

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 14, 2002

**FLORIDA POWER CORPORATION'S RESPONSE TO
PUBLIX SUPER MARKET, INC.'s FIRST SET OF REQUESTS FOR
PRODUCTION OF DOCUMENTS TO FPC**

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 Publix Super Market, Inc. ("Publix") First Set of Requests for Production of Documents (Nos. 1-15) subject to the previously filed general and specific objections and states as follows:

DOCUMENTS REQUESTED

1. Please provide a copy of all discovery responses provided by FPC to all other parties propounding interrogatories and requesting document production in this proceeding to date.

FPC will produce documents responsive to this request upon the execution of the agreed confidentiality agreement.

2. The following refers to MFR Schedule C-3c. On Schedule C-3c, page 1 of 4, an adjustment of \$6,218,000 is made to the jurisdictional depreciation expense to convert per books accumulated depreciation to a 100% retail basis. Please provide all work papers showing the detail behind this adjustment, by function.

See Attached. Also, see response to Citizen's 4th set of Interrogs to FPC Question #65.

3. The following questions refer to MFR Schedule E-17. With reference to the Schedule E-17 Supplement, Schedule E, page 3 of 8, please provide work papers supporting the calculations shown on the Schedule E-17 supplement, Schedule E, page 3 of 8.

DOCUMENT NUMBER-DATE

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Please refer to the answer provided to Publix First Set of Interrogatories, Question 5 d. In addition, the Company has the attached study reports which provide a different output format for comparing the benefits and costs.

4. Please provide a copy of FPC's most recent decommissioning study.

FPC will produce documents responsive to this request.

5. Please provide copies of the FPC journal entries used to reflect the booking of the Merger Transaction using the purchase accounting method and any other journal entries that were made as a result of the Merger Transaction.

FPC will produce documents responsive to this request.

6. The following question refers to the Merger Transaction.

a. Please provide all supporting data for the fair market values assigned to all assets acquired in the Merger Transaction. Include details relative to each subsidiary acquired, showing the fair market value of each subsidiary's assets (e.g. production plant, materials and supplies, etc.).

b. Provide financial statements of the subsidiaries as of the closing date on the Merger Transaction and reconcile the fair market values to the financial statements.

The analysis is expected to be completed by mid February 2002.

7. The following refers to MFR Schedule F-1. On page 79 of Schedule F-1, Florida Progress noted that SFAS No. 142 requires that, effective January 1, 2002, the Company cease amortization of goodwill. It was further noted that amortization of goodwill was expected to be approximately \$2.5 million for the 2001 year. Please provide all work papers supporting the amortization of goodwill of \$2.5 million, including an explanation of the transactions leading to the goodwill which is being amortized, the total goodwill expected at 12/31/2001.

The goodwill in question for Florida Progress during 2001 is not related to any activities of Florida Power Corporation but instead is a result of past activity within Electric Fuels

Corporation, which is a separate entity under Florida Progress and therefore not relevant to Florida Power Corporation.

8. Please provide all cost of equity testimony sponsored, either wholly or jointly, by Dr. Vander Weide.

Florida Power and Publix have agreed to an initial production of a sub-set of Dr. Vander Weide's prior testimony that Dr. Vander Weide is having copied at this time, but still includes approximately 4000 pages and will be produced upon receipt.

9. Please provide any studies that Dr. Vander Weide has relied upon to support his contention in A-48 that "stock prices have been bid up in anticipation of merger-related cost savings and new market opportunities".

Dr. Vander Weide's contention is not based on any specific study but rather is his own expert opinion which is founded on over 30 years experience in the field of corporate finance and over 25 years of experience with regulated industries.

10. Please provide any studies that Dr. Vander Weide has relied upon to support his contention in A-49 that "In an industry such as the electric utility industry where merger activity is widespread, the stock prices of most companies in the industry tend to be bid up in anticipation of potential merger announcements."

See response to #9.

