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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: January 2, 2002

FLORIDA POWER CORPORATION'S OBJECTIONS TO STAFF'S ELEVENTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION (NOS. 252-289)

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 Eleventh Set of Interrogatories (Nos. 252-289) 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 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. 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**

- 252. Please provide a table listing the annual distribution reliability goals or targets for all company internal benchmarks, measures, and indices, such as number of complaints, number of outages, SAIDI, SAIFI, CAIDI, MAIFIe, and CEMI5 for the years 1995 through 2003. If regional goals or targets are projected please include the regional data in your response. (Breman & D.Lee)**

253. Please provide actual distribution reliability performance compared with the company internal benchmarks, measures, and indices, such as number of complaints, number of outages, SAIDI, SAIFI, CAIDI, MAIFIE, and CEMIS for the years 1995 through 2003. (Breman & D.Lee)
254. Please describe the consequences affecting employees and management for not achieving the company internal distribution reliability goal or target for each of the respective benchmarks, measures, and indices included in your response to Interrogatory No. 252. (Breman & D.Lee)
255. Please describe the consequences affecting shareholders for not achieving the company internal distribution reliability goal or target for each of the respective benchmarks, measures, and indices included in your response to Interrogatory No. 253. (Breman & D.Lee)
256. Please provide a revised Schedule B-7 for the projected test year ended 12/31/02 that includes the following adjustments:
- A. Investment in generator step-up transformers (and related depreciation) included in production plant
  - B. Gain on property disposal allocated to production, transmission, or distribution (Bass)
257. Please provide a revised Schedule C-9 for the projected test year ended 12/31/02 that includes the following adjustments:
- A. Duplicate charges, miscellaneous, rents and maintenance (included under administrative and general expenses) allocated to production, transmission, or distribution
  - B. Regulatory assessment fees allocated to production, transmission, or distribution
  - C. State and federal current income taxes allocated to production, transmission, or distribution
  - D. Net operating income allocated to production, transmission, or distribution
  - E. Any adjustments required to reflect the functionalization of generator step-up transformers as production plant (Bass)
258. Please provide a schedule that reconciles the totals by function on the revised Schedule C-9, requested in Interrogatory No. 257, to the totals by function contained on MFR E-8b Table 4B. (Bass)

259. Please recalculate the Distribution Capacity Charge, the Generation and Transmission Capacity Charges, and the Non-Fuel Energy Charge of the SS-1 rate based on the 12 CP and 1/13 Average Demand allocation method. Please provide the response in the same format as shown in MFR Schedule E-17 Supplement, Schedule D, pages 186 and 187. (Wheeler)
260. Please explain what costs the Base Demand Charge of the GSDT-1 rate is designed to recover. (Wheeler)
261. Please explain what costs the On-Peak Demand Charge of the GSDT-1 rate is designed to recover. (Wheeler)
262. Please explain the methodology for the development of the proposed On-Peak Non-Fuel Energy Charges in the RST-1, GST-1, and GSDT-1 rate schedules. (Wheeler)
263. Please indicate whether the test year residential kWh sales forecast incorporated any price elasticity effects due to FPC's proposed inverted rate design. (Wheeler)
264. Please provide the total costs allocated to the LS-1 rate class for the maintenance of fixtures (appropriate accounts in the 580-598 series plus A&G). (Wheeler)
265. For each rate class, and for each currently tariffed customer charge, please provide updated customer charges based upon the unit costs from the Cost of Service Study filed in MFR E-1. (Wheeler)
266. For each rate class for which they are offered, please provide updated one-time CIAC charges for Time of Use Metering based on current costs. (Wheeler)
267. Page 16 of the September 14, 2001 testimony of Mark Myers discusses how the merger with CP&L will enable FPC to reduce transmission and distribution operating costs. The testimony states that FPC will be able to reduce redundant delivery functions through the integration and consolidation of functions, programs, and the implementation of best practices and process improvement initiatives.
  - A. Please provide a detailed listing of the transmission and distribution functions and programs that will be integrated and consolidated.

- B. Please identify the FPC transmission and distribution functions and programs that will exist after the integration and consolidation.
  - C. Please explain how the integration and consolidation of redundant functions and programs will be accomplished.
  - D. Please explain how the reduction in redundant energy delivery functions will impact FPC's participation as a member of an ISO (independent system operator).
  - E. Please provide all accounting changes that will occur to effectuate the reduction in redundant energy delivery functions.
  - F. Please provide a detailed breakdown of the major components comprising the \$7.1 million and \$4.1 million merger-related budgeted cost reductions for 2002, respectively for transmission, distribution, and nuclear operations.
  - G. Please explain the process improvement initiatives that have been implemented for nuclear operations, transmission, and distribution. (Gardner & P.Lee)
268. Please discuss the role CP&L will have in the development and governance of an ISO in which FPC is a participating member. (Gardner & P.Lee)
269. On page 10 of Mark Myer's September 14, 2001 testimony, there is a discussion of FPC's plans to purchase new energy delivery vehicles over the next three years.
- A. Please provide a list of existing vehicles, along with in-service dates and original cost, FPC plans to replace with the new delivery vehicles in each of the next three years.
  - B. Please provide the best practices evaluation indicating a need for new energy vehicles. (Gardner & P.Lee)
270. When does FPC plan to purchase and install the new dispatch radio system referred to on page 10 of Mark Myer's September 14, 2001 testimony?
- 1. Will the new radio system replace an existing system? If so, provide the in-service date of the existing system along with the original cost and associated accumulated depreciation.
  - 2. Please describe the new dispatch radio system including the source technology. (Gardner & P.Lee)
271. In what account is the cost of new software recorded that is referred to on page 13 of Mark Myer's September 14, 2001 testimony?
- 1. Please provide the in-service date and original cost of the new software.
  - 2. Does the new software replace existing software? If so, please describe the software being replaced including the in-service date, original cost, and period being amortized.

