

DOCKET NO.: 000824-EI - Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light.

WITNESS: Direct Testimony Of Thomas E. Stambaugh On Behalf Of The Staff Of The Florida Public Service Commission

DATE FILED: January 28, 2002

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FPSC-COMMISSION CLERK

DIRECT TESTIMONY OF THOMAS E. STAMBAUGH

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Q. Please state your name and business address.

A. My name is Thomas E. Stambaugh and my business address is 4950 West Kennedy Boulevard, Suite 310, Tampa, Florida, 33609.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission as a Regulatory Analyst IV in the Division of Auditing and Safety.

Q. How long have you been employed by the Commission?

A. I have been employed by the Florida Public Service Commission since November 1984.

Q. Please briefly review your educational and professional background.

A. In 1965, I received a degree in Business Administration with a major in Industrial Management from Southern Methodist University. In 1976, I received a Degree in Accounting from the University of South Florida. I performed industrial accounting work until 1981, when I was hired by the Florida Department of Health and Rehabilitative Services (HRS) as an accountant. After three years with HRS, I began working for the Florida Public Service Commission (FPSC). I attained the Certified Internal Auditor designation in 1989.

Q. Please describe your current responsibilities.

A. Currently, I am a Regulatory Analyst IV with the responsibilities of

1 | planning and directing the more complicated financial, program, special and
2 | investigative audits, including audits of affiliate transactions. I also am
3 | responsible for creating audit work programs to meet a specific audit purpose
4 | and integrating electronic data processing (EDP) applications into these
5 | programs.

6 |
7 | **Q. Have you presented testimony before this Commission or any other**
8 | **regulatory agency?**

9 | A. Yes. I testified in the Jasmine Lakes Utilities rate case, Docket No.
10 | 920148-S, and the Aloha Utilities, Inc. rate case, Docket No. 991643-SU.

11 |
12 | **Q. What is the purpose of your testimony today?**

13 | A. The purpose of my testimony is to sponsor the staff audit report of
14 | Florida Power Corporation (FPC), Docket No. 000824-EI. The audit report is
15 | filed with my testimony and is identified as TES-1.

16 |
17 | **Q. Was this audit report prepared by you?**

18 | A. Yes, I was the audit manager in charge of this audit.

19 |
20 | **Q. Please review the work you and the audit staff performed in this audit.**

21 | A. We compiled the components of rate base, and tested the balance of
22 | Plant-in-Service from the previous rate case through December 31, 2000 by
23 | reviewing a sample of new plant additions. We also analyzed accumulated
24 | depreciation by verifying that FPSC-approved rates and depreciation bases were
25 | in use. We verified that the calculation of working capital was based on the

1 | proper accounts by tracing accounts and balances to the general ledger and
2 | compared historic and projected year working capital components for
3 | consistency by account and amount.

4 | We compiled revenue and expense amounts for the year 2000 and analyzed
5 | the calculation of unbilled revenue. We tested expense accounts selected by
6 | the use of frequency distributions, dollar ranges, and total dollar amounts.
7 | We also verified the applicability of selected expense transactions for rate
8 | making purposes, analyzed the utility calculations of Federal and State income
9 | tax, and tested taxes other than income by tracing amounts to tax returns and
10 | supporting documentation.

11 | We compiled components of the capital structure for the year 2000 and
12 | agreed them to the filing. We also traced all components of the capital
13 | structure to the general ledger and verified interest rates by referencing the
14 | rates to debt instruments and FPSC orders.

15 |
16 | **Q. Please review the audit disclosures in the audit report.**

17 | A. Audit Disclosure No. 1 discusses Capital Leases. FPC prepared an
18 | adjustment in MFR B-4, page 4, to remove an amount from rate base for the
19 | purpose of treating a capital lease as an operating lease. In its
20 | computation, FPC included the thirteen-month average balance based on the
21 | general ledger account balance for account 101.16 (Capital Leases-Corporate).
22 | My analysis of this account revealed that an entry of \$1,438,265 was posted
23 | to this account in November 2000. FPC reversed the entry in December 2000
24 | because the lease was determined to be an operating lease. I agree that the
25 | lease is properly classified as an operating lease and is not a capital lease.

