

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

FILED: JANUARY 22, 2002

STAFF'S REVISED PRELIMINARY ISSUES

Staff proposes the following revised preliminary issues for the Commission's consideration in Docket No. 000824-EI. The revised issues are redlined:

TEST PERIOD

ISSUE 1: ~~Is FPC's projected test period of calendar year 2002 appropriate? (Revell)~~

ISSUE 2: Are FPC's forecasts of Customers and KWH by Revenue Class for the 2002 test year reasonable? (Wheeler, Stallcup, Hewitt)

QUALITY OF SERVICE

ISSUE 3: Is the number of customer bills which have to be estimated each month appropriate for FPC? (Kummer, Lowery)

ISSUE 4: Is the quality of electric service provided by FPC adequate ~~including their customer complaint resolution processes?~~ (D. Lee, Lowery)

ISSUE 5: ~~Has~~ ~~How~~ ~~has~~ FPC acquisition by Progress Energy affected system reliability? If so, how? (D. Lee, Matlock)

ISSUE 6: Is FPC's customer complaint resolution process adequate? (Lowery)

ISSUE 7: ~~Has~~ ~~How~~ ~~has~~ FPC acquisition by Progress Energy affected customer service? If so, how? (Lowery, D. Lee, Matlock) (OPC 1 & 2, PSM 3)

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FPSC-COMMISSION CLERK

ISSUE 8: Should FPC be required to provide a refund to retail customers incurring frequent outages? (D. Lee, Matlock)

RATE BASE

ISSUE 9: Is FPC's forecast of inflation rates appropriate? (Stallcup, Hewitt)

~~PSM 6: Are the jurisdictional allocations appropriate?~~

ISSUE 10: Is FPC's requested level of Plant in Service in the amount of \$6,876,125,000 (\$7,465,125,000 system) for the 2002 projected test year appropriate? (Gardner, Harlow, Colson, Jones) (OPC 16 & 21)

ISSUE 11: Is FPC's requested level of Construction Work in Progress in the amount of \$72,527,000 (\$82,875,000 system) for the 2002 projected test year appropriate? (Gardner, Harlow, Colson, Jones) (OPC 18)

ISSUE 12: Should an adjustment be made to the balance of Construction Work In Progress for 2000, 2001, or 2002 for FPC? (Gardner, Harlow, Colson, Jones)

ISSUE 13: Is FPC's requested level of Property Held for Future Use in the amount of \$6,426,000 (\$8,274,000 system) for the 2002 projected test year appropriate? (Harlow, Colson, Jones)

~~ISSUE 14: Is FPC's requested level of Property Held for Future Use for Avon Park Unit II 2002 projected test year appropriate considering the company's agreement to lease the plant to Eco Peat in 1994? (Harlow, Colson, Jones) (OPC 19)~~

FIPUG 3: Is FPC overrecovering salvage costs for the Bartow Plant? (Gardner, Harlow, Colson)

ISSUE 15: What adjustment, if any, should be made to the test year rate base to reflect the Commission's decision in Docket No. 001835-EI? (Gardner, P. Lee)

- ISSUE 16: What adjustment, if any, should be made to the test year rate base to reflect the Commission's decision in Docket No. 991931-EG? (P. Lee)
- ISSUE 17: What ~~are the appropriate~~ adjustments, if any, that should be made to FPC's 2002 projected test year rate base to account for the additional security measures implemented in response to the increased threat of terrorist attacks since September 11, 2001? (McNulty, Mills)
- ISSUE 18: Is FPC's requested level of Working Capital in the amount of [\$12,279,000] ([\$11,257,000] system) for the 2002 projected test year appropriate? (Iwenjiora) **(FIPUG 7, OPC 20)**
- ISSUE 19: Should an adjustment be made to increase Interest Accrued in the Working Capital Allowance for FPC? (Iwenjiora)
- ISSUE 20: Should an adjustment be made to the working capital allowance for any test year to exclude temporary cash investments for FPC? (Iwenjiora)
- ISSUE 21: Should an adjustment be made to the working capital allowance for 2002 to exclude prepaid interest for FPC? (Iwenjiora)
- ISSUE 22: What is the appropriate regulatory treatment for the balance sheet impacts from FAS 133 for FPC? (Iwenjiora)
- ISSUE 23: Is FPC's requested Property Insurance Reserve for the 2002 projected test year appropriate? (Iwenjiora)
- ISSUE 24: Should the net overrecovery of fuel and conservation expenses of \$1,837,000 (\$2,008,000 system) for the 2002 projected test year be included in the calculation of working capital allowance for FPC? (Iwenjiora)