3. What new features does the new software offer that the existing software does not? (Gardner & P.Lee)
272. Schedule B-7, page 2 of 16, shows \$17 million of General Plant and \$1.1 million of Intangible plant being allocated to transmission for the projected test year. Will FPC consider these allocated amounts as part of the total transmission system that will be under the operational control of a Florida RTO or ISO and under the jurisdiction of FERC? If so, provide any accounting changes that may occur for these assets. If no, why not? (Gardner & P.Lee)
273. Please explain in detail how the Commission's decision at the November 7, 2001, Special Agenda regarding the prudence of and participation in GridFlorida, will impact FPC's participation in a Florida RTO. (Gardner & P.Lee)
274. Please provide the revenue requirements needed to support FPC's retail transmission service, including a discussion of all assumptions used. (Gardner & P.Lee)
275. Please explain in detail how FPC has determined what is considered transmission investment. (Gardner & P.Lee)
276. Will any FPC assets currently accounted as distribution plant be transferred and accounted as transmission plant? If so, please identify those distribution assets or accounts that FPC plans to transfer the accounting to transmission and identify the projected test year investment and reserve amounts. (Gardner & P.Lee)
277. Please identify any plant currently accounted as distribution plant, but actually performing a transmission function. (Gardner & P.Lee)
278. Please identify any plant currently accounted as transmission plant, but actually performing a generation function. Will the accounting of any of these assets be reclassified to generation? If no, why not? (Gardner & P.Lee)
279. FPC has identified \$985.7 million in total company transmission plant on MFR Schedule B-7 for the projected test year. Does this represent all transmission assets that will have operational control transferred to a Florida peninsular ISO? (Gardner & P.Lee)

280. How will the assets that will be under the operational control of an ISO be accounted and reported to the FERC and to the FPSC? (Gardner & P.Lee)
281. Will there be separate accounting for the general plant accounts that have an allocation to transmission for the purpose of reporting to FERC and the FPSC? (Gardner & P.Lee)
282. Referring to MFR Schedule B-7, page 7 of 16, Construction Work in Progress, line 11 shows an allocation of general plant to transmission in the amount of \$423,000 (total company) with the following breakdown: (a) FPSC jurisdictional amount of \$305,000, and (b) FERC jurisdictional amount of \$118,000. Under a Florida peninsular ISO, will the total company amount of \$423,000 be allocated to the FERC jurisdiction with no portion of this amount allocate to the FPSC jurisdiction? If not, please explain. (Gardner & P.Lee)
283. Working Capital indicates allocations to the transmission function. Under a Florida peninsular ISO, will these allocated amounts be considered part of the transmission system and be transferred to FERC's jurisdiction? If so, what accounting adjustments, if any, will FPC make to its books and records? (Gardner & P.Lee)
284. What portion of FPC's projected test year Plant in Service reflects FPC's transmission assets that will be under the operational control of a peninsular or regional ISO? (Gardner & P.Lee)
285. Please provide the portion of FPC's projected test year Accumulated Provision for Depreciation reflects FPC's transmission assets that will be under the operational control of a peninsular or regional ISO. (Gardner & P.Lee)
286. Please provide the portion of FPC's projected test year depreciation expense that relates to FPC's transmission system that will be under the operational control of a peninsular ISO. (Gardner & P.Lee)
287. Please provide a detailed explanation on how the thirteen month average plant in service and accumulated depreciation were calculated for the projected test year, the prior year, and the historical year. (Gardner & P.Lee)

288. In regards to the Tiger Bay settlement approved by Order No. PSC-97-0652-S-EQ, issued June 9, 1997, in Docket No. 970096-EQ:

1. Please provide documentation for the proposed \$9 million adjustment shown on Schedule C-3c to accelerate the recovery of the Tiger Bay regulatory asset for the projected test year.
2. In what accounts are the regulatory asset and associated accumulated amortization recorded?
3. Please provide the portion of the Tiger Bay purchase price FPC is proposing to be included in rate base.
4. When does FPC currently project the regulatory asset will be fully amortized?
5. What portion, if any, of the projected test year \$9 million amortization reflects an accelerated amortization?
6. For each year since the Tiger Bay regulatory asset was established, please provide the amortization FPC recorded and identify the accelerated amortization amount.
7. What is the actual amortization taken in 2001? (Gardner & P.Lee)

289. Please provide the adjustments to the test year rate base and NOI to reflect the Commission's decision in each of the following dockets: Docket No. 001835-EI and Docket No. 991931-EI. (Gardner & P.Lee)

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 2<sup>nd</sup> day of January, 2002.

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