1 | However, the presence of the \$1,438,265 in this account for one month caused
2 | a distortion of the thirteen-month average balance as of December 31, 2000.
3 | I recommend that the FPC adjustment to rate base be changed from (\$277,244)
4 | to (\$169,909). This change will increase Plant-in-Service by \$110,636.

5 | Audit Disclosure No. 2 discusses the working capital allowance. FPC
6 | calculated its working capital allowance using the balance sheet method and
7 | removed two accounts for employee accounts receivable from the calculation.
8 | The utility used estimates to determine these year-end account balances for
9 | rate case preparation. Based on the actual amounts in its general ledger
10 | accounts, the difference between the actual and the estimate is, in total,
11 | \$263,933. The effect on the thirteen-month average in year 2000 was to
12 | increase working capital by \$20,302. Since the actual amounts are smaller,
13 | the reduction in working capital for these accounts should be made smaller by
14 | \$20,302. The effect is to make the negative net working capital thirteen-
15 | month average smaller, but it is still negative.

16 | Audit Disclosure No. 3 discusses Operation and Maintenance (O&M)
17 | Expense. During the year 2000, FPC classified \$548,459,241, net of
18 | adjustments, to O&M expense. I analyzed these transactions on a sample basis
19 | and identified the following. FPC paid \$175,000 to be a sponsor of the
20 | Verizon Classic golf tournament (formerly GTE Classic) for the year 2001.
21 | FPC's basis for this expense is that the Verizon Classic provides access for
22 | conducting business with the executives of electric utility industrial and
23 | commercial customers. FPC also paid \$50,000 of a \$200,000 total pledge for
24 | the EDC Vision 20/20 Pledge to the Economic Development Commission of Mid-
25 | Florida, Inc. FPC stated that its Economic Development Department is

1 responsible for attracting new customers. Additional customers would use
2 FPC's product year-round and would help spread fixed costs over a larger base.
3 Exhibit TES-2 is attached and includes a copy of each of these invoices and
4 the corresponding FPC check request.

5 In regard to the Verizon Classic expense, I believe that other methods
6 of negotiation between customers and FPC exist. Business letters, in-office
7 conferences, conference telephone calls, and internet communications would be
8 less expensive than the Verizon Classic. Regarding the EDC Vision 20/20
9 payment, I recognize that Commission Rule 25-6.0426, Florida Administrative
10 Code, provides for recovery of Economic Development expenses. However, the
11 invoice which was supplied by FPC read: "Thank You for your commitment to the
12 EDC! Together we are building the Metro Orlando Business Community". A copy
13 of this invoice may be found on page 2 of 10 in my exhibit TES-2. The FPC
14 service area does not include energy supply responsibility within the city
15 limits of Orlando. On its face, this invoice does not describe any benefits
16 to FPC customers as rate payers. Therefore, I recommend that the expenditures
17 for the Verizon Classic and EDC Vision 20/20 should be disallowed.

18 Audit Disclosure No. 4 discusses the expenses for the Regional
19 Transmission Organization (RTO). From the inception of RTO formation talks
20 in the year 2000 through October 31, 2001, FPC has incurred \$2,373,391 in RTO
21 expenses. All costs have been recorded in account 186.40, a miscellaneous
22 deferred debit account, in compliance with the ruling of the Federal Energy
23 Regulatory Commission. For the year 2000, total costs of \$470,049 were
24 classified as: Payroll costs of \$235,464; Travel and Meetings costs of
25 \$165,744; Negotiator Fees of \$64,455; and other costs of \$4,386. For the year

1 | 2001, total costs of \$1,903,342 were classified as: Legal Fees of \$1,784,614;
2 | Payroll costs of \$26,779; Travel and Meetings costs of \$25; Consultant costs
3 | of \$86,904; and other costs of \$5,020.