~~ISSUE 25:~~ ~~Are FPC's forecasted fuel prices for 2002 reasonable? (Bohrmann)~~

ISSUE 26: Is FPC's level of Account 151, Fuel Stock, in the amount of \$78,177,000 (\$86,291,000 System) for the 2002 projected test year appropriate? (Bohrmann, Matlock) (PSM 40)

ISSUE 27: Should adjustments be made to working capital for 2002 to exclude the vacation pay accrual asset for FPC? (Iwenjiora)

ISSUE 28: Should adjustments be made to working capital for 2002 related to ~~exclude~~ interest on tax deficiency for FPC? (Iwenjiora, C. Romig, Vendetti)

ISSUE 29: Is FPC's requested level of Accumulated Depreciation in the amount of \$3,414,348,000 (\$3,722,787,000 system) for the 2002 projected test year appropriate? (Gardner, Jones)

ISSUE 30: Is FPC's requested rate base of \$3,665,497,000 (\$3,983,231,000 system) for the 2002 projected test year appropriate? (Revell, ~~Gardner, Jones~~)

COST OF CAPITAL

FIPUG 25: Should FPC be required to refinance its indebtedness under current conditions? (Lester, D. Draper)

ISSUE 31: What is the appropriate cost of common equity capital for FPC? (D. Draper, Vendetti) (FIPUG 5, OPC 11, PSM 1)

ISSUE 32: What is the appropriate capital structure ~~common equity ratio~~ for ratemaking purposes for FPC? (D. Draper, Vendetti) (FIPUG 6, PSM 3)

ISSUE 83A: Has FPC appropriately reflected Internal Revenue Service Notice 2001-82 in its projected 12/31/02 test year? (C. Romig) (Moved to new location)

- ISSUE 33: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for FPC? (C. Romig, Vendetti)
- ISSUE 34: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for FPC? (C. Romig, Vendetti)
- ISSUE 35: Have rate base and capital structure been reconciled appropriately for FPC? (Vendetti, C. Romig, D. Draper)
- FPC 3: Should the Commission ~~continue to~~ recognize the appropriateness of the CR3 equity adjustment specified in the 1997 Stipulation and Order? (Lester, D. Draper)
- ISSUE 36: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for the test year for FPC? (Vendetti, D. Draper) (FIPUG 8, FPC 2, OPC 10 & 12, PSM 2)

NET OPERATING INCOME

- ISSUE 37: Is FPC's requested level of Total Operating Revenues for the 2002 projected test year appropriate? (Wheeler, Stallcup, Hewitt)
- ISSUE 38: Are FPC's estimated revenues for sales of electricity based upon reasonable estimates of customers, KW; and KWH billing determinants by rate class? (Wheeler, Stallcup, Hewitt) (FIPUG 16 & 17, OPC 23)
- PSM 21: Are projections of test year expenses appropriate?
- PSM 38: Is the accelerated amortization of Tiger Bay appropriate in the test year? (Gardner, P. Lee) (FIPUG 21 & 22, OPC 50)

