

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 22, 2002

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FLORIDA POWER CORPORATION'S RESPONSE TO STAFF'S TENTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION (NOS. 228-251)

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 Tenth Set of Interrogatories (Nos. 228-251) subject to the general and specific objections previously filed and states as follows:

INTERROGATORIES

228. Explain in specific detail how the normal fluctuation of cash receipts and disbursements increased the projected test year's Cash balance on Schedule B-1, page 2 of 2. (Iwenjiora)

The change shown on the MFR represents the historical change from December 2000 to May 2001. In the day to day cash management Florida Power Corporation strives to manage its cash balance at or below zero but will from time to time have small cash balances. In a forecasting mode the financial model assumes no change in the cash balance from month to month and the balance shown in the forecast is equal to the beginning balance of the modeled forecast; May 2001.

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**229. Was a formula use to determine the amount of increase referenced in question no. 228? If so, please provide the formula. (Iwenjiora)**

No. As stated in response to 228 the forecast assumes no change in the cash balance from month to month during the forecast period.

**230. According to the explanation on Schedule B-27, page 5 of 7, the Customer Accounts Receivable balance for the year ended December 31, 2002, increased from the year ended December 31, 2000, because of the growth in energy usage from the existing customer base coupled with higher fuel costs driving up per unit prices. Based on the company's current economic indicators, will this trend continue into and beyond December 31, 2002? (Iwenjiora)**

The current forecast indicates that improving fuel cost will partially offset the energy growth over the next few years

**231. Are there any other factors, besides those mentioned in question no. 230, that would cause the percentage increase for Customer Accounts Receivable to exceed the percentage increase for the corresponding December 31, 2002 Revenue Account referenced in question no. 230? If so, please explain. (Iwenjiora)**

No, the forecast does not include any rate changes other than fuel, capacity and ECCR recovery rates that would cause the customer accounts receivable to increase.

**232. What has been included in Other Accounts Receivable on Schedule B-1, page 2 of 2 for both December 31, 2000 and December 31, 2002? (Iwenjiora)**

MFR Schedule B-1, Page 2 of 2, Line 8, Other Accounts Receivable reflects the following types of receivables:

- Sales to other electric utilities.
- Pole attachment Billings.
- Billings to the Dept. of Transportation for road widening projects, etc.
- Sales of surplus gas to other utilities.
- Non-Utility Energy Supply and Energy Delivery receivables.

**233. Specify the breakdown of the accounts and amounts for each receivable identified in response to question no. 232. (Iwenjiora)**

Below is a schedule detailing the amounts included in Other Accounts Receivable as of 12/31/02 and 12/31/00 per MFR Schedule B-1, Page 2 of 2, Line 8, Column B and C.

Line No.	Description	13 Month Average Jurisdictional Amount		13 Month Average Jurisdictional Amount	
		@ 12/31/02	(\$000)	@ 12/31/00	(\$000)
1	A/R - Other-General Office *	\$	5,936	\$	13,967
2	A/R - Sale Of Scrap Material		(28)		(7)
3	A/R - Cobra		20		14
4	A/R - Babcock & Wilcox		0		(7)
5	A/R - Surplus Gas Sales		4,487		1,177
6	A/R - Documentary Stamps		26		23
7	A/R - Non-Utility Energy Supply		4,321 **		0
8	A/R - Energy Delivery Unbilled		511		680
9	A/R - Non-Utility Energy Delivery		2,294 **		0
10	Subtotal	\$	17,567	\$	15,847
11					
12	A/R - Non-Utility Energy Supply		(4,321) **		
13	A/R - Non-Utility Energy Delivery		(2,294) **		
14					
15	Total	\$	10,952		

\* Includes Sales to other electric utilities, pole attachment billings, and billings to Department of Transportation for road widening projects, etc.

\*\* Non-Utility Energy Supply Receivables and Non-Utility Energy Delivery Receivables were inadvertently included in the Other Accounts Receivable jurisdictional amount on MFR Schedule B-1.

**234. Provide a detail schedule explaining what has been included in the Accounts Receivable from Associated Co. balance for each affiliate included on Schedule B-1, page 2 of 2 for the year ending 2000 and 2002? (Iwenjiora)**

Below is a schedule detailing the amounts included in Accounts Receivable from Associated Companies as of 12/31/02 per MFR Schedule B-1, Page 2 of 2, Line 11. The

Line No.	Description	13 Month Average Jurisdictional Amount @ 12/31/02 (\$000)
1	A/R - Electric Fuels Corp	\$66
2	A/R - Progress Cap Holding	35
3	A/R - Florida Progress Corp	406
4	A/R - NCNG	1
5	A/R - Progress Materials	(66)
6	A/R - Service Company	4,112
7	A/R - Energy Ventures	689
8	A/R - Progress Telecomm	6,252
9	A/R - Carolina Power & Light	1,761
10	Total	<u>\$13,256</u>

amount for 12/31/00 is zero and thus no detailed schedule is necessary.