4 | Legal fees were paid to LeBoeuf, Lamb, Green and MacRae, L.L.P., a law
5 | firm. LeBoeuf, et al., researched such matters as transmission expansion by
6 | independent system operators, reviewed independent system operator filings,
7 | and revised Florida independent system administrator principles to be
8 | consistent with Federal Energy Regulatory Commission rulings. The payroll
9 | dollars were associated with various FPC employees. Travel and meetings costs
10 | were associated with the travel and lodging of visitors and the rental of
11 | meeting rooms. The consultant fees were paid to Mr. William C. Slusser, a
12 | retired FPC executive. The negotiator costs were paid to Florida State
13 | University (FSU) to procure the services of Robert Jones of the FSU Conflict
14 | Resolution Consortium. According to the invoice, Mr. Jones acted as a
15 | professional facilitator during the collaborative process of the Florida RTO
16 | formation. The other costs category is for temporary office and technical
17 | employees. I am not making any recommendations regarding these costs, I am
18 | only presenting these costs for information purposes.

19 |

20 | **Q. Does this conclude your testimony?**

21 | **A. Yes.**

22 |

23 |

24 |

25 |

DOCKET NO.: 000824-EI - Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light.

WITNESS: **Thomas E. Stambaugh** On Behalf Of The Staff Of The Florida Public Service Commission

EXHIBIT: TES-1; Staff Audit Report



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND SAFETY
BUREAU OF AUDITING*

Tampa District Office

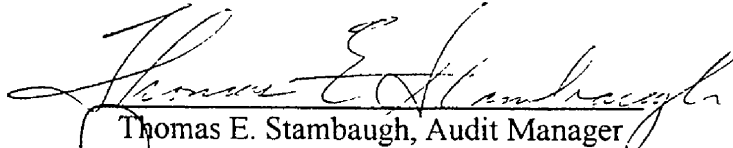
FLORIDA POWER CORPORATION

RATE CASE AUDIT

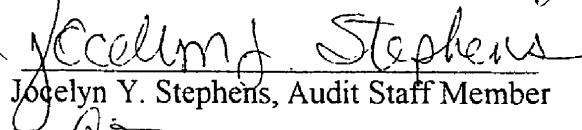
AS OF DECEMBER 31, 2000

Docket Number 000824-EI

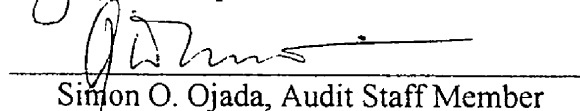
Audit Control Number 01-207-2-2



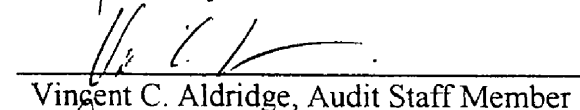
Thomas E. Stambaugh, Audit Manager



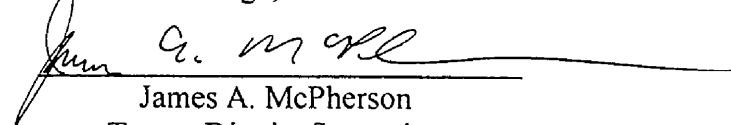
Jocelyn Y. Stephens, Audit Staff Member



Simon O. Ojada, Audit Staff Member



Vincent C. Aldridge, Audit Staff Member



James A. McPherson
Tampa District Supervisor

DOCKET NO.: 000824-EI - Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light.

WITNESS: Thomas E. Stambaugh On Behalf Of The Staff Of The Florida Public Service Commission

EXHIBIT: TES-2; Copies of Invoices and Company Check Requests

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**DIVISION OF AUDITING AND SAFETY
AUDIT REPORT**

January 4, 2002

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the schedules of Rate Base, Net Operating Income and Capital Structure as of December 31, 2000 for Florida Power Corporation, a subsidiary of Progress Energy, Inc. These schedules were prepared by the Utility in support of Docket No. 000824-EI. No confidential information is associated with this audit.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT FINDINGS:

For the historical year 2000, the thirteen month average of Rate Base on MFR B-3, page 3, should be increased by \$110,636 in Plant in Service and increased by \$20,302 in working capital, for a total rate base increase of \$130,938. Operations and Maintenance Expense should be decreased by \$225,000 for 2000.