- ISSUE 39: Is FPC's requested level of Operation and Maintenance Expense in the amount of \$1,075,251,000 (\$2,776,499,000 system) for the 2002 projected test year appropriate? (Revell) (FIPUG 1 & 2, OPC 24)
- ISSUE 40: What adjustment, if any, should be made to the test year net operating income to reflect the Commission's decision in Docket No. 991931-EG? (P. Lee) (FIPUG 10, PSM 33)
- ISSUE 41: What adjustment, if any, should be made to the test year net operating income to reflect the Commission's decision in Docket No. 001835-EI? (P. Lee) (FIPUG 11 & 12, PSM 39)
- FPC 5: Should the Commission authorize recognition of the known and measurable costs associated with the Hines 2 power plant? (Harlow, Colson) (FIPUG 19 & 20, OPC 17)
- ISSUE 42: What ~~are the appropriate~~ adjustments, if any, that should be made to FPC's 2002 projected test year operating expenses to account for the additional security measures implemented in response to the increased threat of terrorist attacks since September 11, 2001? (McNulty, Mills)
- ISSUE 43: Has FPC made the appropriate adjustments to remove fuel revenues and fuel expenses recoverable in the Fuel Adjustment Clause? (Bohrmann, McNulty) (FIPUG 9)
- ISSUE 44: Has FPC made the appropriate adjustments to remove the capacity cost revenues and the related expenses recoverable through the Capacity Cost Recovery Clause? (D. Lee, Revell)
- ISSUE 45: Are adjustments removing conservation revenues of ~~\$69,212,000 \$69,891,000 (\$65,223,000~~ (system) for 2002 and the related expenses recoverable through the Conservation Cost Recovery Clause appropriate for FPC? (Colson)

- PSM 24: Is the accrual for nuclear outages appropriate?
(Gardner, P. Lee, Harlow, Colson)
- PSM 32: Are transmission improvements appropriately
capitalized or expensed? (Revell, Gardner, P. Lee,
Harlow, Colson)
- ISSUE 46: Is FPC's level of Total Distribution Operation
expense, Accounts 580-589, in the amount of
\$67,556,000 (\$67,727,000 System) for the 2002
projected test year appropriate? (Matlock,
Costner)
- ISSUE 47: Is FPC's level of Total Distribution Maintenance
expense, Accounts 590-599, in the amount of
\$29,349,000 (\$29,443,000 System) for the 2002
projected test year appropriate? (Matlock, D. Lee,
Costner)
- ISSUE 48: Is FPC's level of Account 593, Maintenance of
Overhead Lines, which includes tree trimming
expenses, in the amount of \$11,014,000 (\$11,047,000
System) for the 2002 projected test year
appropriate? (Matlock, D. Lee, Costner)
- ISSUE 49: Is FPC's level of Account 583, Overhead Line
Expenses, in the amount of \$19,535,000 (\$19,593,000
System) for the 2002 projected test year
appropriate? (Matlock, D. Lee, Costner)
- ISSUE 50: What is the appropriate amount of advertising
expense to be allowed in operating expense for the
~~interim, 2001, and~~ 2002 test years for FPC?
(Moniz, Revell) (PSM 28)
- ISSUE 51: Are lobbying expenses included in any of the test
years? If so, should any of those lobbying
expenses be reclassified below the line for FPC?
(Moniz, Revell)
- ISSUE 52: Are FPC's budgeted Industry Association Dues in the
amount of \$1,894,000 (\$2,002,000 system) for the

2002 projected test year appropriate? (Moniz, Revell)

ISSUE 53: Should an adjustment be made to the 2002 projected any test year for the O&M Expense to disallow membership dues in the Chambers of Commerce and the Committee of 100? for FPC? (Moniz, Revell)

PSM 17: **Are costs associated with the implementation of new accounting standards appropriately reflected in the test year revenue requirement?**

ISSUE 54: What amount has FPC budgeted to fund the EEI Utility Waste Management Group and is this amount appropriate? (Moniz, Revell)

ISSUE 55: Is FPC's assumed growth in salaries and wages appropriate? If not, what adjustment is necessary? (Moniz, Revell) (**PSM 14**)

ISSUE 56: Should an adjustment be made to the level of Salaries and Employee Benefits for the 2002 projected test year? (Moniz, Revell) (**PSM 15, 16 & 18**)

ISSUE 57: Is FPC's calculation of pro forma payroll for the 2002 projected test year appropriate? (Moniz, Revell)

ISSUE 58: Is FPC's budgeted level of employees in the 2002 projected test years appropriate? (Moniz, Revell) (**OPC 25**)

PSM 18: **Are benefits loading costs appropriate and how do such costs compare to benchmarks?**

ISSUE 59: Is FPC's requested level of Other Post Employment Benefits Expense for the 2002 projected test year appropriate? (Moniz, Kyle) (**PSM 19, OPC 26**)

ISSUE 60: Is FPC's requested level of Pension Expense for the 2002 projected test year appropriate? (Moniz, Kyle) (**FIPUG 18, OPC 27**)