**235. Is interest being received for Accounts Receivable from Associated Companies? If so, is the interest reflected above the line or below the line. (Iwenjiora)**

No, interest is not being received for Accounts Receivable from Associated companies.

**236. What was the amount of Accounts Receivable from Associated Co. that was excluded from the 2000 calculation because of the merger? (Iwenjiora)**

The amount was \$2,356,045 and represents the 13 month average.

**237. Regarding accounts receivable from Associated Co. that is now reclassified as a third party vendor, how much has been recognized in 2002? Has interest been recognized? (Iwenjiora)**

The forecasted amount for accounts receivable from associated co is \$14,485,000 (system) and \$13,256,000 (retail). We did not forecast interest on these receivables as we expect them to be paid on time.

- 238. What are the specific accounts and amounts included in the Prepayments and Miscellaneous account on Schedule B-1, page 2 of 2 for the year 2000 and 2002? (Iwenjiora)**

FERC Account	FERC Description	2002 Retail	2000 Retail
16510	Prepaid Insurance	(\$1,526)	\$2,153
16520	Prepaid Taxes	87	102
16530	Prepaid Pension Cost	199,162	91,814
16580	Prepaid Advertising	3,769	3,800
		<u>\$201,492</u>	<u>\$97,869</u>

- 239. How much interest is being earned from the trust referenced on Schedule B-27, page 6 of 7? (Iwenjiora)**

The returns related to the trust as of 9/30/01 are as follows:

1 Year return = -21.7%  
 3 Year return = 3.4%  
 5 Year return = 7.8%  
 10 Year return = 10.3%

This would include interest, gains and losses on disposition, dividends and changes in Market Value.

- 240. Concerning Prepayments and Miscellaneous, how have the gains associated with the sale of investments been recorded? Specifically how much has been accrued annually in the unfunded reserve for December 31, 2002? (Iwenjiora)**

Gains or losses arising from the sale of investments held by the Pension Trust are recorded within the Trust. The results of historical activities, i.e. sale of investments, interest/dividend income, etc. are incorporated into the next actuarial study as part of the

determination of the amount of Pension Cost/(Benefit) that the Company will record on its books.

The Company has funded its pension obligations and does not utilize an unfunded reserve.

**241. What is the amount in the nuclear decommissioning-retail account for 2000 and 2002? (Iwenjiora)**

Balance as of 12/31

<u>2000</u>	<u>2002</u>
FERC 108 Accumulated Depreciation – Nuclear Decommissioning	
\$302,886,581	\$349,879,872

**242. Provide a calculation to support the 13 month average remaining balance in the Other Regulatory Assets accounts for the nuclear decommissioning-retail for December 31, 2002. (Iwenjiora)**

The 13 month average for Other Regulatory Assets for the nuclear decommissioning-retail for December 2002 is forecasted at \$9,922M (MFR B-1). The balance in FERC account 182.34 – Reg Asset Nuc Decom/Decon - of \$9,922M as of May 2001 was the basis for the December 2002 forecasted amount.

**243. Explain in more detail how the change in Clearing Account is due to timing issues involving allocation of IT costs. What are the timing issues? How were those issues quantified. (Iwenjiora)**

IT costs are no longer passed through the clearing account to the individual departments. IT charges post merger are now allocated from the service company and the clearing account balance should be zero.

**244. Provide an explanation and calculation that reflects why the Accounts Payable balance increased for the years ending December 31, 2000 to December 31, 2002. (Iwenjiora)**

The retail jurisdiction portion of Accounts Payable increased by \$16.3 million primarily due to increases in operations and maintenance expenses, particularly the cost of fuel oil. The 2002 budgeted Accounts Payable monthly balances begin with the actual May, 2001 balance and layer on changes in various monthly operations and maintenance expenses to arrive at monthly ending balances. Therefore, as operations and maintenance expense increased, Accounts Payable increased.

**245. Provide detail of amounts included in Accounts Payable to Associated Co. for each affiliate as shown on Schedule B-1, page 2 of 2. (Iwenjiora)**

Accounts Payable to Associated Companies by affiliate is as follows:

	Avg. Bal. 2002 Retail (in thousands)	Avg. Bal. 2000 Retail (in thousands)
Elec Fuels Corp	\$29,421	\$18,496
Florida Progress Corp	704	0
Progress Telecomm	203	0
Progress Energy Svcs Co.	18,060	0
Carolina Power & Light Co.	3,778	0
	\$52,166	\$18,496

**246. What are the services provided and the cost for each affiliate for the amounts identified in response to question no. 245? (Iwenjiora)**

See response to Citizen's First Set of Production of Documents Question # 13.