SUMMARY OF SIGNIFICANT PROCEDURES:

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

RATE BASE: Compiled Rate Base. Tested the balance of Plant in Service from the previous rate case to the end of year 2000 by reviewing a sample of new plant additions. Analyzed Accumulated Depreciation by verifying that FPSC-approved rates and depreciation bases were in use. Verified that the calculation of working capital was based on the proper accounts by tracing accounts and balances to the general ledger. Compared historic and projected year Working Capital components for consistency by account and amount.

NET OPERATING INCOME: Compiled year 2000 Revenue and Expense amounts. Analyzed the calculation of Unbilled Revenue. Tested expense accounts selected by the use of frequency distributions, dollar ranges and total dollar amount. Verified the applicability of selected expense transactions for rate making purposes. Analyzed the Utility calculations of Federal and State income tax. Tested taxes other than income by tracing amounts to tax returns and supporting documentation.

CAPITAL STRUCTURE: Compiled year 2000 Capital Structure and agreed to the filing. Traced all components of Capital Structure to the general ledger. Verified interest rates by referencing the rates to debt instruments and FPSC orders.

Audit Disclosure No. 1**Subject: Capital Lease (Computation of thirteen-month average balance)**

Statement Of Fact: FPC prepared an adjustment in MFR B-4, page 4, to remove an amount from its Rate Base for the purpose of treating a capital lease as an operating lease. In its computation, FPC included the thirteen month average balance based on the general ledger account balance for account 101.16 (Capital Leases-Corporate). Staff analysis of this account revealed that an entry of \$1,438,265 was posted to this account in November 2000. FPC reversed the entry in December 2000 because the lease was determined to be an operating lease.

Recommendation: The lease is properly classified as an operating lease, not a capital lease. FPC was correct in removing this item from its general ledger balance. However, the presence of the \$1,438,265 in this account for one month caused a distortion of the thirteen-month average balance as of December 31, 2000.

Audit staff is proposing that the FPC adjustment to rate base should be changed from (\$277,244) to (\$166,909). This change will serve to increase plant in service by \$110,636.

Audit Disclosure No. 2**Subject: Working Capital**

Statement Of Fact: The Utility calculated its working capital on the Balance Sheet method. The thirteen-month average of Working Capital as of December 31, 2000, on a system basis was (\$22,852,000) as stated in MFR B-14.

FPC removed employee accounts receivable from its calculation of Working Capital. FPC used estimates to determine these year-end account balances for rate case preparation.

Based on actual amounts in its general ledger accounts, the difference between the actual and the estimate is, in total, \$263,933. The effect on the thirteen-month average in year 2000 was to increase Working Capital by \$20,302. Since the actual amounts are smaller, the reduction in working capital for these accounts should be made smaller by \$20,302. The effect is to make the negative net working capital thirteen-month average smaller, but still negative.

Recommendation: The thirteen-month average balance of working capital for year 2000 should be increased by \$20,302.

Audit Disclosure No. 3**Subject: Operation and Maintenance Expense (O&M)**

Statement Of Fact: During 2000, FPC classified \$548,459,241, net of adjustments, to O&M expense. The FPSC staff auditor analyzed these transactions on a sample basis and identified the following recommended adjustments.

In year 2000, FPC paid \$175,000 to be a sponsor of the Verizon Classic golf tournament (formerly GTE Classic) for the year 2001. FPC's basis for this expense is that the Verizon Classic provides access for conducting business with the executives of electric utility industrial and commercial customers.

As part of year 2000 O&M expense, FPC paid \$50,000 of a \$200,000 total pledge for the EDC Vision 20/20 Pledge to the Economic Development Commission of Mid-Florida, Inc. FPC stated that its Economic Development Department is responsible for attracting new customers. Customers who would use FPC's product year round would help spread fixed costs over a larger base.