- ~~ISSUE 61:~~ ~~Should FPC be allowed to include as operating expense amortization of the regulatory assets related to pension expense which was deferred in prior years? (Moniz, Kyle)~~
- PSM 20:** Should excess pension plan value be made available to reduce other customer obligations?
- ISSUE 62:** What is the appropriate amount of outside services expense to be allowed in operating expense for FPC? (Revell, Moniz, Costner) (OPC 28, PSM 30)
- ISSUE 63:** Should FPC recover expenses related to franchise fee renegotiations? (Revell) (PSM 41)
- PSM 42:** Should any franchise such litigation related costs, which may be deemed prudent, be borne by all retail and wholesale customers of FPC or only those in the franchise areas?
- PSM 43:** Are public relations costs incurred by FPC and associated with FPC's litigation to prevent cities from exercising purchase options under existing franchise agreements prudent expenditures?
- PSM 44:** Should any such public relations costs which may be deemed prudent be borne by all retail and wholesale customers of FPC or only those in the franchise areas?
- ISSUE 64:** Is FPC's 2002 test year requested accrual for medical/life reserve-active employees and retirees appropriate? (Revell, Moniz, Costner)
- ISSUE 65:** Is FPC's 2002 projected test year accrual of \$5,818,000 (\$6,000,000 System) for storm damage appropriate? (D. Lee, Revell) (PSM 31)
- ISSUE 66:** Is Should interest on tax deficiencies of \$\$891,000 (\$967,000 system) for the 2002 projected test year appropriate for FPC? (C. Romig, Vendetti)

- FIPUG 4:** Is FPC overrecovering FASB 106 medical expense costs for its current employment level?
- ISSUE 67:** Is FPC's requested level of Bad Debt Expense in the amount of 4,165,000 (\$4,165,000 system) for the 2002 projected test year appropriate? (L. Romig, Revell) (OPC 29)
- ISSUE 68:** Is FPC's requested Rate Case Expense in the amount of \$1,644,000 appropriate? (Moniz, Revell) (OPC 30)
- ISSUE 69:** ~~What~~ Which is the appropriate Amortization period for FPC's Rate Case Expense? (Moniz, Revell) (OPC 31, PSM 25)
- ~~**ISSUE 70:** What adjustments, if any, should be made to FPC's O&M expenses for the 2000 historic test year and the 2002 projected test year? for FPC? (Revell) (OPC 32)~~
- ISSUE 71:** ~~If~~ Should the O&M benchmark is to be applied, should it be to the Company as a whole, or on to FPC's individual functional units? (Revell) (OPC 33)
- PSM 22:** How are the benchmarking calculations affected by merger-related savings and costs?
- PSM 23:** Is it appropriate to use benchmarking to justify test year expenses, given the significant changes in the company created by reorganizations and the merger?
- ISSUE 72:** What are the appropriate Consumer Price Index factors to use in determining test year expenses for FPC? (Stallcup, Hewitt)
- ISSUE 73:** Is FPC's requested level of Nuclear O&M in the amount of \$83,410,000 (\$88,135,000 system) for the 2002 projected test year appropriate? (Harlow, Colson, Costner) (OPC 34)