See response to Citizen's Second Set of Interrogatories to FPC Question #48.

See MFR C-60.

**247. Provide an explanation and calculation that states why the Accounts Payable balance to Associated Companies increased for the years ending December 31, 2000 to December 31, 2002. (Iwenjiora)**

Please refer to the answer to Question 245 for the detail of Accounts Payable to Associated Companies. The balance as of 2002 includes intercompany accounts with Progress Energy Services Company and Carolina Power and Light Company. These accounts did not exist in 2000.

Also, please see the response to Staff's Data Request #26 for an explanation on why accounts payable to Progress Energy Services Company is included in rate base.

**248. Explain in specific details why the Accrued Taxes Payable balance increased on Schedule B-1, page 2 of 2 for the year ending December 31, 2002 compared to the year ending December 31, 2000. (Iwenjiora)**

The Accrued Taxes Payable balance increased primarily as a result of an increase in the property tax accrual, which accounts for approximately \$4 million of the \$7.5 million increase. In addition, accrued income taxes increased as the projection for 2002 increased over 2000 actual.

**249. Is there a lag in the payment of income taxes for the years ended December 31, 2000, and December 31, 2002? If so, provide the calculation. (Iwenjiora)**

Federal income tax payments - Taxpayers are required to pay 100% of the estimated tax by December 15<sup>th</sup>. FPC generally makes its 4<sup>th</sup> quarter payment based on 11 months actual plus a December forecast. In March of the following year FPC extends the federal return and trues up the December forecast. This amount is again trued-up after the federal return is filed in September.



State tax payments - Estimated payments are equal to 90% of the estimate for the year.

The remaining 10% is due on the extension date of April 1<sup>st</sup>. All cash is trued-up again in October when the final return is filed.

No lag in the payment of income taxes for the December 31, 2002 forecast was assumed.

A summary of payments for the year December 31, 2000 is as follows:

	Quarterly Pmts through Dec, 2000	March, 2001 Extension	Total Payments	Sept, 2001 Final Return	Final True-up Refund
Federal	\$176,454,000	\$2,524,000	\$178,978,000	\$176,584,730	(\$2,393,270)
State	\$26,279,000	\$1,546,000	\$27,825,000	\$27,970,603	\$145,603

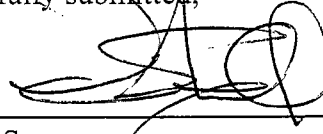
**250. Have non-interest bearing accounts been excluded from Accrued Interest Payable? If not, provide schedule detailing the amounts. (Iwenjiora)**

Yes.

**251. What has been included in Miscellaneous Current and Accrued Liabilities? Explain why the balance in this account decreases for the year ending December 31, 2000 to the year December 31, 2002. (Iwenjiora)**

Miscellaneous Current and Accrued Liabilities are primarily comprised of payroll accruals and the nuclear decommissioning accrual. The retail portion of the balance decreased \$5.3 million for the year ending December 31, 2000 compared to the year December 31, 2002 primarily due to a \$5.9 million decrease in incentive compensation accrual, a \$3 million decrease in severance pay accrual, and a \$2.6 million decrease in payroll accrual. These were partially offset by a \$5.3 million increase in the accrual for decommissioning/decontamination of Dept. of Energy facilities.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of foregoing has been furnished via hand delivery  
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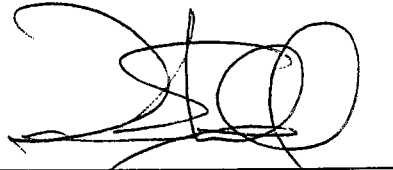
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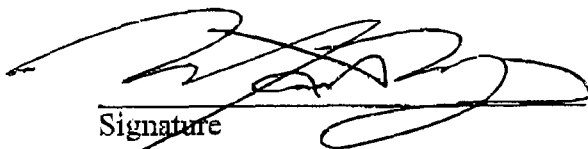
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Signature

STATE OF FLORIDA

COUNTY OF PINELLAS

BEFORE ME, the undersigned authority, duly authorized to administer oaths, personally appcared MARK A. MYERS (to me well known) (~~who has produced~~ as identification), on behalf of Florida Power Corporation, as its VICE PRESIDENT FINANCE and who, after first being duly sworn, deposes and says that he/she executed the above and foregoing.  
SWORN TO and subscribed before me this 18<sup>th</sup> day of JANUARY, 2002.


  
(Signature)

ANNE M. SHELOSKI  
(Printed Name)

NOTARY PUBLIC, STATE OF FLORIDA

\_\_\_\_\_  
(Commission Expiration Date)

\_\_\_\_\_  
(Serial Number, If Any)

 Anne M. Sheloski  
MY COMMISSION # CC725907 EXPIRES  
April 12, 2002  
BONDED THRU TROY FAIN INSURANCE, INC.