

ORIGINAL

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 10, 2002

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FLORIDA POWER CORPORATION'S RESPONSE TO STAFF'S EIGHTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION

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") responds to the Staff of the Florida Public Service Commission's ("Staff") Eighth Set of Interrogatories subject to the previously filed general and specific objections and states as follows:

INTERROGATORIES

204. For the years 1999, 2000, and 2001, state the actual amount spent for franchise fee renegotiations by year, account number, and franchise fee area.

FPC does not track franchise fee renegotiations costs. The payroll of individuals involved in renegotiations is typically charged to Community Relations and Salaries General Office Employees.

205. Please provide a brief explanation for each expenditure identified in response to question number 204.

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See response to number 204 above.

- 206. If the 2002 projected test year includes any amounts for franchise renegotiations, state the amount and provide a brief explanation of the projected expenditure.**

FPC does not budget for franchise renegotiations.

- 207. With respect to FPC's goodwill, what amount was booked by Progress Energy and how much has been amortized by month to date?**

Progress Energy is still finalizing the Florida Progress purchase price allocation and the resulting goodwill. As of September 30, 2001 Progress Energy had recorded \$3.6 billion in goodwill attributable to the Florida Progress merger and had amortized \$74.3 million since the merger and \$67.3 million year to date.

Please note that Progress Energy does not use "push-down" accounting in recording this transaction. Therefore, no goodwill is recorded at the Florida Power Corporation level.

- 208. Provide the calculation of FPC's goodwill showing the different cost components.**

Progress Energy is still finalizing the Florida Progress purchase price allocation. As of September 30, 2001 the goodwill recorded by Progress Energy was computed as follows:

	<i>(in millions)</i>
Purchase Price	
Cash	\$3,461.9
Stock	1,863.4
Contingent Value Obligations	49.3
Direct Transaction Costs	19.5
Total Purchase Price	<u>5,394.1</u>
Less :Tangible Net Book Value Acquired	(1,790.6)
Less: Fair Value Adjustments recorded at	(13.8)
	<hr/>
Goodwill	<u><u>\$3,589.7</u></u>

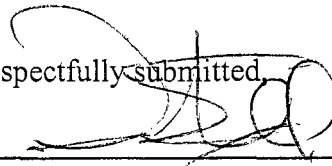
209. What is the status of the FASB project concerning goodwill?

The FASB project was finalized with the issuance of SFAS 141, *Business Combinations*, effective for business combinations initiated after June 30, 2001 and SFAS 142, *Goodwill and Other Intangible Assets*, effective for fiscal years beginning after December 15, 2001.

210. Provide a detailed analysis of actual and projected cost savings directly attributable to the acquisition by CP&L for calendar years 2001, 2002, and 2003. Show detail, at a minimum, by primary account and cost center, if applicable.

See the response to Citizens' First Set of Requests for Production of Documents to FPC Citizens First Request for Production of Documents and the Supplemental Production in Response to Citizens First Request for Production of Documents for the projected cost savings. The projected cost savings were incorporated into the 2001 and 2002 corporate budgets. The Company does not specifically track acquisition cost savings by primary account and cost center. The Company manages costs by comparing actual results to the corporate budget.

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 10th day of January, 2002.

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