger-related budgeted cost reductions for 2002. The \$58.7 million amount is also shown as an adjustment on Schedule C-3a, Page 2 of 2, Column (G), for 2001. Please provide a schedule showing the distribution of the \$58.7 million in cost reductions by primary account on both a total system basis and a retail jurisdictional basis for the years 2001 and 2002. (Slemkewicz)**
227. **For 2001, please provide a schedule separately showing the actual year-to-date merger-related cost reductions and the remaining forecasted amounts of these costs by primary account on a total system basis and a retail jurisdictional basis. (Slemkewicz)**

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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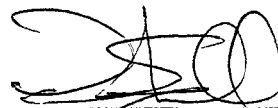
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