Recommendation: In regard to the Verizon Classic expense, our opinion is that other methods of negotiation between customers and FPC exist. Business letters, in-office conferences, conference telephone calls and internet communications would be less expensive than the Verizon Classic

According to FPC, the EDC Vision 20/20 payment is an economic development cost. Rule 25-6.0426, FAC, does provide for recovery of Economic Development expenses. However, the invoice which was supplied by FPC read "**Thank You for your commitment to the EDC! Together we are building the Metro Orlando Business Community**". The FPC service area does not include energy supply responsibility within the city limits of Orlando. On its face, this invoice does not describe any benefits to FPC customers as rate payers.

The expenditures for the Verizon Classic and EDC Vision 20/20 should be disallowed for the previously-stated reasons.

Audit Disclosure No. 4**Subject: Regional Transmission Organization (RTO)**

Statement of Fact: From the inception of RTO formation talks in year 2000 through October 31, 2001, FPC has incurred \$2,373,391 in RTO expenses. All costs have been recorded in account 186.40, a miscellaneous deferred debit, in compliance with the ruling of the Federal Energy Regulatory Commission. The dollars were classified as follows.

		<u>2000</u>	<u>2001</u>
Legal Fees	\$1,784,614		1,784,614
Payroll	262,243	235,464	26,779
Travel and Meetings	165,769	165,744	25
Consultant	86,904		86,904
Negotiator	64,455	64,455	
Other	9,406	4,386	5,020
Total	<u>\$2,373,391</u>	<u>470,049</u>	<u>1,903,342</u>

Legal fees were paid to LeBoeuf, Lamb, Green and MacRae, L.L.P., a law firm. LeBoeuf, et al, researched such matters as transmission expansion by independent system operators, reviewed independent system operator filings, and revised Florida independent system administrator principles to be consistent with Federal Energy Regulatory Commission rulings.

The payroll dollars were associated with various FPC employees and include associated benefit loading.

Travel and meeting expense was associated with the travel and lodging of visitors and the rental of meeting rooms.

The consultant fees were paid to Mr. William C. Slusser, a retired FPC executive.

The \$64,454 was paid to FSU to procure the services of Robert Jones of the FSU Conflict Resolution Consortium. According to the invoice, Mr. Jones acted as a professional facilitator during the collaborative process of the Florida RTO formation.

The "Other" category was for temporary office and technical employees.

Recommendation: None. Provided for information only.

FLORIDA PUBLIC SERVICE COMMISSION

Explanation: Provide a schedule of 13 month average rate base as adjusted for the test year, and the prior year if the test year is projected. Provide detail of all adjustments on schedule B-4.

Type of data shown

Company: FLORIDA POWER CORPORATION

Projected Test Year Ended 12/31/02

XX Prior Year Ended 12/31/00

Docket No. 000824-EI

Witness Myers / Slusser

Adjusted 13 month Average Rate Base
(Thousands)

Line No	Description	(A) Total Company Per Books	(B) Non-Electric Utility	(C) Total Electric	(D) Commission Adjustments Schedule B-4	(E) Utility Adjusted per Commission
1						
2	Elec Plant in Service	6,840,676	-	6,840,676	5,498	6,846,174
3	Acc Provision for Depreciation and Amortization	3,474,056	-	3,474,056	-	3,474,056
4						
5	Net Plant in Service	3,366,620	-	3,366,620	5,498	3,372,118
6	Construction Work in Progress	163,248	-	163,248	(60,904)	102,344
7	Elec Plant Held for Future Use	8,233	-	8,233	-	8,233
8	Nuclear Fuel (Net)	51,475	-	51,475	-	51,475
9						
10	Net Utility Plant	3,589,576	-	3,589,576	(55,406)	3,534,170
11	Working Capital Allowance	(2,210)	-	(2,210)	(9,047)	(11,257)
12	Unamortized Gain on Sale of Property	-	-	-	-	-
13	Regulatory Practices Reconciliation	-	-	-	-	-
14						
15	Rate Base Total	3,587,366	-	3,587,366	(64,453)	3,522,913
16						
17	Net Operating Income	338,796		338,796		
18						
19	Rate of Return	9.44%		9.44%		
20						
21						
22						
23						
24						
25						