STAFF'S REVISED PRELIMINARY ISSUES

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PAGE 11

- ISSUE 74: Is FPC's requested level of Total Fossil O&M in the amount of \$87,878,000 (\$94,026,000 system) for the 2002 projected test year appropriate? (Harlow, Colson, Costner) **(OPC 35)**
- ISSUE 75: Is FPC's requested level of tree-trimming expense of \$11,047,000 (\$11,047,000 system) for the 2002 projected test year appropriate? (Harlow, Colson, Costner) **(OPC 36)**
- ISSUE 76: Is FPC's requested level of Customer Accounts Expense in the amount of \$65,694,000 (\$66,000,000 system) for the 2002 projected test year appropriate? (Revell, Moniz) **(OPC 37, PSM 27)**
- ISSUE 77: Is FPC's requested level of Customer Service Expense in the amount of \$5,041,000 (\$5,041,000 system) for the 2002 projected test year appropriate? (Revell, Moniz) **(OPC 38)**
- ISSUE 78: Is FPC's requested level of Sales Expense in the amount of \$6,406,000 (\$6,406,000 system) for the 2002 projected test year appropriate? (Moniz, Revell) **(OPC 39, PSM 26)**
- ISSUE 79: Is FPC's requested level of Administrative and General Expense in the amount of \$96,013,000 (\$101,965,000 system) for the 2002 projected test year appropriate? (Moniz, Revell) **(OPC 40, PSM 29)**
- ISSUE 80: Is FPC's requested Depreciation and Amortization Expense of \$323,658,000 (\$376,304,000 system) for the 2002 projected test year appropriate? (Gardner, Jones) **(OPC 41)**
- ISSUE 81: What adjustment to Fossil Fuel Dismantlement Expense should be made to reflect the annual fossil dismantlement accrual approved in Docket No. 010031-EI for FPC? (P. Lee)
- ISSUE 82: What adjustments, if any, should be made to the projected test year expenses to recognize implementation of FAS 143? (Gardner)

- ISSUE 83: What adjustments, if any, should be made to the projected test year expenses to recognize implementation of the AcSEC Statement of Position regarding accounting for certain costs and activities related to property, plant, and equipment? (Gardner)
- ISSUE 84: Is FPC's requested level of Taxes Other Than Income Taxes in the amount of \$92,870 (\$100,486 system) for the 2002 projected test year appropriate? (C. Romig, Vendetti) (OPC 42)
- ISSUE 85: Are FPC's requested Income Tax expenses in the amount of \$157,332 (\$173,886 system) for the 2002 projected test year appropriate? (C. Romig, Vendetti) (OPC 43)
- ISSUE 86: Are consolidating tax adjustments appropriate, and if so, what are the appropriate amounts for the ~~2000 historic test year and for the~~ 2002 projected test year for FPC? (C. Romig, Vendetti) (OPC 44)
- ISSUE 87: Is FPC's requested Net Operating Income of \$359,551,000 (\$437,087,000 system) for the 2002 projected test year appropriate? (Revell) (OPC 45)

REVENUE REQUIREMENTS

- ISSUE 88: In determining whether any portion of the revenue held subject to refund by Order No. PSC-01-2313-PCO-EI should be refunded, how should the refund be calculated, and what is the amount of the refund, if any for FPC? (Revell) (FIPUG 23 & 24, FPC 6, OPC 51)
- ISSUE 89: What is the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPC? (Revell) (OPC 46)
- ISSUE 90: Should any adjustment be made to FPC's annual operating revenues? (Revell) (OPC 22)

~~ISSUE 91:~~ ~~Should the Commission classify all wholesale energy sales one year or longer, regardless of firmness, as a separated sale for FPC? (Harlow, Colson)~~

~~ISSUE 92:~~ ~~Should FPC be rewarded/penalized for its generating unit performance in both fossil and nuclear plants? (Harlow, Colson) (FPC 5, OPC 9)~~

~~ISSUE 93:~~ ~~Should FPC be rewarded/penalized for its transmission reliability performance? (Harlow, Colson)~~

COST OF SERVICE AND RATE DESIGN

ISSUE 94: Is FPC's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate? (Wheeler) (FIPUG 39, OPC 47, PSM 6)

ISSUE 95: Are FPC's estimated revenues from sales of electricity by rate class at present rates for the projected 2002 test year appropriate? (Wheeler)

ISSUE 96: Is the method used by FPC to develop its estimates by rate class of the 12 monthly coincident peak hour demands and the class non-coincident peak hour demands appropriate? (E. Draper)

ISSUE 97: What is the appropriate cost of service methodology to be used in designing FPC's rates? (Wheeler) (FIPUG 31, OPC 48)

ISSUE 98: ~~If a revenue decrease is ordered, how should any change in revenue requirements~~ it be allocated among the customer classes? (Wheeler) (OPC 49)

ISSUE 99: What are the appropriate demand charges? (Wheeler)

ISSUE 100: What are the appropriate energy charges? (E. Draper)

ISSUE 101: What are the appropriate customer charges? (E. Draper)