11. Please provide any studies Dr. Vander Weide has relied upon to support his contention in A-52 that LDCs "are regulated by public utility commissions that have traditionally viewed electric and natural gas utilities as being comparable in risk."

See response to #9.

12. Please provide any work papers supporting Dr. Vander Weide's estimated risk premium of 7.5% in A-62.

Dr. Vander Weide's estimate is based on the June 2001 actual risk premium of 7.5%, as shown on schedule 4 of his direct testimony.

13. The following questions are related to the jurisdictional allocations, where such allocations are not developed in the Jurisdictional Separation Study.

a. Please provide work papers detailing the development of the jurisdictional allocation factors used to allocate customer account expenses for accounts 901, 903, and 905 as shown on MFR Schedule C-9, page 27 of 36.

All workpapers are included in the volume containing the Jurisdictional Separation Study. The first workpaper is the classification of the system amounts of these accounts to allocation groupings. This is performed on Table II-D, Page 2 of 5, on page 27 of the volume. Accounts 901 and 905 were apportioned to the allocation groupings shown in proportion to the resultant assignment to allocation groupings of Accounts 902, 903.10, 903.20, and 903.30. A computer code, e.g. K410, K412, etc. is shown under the total for each classification grouping on this table to identify the allocation factor that applies. The allocation factors for these customer accounts (K410, K412, K414) are derived on workpapers derived on Table III-C, on page 59 of the volume. No workpaper was needed to derive a jurisdictional separation factor (K244) for the classification grouping of Services, since only retail customers are provided this function.

b. Please provide work papers detailing the development of the jurisdictional allocation factors used to allocate Administrative and General expenses as shown on MFR Schedule C-9, pages 27 through 30 of 36.

The primary workpaper relied upon is the assignment of costs to allocation groupings performed on Table II-D of the volume containing the Jurisdictional Separation Study. Appropriate functional allocators apply to the amounts in each allocation grouping. Additional workpapers that also may have been utilized are: (1) the attached cost study output that provides the system costs on a functional basis and (2) the cost study output that is included in each retail

allocated class cost study volume, pages 176 to 216, that provides the jurisdictional retail costs on a functional basis.

c. Please provide work papers detailing the development of the jurisdictional allocation factors used to allocate Other Operating Revenues as shown on MFR Schedule C-9, page 19 of 36.

Similar to the response in part b above, the primary workpaper is that of the assignment of costs to allocation groupings as performed on Table II-G of the volume containing the Jurisdictional Separation Study. Appropriate functional allocators apply to the amounts in each allocation grouping. The amounts shown in functional detail on MFR Schedule C-9, are derived in this manner or by applying the functional component of the appropriate allocator to the total amount for each FERC account. Additional workpapers that also may have been utilized are: (1) the attached cost study output that provides the system costs on a functional basis and (2) the cost study output that is included in each retail allocated class cost study volume, pages 176 to 216, that provides the jurisdictional retail costs on a functional basis.

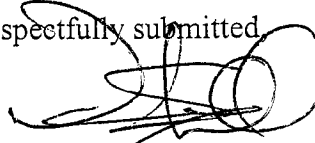
14. Please provide the jurisdictional separation study information used to develop the jurisdictional allocation factors for the Prior Year ending December 31, 2001, used in MFR Schedules B-7 and C-9.

FPC will produce documents responsive to this request.

15. Regarding the accruals and reserve for Injuries and Damages shown on MFR Schedule C-28, page 1, please provide all work papers or calculations deriving the MFR Test Year charges of \$2.261 million for Workman's compensation and \$2.468 million for claims.

The 2002 test year amounts for accrued Workmens Compensation and Claims Reserve are based on estimated liabilities associated with incurred claims. There are no workpapers.

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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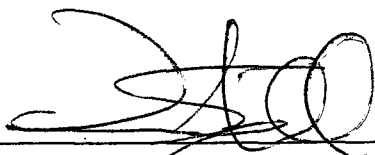
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