

State of Florida



Public Service Commission
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TALLAHASSEE, FLORIDA 32399-0850

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DATE: DECEMBER 26, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (REVELL, WHEELER) *OK*
DIVISION OF LEGAL SERVICES (HELTON, ELIAS, VINING) *RUE*
DIVISION OF SAFETY & ELECTRIC RELIABILITY (BOHRMANN, HARLOW) *JAH TRB JOJ*

RE: DOCKET NO. 000824-EI - REVIEW OF FLORIDA POWER CORPORATION'S EARNINGS, INCLUDING EFFECTS OF PROPOSED ACQUISITION OF FLORIDA POWER CORPORATION BY CAROLINA POWER & LIGHT

AGENDA: 01/08/02 - REGULAR AGENDA - DECISION ON SUSPENSION OF RATES - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: JANUARY 14, 2002

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\000824.RCM

CASE BACKGROUND

At the May 15, 2001, agenda conference, the Commission voted to require Florida Power Corporation (FPC or Company) to file minimum filing requirements, (MFRs) based on a 2002 test year. The MFRs will provide the Commission and interested persons with the information necessary to evaluate whether FPC's retail rates should be changed. The Commission also required FPC to hold \$113,894,794 of annual revenue (beginning July 1, 2001) subject to refund, pending final disposition as part of the rate proceeding. The Commission's decisions were memorialized in Order No. PSC-01-1348-PCO-EI issued June 20, 2001.

On July 2, 2001, FPC filed a Motion for Reconsideration of the Requirement in Order No. PSC-01-1348-PCO-EI to hold revenues

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subject to refund. At the October 16, 2001 Agenda Conference, the Commission determined that the CR3 equity adjustment was not subject to refund and reduced the amount held subject to refund by \$15,900,000. (Order No. PSC-01-2313-PCO-EI)

DISCUSSION OF ISSUES

ISSUE 1: Should the proposed rates and tariff revisions requested by FPC be suspended pending a final decision in this docket?

RECOMMENDATION: Yes. Staff recommends that the associated rates and tariff revisions requested by FPC be suspended pending a final decision in this docket. (REVELL)

STAFF ANALYSIS: The Company filed testimony and MFRs on September 14, 2001. The Company filed additional testimony and MFRs including revised rate schedules, on November 15, 2001, with a projected test year of December 31, 2002. The Company did not request any interim or permanent rate relief. However, the Company's filing of revised rates and tariff schedules requires that the proposed rates be suspended.

Historically, especially when a projected test year has been involved, the Commission has suspended any requested permanent rate schedules in order to adequately and thoroughly examine the basis for new rates. The Suspension of the rate schedules is authorized by Section 366.06(3), Florida Statutes, which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Staff recommends that the Commission suspend the requested permanent rate schedules to allow staff and intervenors sufficient time to adequately investigate whether FPC's present rates are appropriate.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No, this docket should not be closed. (REVELL, HELTON)

STAFF ANALYSIS: This docket should remain open for the investigation of FPC's earnings.