- ISSUE 102: What are the appropriate service charges? (Hudson)
- ISSUE 103: What are the appropriate Lighting Service (LS-1) rate schedule charges? (Hudson)
- ISSUE 104: How should FPC's time-of-use rates be designed? (E. Draper)
- FIPUG 38**: **Should FPC be required to provide realtime pricing to customers? If so, by when should it be required to make such offering available? (Wheeler)**
- ISSUE 105: What are the appropriate contributions-in-aid-of-construction for time-of-use customers opting to make a lump sum payment for a time-of-use meter in lieu of the higher time-of-use customer charge? (E. Draper)
- ISSUE 106: Should FPC's proposed inverted rate design for the RS, RSL-1 and RSL-2 rate schedules be approved? (E. Draper)
- ISSUE 107: Is FPC's proposal to close the IS-1, IST-1, CS-1, and CST-1 rate schedules and to transfer all customers currently taking service under these rate schedules to the applicable IS-2, IST-2, CS-2, or CST-2 rate schedules appropriate? (Wheeler, E. Draper) (**FIPUG 33 & 36**)
- ISSUE 107A: What is the appropriate means to determine the cost effectiveness of the billing demand credits under the curtailable and interruptible rates? (FIPUG 34) (Harlow, Colson)
- ISSUE 108: What are the appropriate billing demand credits for the curtailable and interruptible rate schedules? (Colson, Harlow)
- FIPUG 40**: **Should the optional buy through provision be revised to allow nonfirm customers to acquire alternative sources of power using brokers other than FPC? (Wheeler, Helton)**

- ISSUE 109: What are the appropriate metering voltage adjustments? (Wheeler)
- ISSUE 110: What are the appropriate delivery voltage credits? (Springer)
- ISSUE 111: If the Commission decides to recognize migrations between rate classes, how should the revenue shortfall, if any, be recovered? (Springer)
- ISSUE 112: Is the method used by FPC to calculate the increase in unbilled revenues by rate class appropriate? (Wheeler)
- FIPUG 32:** **Is FPC justified in treating nonfirm industrial customers as firm customers for determining cost of service? (Wheeler)**
- ISSUE 113: What is the appropriate monthly fixed charge carrying rate to be applied to the installed cost of LS-1 additional lighting fixtures for which there is no tariffed monthly charge? (Wheeler)
- ISSUE 114: What is the appropriate monthly fixed charge carrying rate to be applied to the installed cost of additional customer-requested distribution equipment (including pole offering under rate schedule LS-1) for which there are no tariffed charges? (E. Draper)
- ISSUE 115: What is the appropriate level and design of the charges under the Firm Standby Service (SS-1) rate schedule? (E. Draper)
- ISSUE 116: What is the appropriate level and design of the charges under the Interruptible Standby Service (SS-2) rate schedule? (E. Draper)
- ISSUE 117: What is the appropriate level and design of the charges under the Curtailable Standby Service (SS-3) rate schedule? (E. Draper)

ISSUE 118: Is FPC's proposal to add a 500 kw minimum billing demand provision to its IS-2, IST-2, CS-2 and CST-2 rate schedules appropriate? (E. Draper) (FIPUG 35)

ISSUE 119: FPC proposes to reduce the notice requirement from 60 months to 36 months for standby customers under rate schedules SS-1, SS-2 and SS-3 who wish to transfer to firm full requirements service. Is this appropriate? (Wheeler)

~~ISSUE 120: Is FPC's proposal to lower the minimum amount of load subject to curtailment from 200 to 25 KW and eliminate the 500 KW requirement for interruptible general service (IS) reasonable? (Wheeler)~~

~~ISSUE 121: Should the outdoor lighting (OL) and street lighting (SL) rate schedules be combined into a single rate schedule LS-1 for FPC? (Wheeler)~~

~~ISSUE 122: Should the Commission approve FPC's proposal to eliminate the time-of-use feature of the interruptible rate schedule? (Wheeler)~~

FPC 7: Should the Commission approve FPC's proposed rate design?

GRIDFLORIDA ISSUES

ISSUE 123A: Does the Commission have jurisdiction to recover Grid Florida costs from retail ratepayers? (Helton)

~~ISSUE 123: What adjustments, if any, should be made to Plant In Service for the test year to reflect the transfer of FPC's transmission assets to GridFlorida? (Gardner)~~

~~ISSUE 124: What adjustments, if any, should be made to Accumulated Depreciation for the test year to reflect the transfer of FPC's transmission assets to GridFlorida? (Gardner)~~

~~ISSUE 125:~~ ~~What adjustments, if any, should be made to Depreciation Expense for the test year to reflect the transfer of FPC's transmission assets to GridFlorida? (Gardner)~~

ISSUE 126: What are the appropriate amounts and components of rate base to transfer and/or allocate to GridFlorida for FPC? (Groom, Gardner)

ISSUE 127: What are the appropriate amounts and components of capital structure to transfer and/or allocate to GridFlorida for FPC? (Groom)

ISSUE 128: What are the appropriate amounts of revenues and expenses to transfer and/or allocate to GridFlorida for FPC? (Groom, Gardner)

ISSUE 129: What is the amount of the net increase/decrease in revenue requirements to the utility due to participation in GridFlorida for FPC? (Groom) (OPC 8)

ISSUE 130: How should costs associated with FPC's participation in GridFlorida be recovered? (Groom, D. Lee, Revell)

ISSUE 131: In the event the Commission determines that GridFlorida transmission charges should be recovered through a cost recovery clause, what is the appropriate adjustment for transmission costs in base rates to insure that there is no double recovery? (Revell, D. Lee, McNulty)

OTHER ISSUES

~~FIPUG 34:~~ ~~What is the appropriate means to determine cost effectiveness in a general rate case?~~

FIPUG 26: Should FPC's proposed earnings sharing plan be approved?

ISSUE 132: Should adjustments be made for the rate base effects of transactions with affiliated companies

for FPC? (Moniz, Revell) (FIPUG 28, OPC 13, PSM 35 & 36)

ISSUE 133: Should adjustments be made for the capital structure effects of transactions with affiliated companies for FPC? (Moniz, Revell, D. Draper) (FIPUG 29, OPC 14)

ISSUE 134: Should adjustments be made for the net operating income effects of transactions with affiliated companies for FPC? (Moniz, Revell) (FIPUG 27 & 30, OPC 15)

PSM 37: Are internal money pool transactions fair and equitable to the customers and are the costs/revenues associated with such transactions appropriately reflected in the test year cost of service?

ISSUE 135: Is an incentive plan appropriate for FPC and would it promote cost savings and adequate reliability? With respect to cost saving measures, how would ratepayers share in any savings? (Mailhot) (FPC 4, OPC 4-6, PSM 4 & 5)

~~ISSUE 136: What is the most recent calculation of the acquisition premium and show any attribution to FPC. (Slemkewicz)~~

~~ISSUE 137: Provide a detailed analysis of the cost savings directly attributable to FPC acquisition for 2001, 2002 and 2003. (Slemkewicz)~~

ISSUE 138: What is the impact of the acquisition of FPC by Carolina Power and Light (Progress Energy) upon retail rates? (Slemkewicz) (FIPUG 13, FPC 1, OPC 7, PSM 7-13)

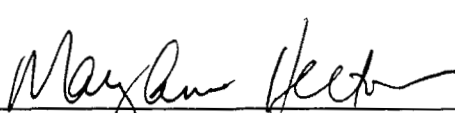
ISSUE 139: What is FPC's acquisition premium and should any of this amount be borne by ratepayers? (Slemkewicz) (FIPUG 14 & 15, OPC 3)

ISSUE 140: Are the CP&L cost allocations to FPC for CP&L-provided services appropriate? (Moniz, Revell) (PSM 34)

PROPOSED PREHEARING
STIPULATED ISSUES

ISSUE 141: Should FPC be required to file, within 60 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case? (Revell)

Respectfully Submitted,



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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

FILED: JANUARY 22, 2002

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Staff's Revised Preliminary Issues was furnished to **Gary L. Sasso, Esquire** and **James M. Walls, Esquire**, Carlton, Fields Law Firm, P.O. Box 2861, Saint Petersburg, Florida 33731, and that a true and correct copy thereof has been furnished to the following, by U.S. Mail, this 22nd day of January, 2002:

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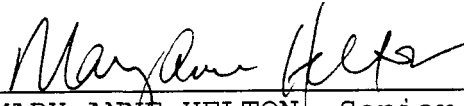
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