FLORIDA PUBLIC SERVICE COMMISSION	Explanation: Provide a schedule of 13 month average rate base as adjusted for the test year, and the prior year if the test year is projected. Provide detail of all adjustments on schedule B-4	Type of data shown:
Company: FLORIDA POWER CORPORATION		Projected Test Year Ended 12/31/02 XX Prior Year Ended 12/31/00 Witness: Myers / Slusser
Docket No 000824-EI		

Adjusted 13 month Average Rate Base
(Thousands)

Line No	Description	(A) Company Adjustments Schedule B-4	(B) Total Utility with Commission & Company Adjs.	(C) Jurisdictional Separation Factor	(D) Juris Utility Adjusted per Company & Comm
1					
2	Elec Plant in Service	(15,518)	6,830,656	Various	6,254,046
3	Acc Provision for Depreciation and Amortization	(277,554)	3,196,502	Various	2,855,930
4					
5	Net Plant in Service	262,036	3,634,154		3,398,116
6					
7	Construction Work in Progress	-	102,344	Various	93,064
8	Plant Purchased or Sold & Held for Future Use	-	8,233	0.7697	6,337
9	Nuclear Fuel (Net)	-	51,475	Various	48,867
10					
11	Net Utility Plant	262,036	3,796,206		3,546,384
12					
13	Working Capital Allowance	3,980	(7,277)	Various	(12,279)
14	Unamortized Gain on Sale of Property	-	-	-	-
15	Regulatory Practices Reconciliation	-	-	-	-
16					
17	Rate Base Total	<u>266,016</u>	<u>3,788,929</u>		<u>3,534,105</u>
18					
19	Net Operating Income		<u>374,702</u>		<u>328,447</u>
20					
21	Rate of Return		<u>9.89%</u>		<u>9.29%</u>
22					
23					
24					
25					

Supporting Schedules:

FLORIDA PUBLIC SERVICE COMMISSION
 Explanation: List all proposed company adjustments to net operating income for the test year, and the prior year if the test year is projected
 Type of data shown
 Company FLORIDA POWER CORPORATION
 Projected Test Year Ended
 XX Prior Year Ended
 Witness
 12/31/2000
 Myers/Slusser
 Docket No 00924-EI

Line No	(Thousands) (Description)	(A) Total Company Per Books	(B) Remove Recoverable Fuel	(C) Remove Recoverable ECCR	(D) Gain/Loss on sale of plant	(E) Franchise & gross receipt taxes	(F) Regulatory Practices	(G) Interest on Tax Deficiency	(H) Inst/ Promotional Advertising	(I) Remove Economic Development	(J) 2000 Sub-total Page 1
1	Operating Revenues:										
2	Sales of Electric Energy										
3	Sales to Ultimate Customers	\$ 2,502,163	\$ (1,226,261)	\$ (65,223)		\$ (118,813)					\$ 1,091,866
4	Sales for Resale	275,583									275,583
5		2,777,746	(1,226,261)	(65,223)		(118,813)					1,367,449
6	Other Operating Revenues:										
7	Deferred Fuel Revenue	(9,234)									(9,234)
8	Unbilled Revenues	30,095									30,095
9	Other Operating Revenues	92,578									92,578
10	Total Operating Revenues	2,891,185	(1,226,261)	(65,223)		(118,813)					1,480,888
11											
12	Operating Expenses										
13	Operation and Maintenance Expense:										
14	Fuel and Purchased Power -										
15	Recoverable Fuel Used for Elec Gen	1,282,768	(1,282,768)								
16	Deferred Fuel Expense	(102,556)	102,556								
17	Electric Energy Purchased for Resale	16,401									16,401
18	Fuel Handling Expense	5,321									5,321
19		1,201,934	(1,180,212)								21,722
20	Other Operation and Maintenance Exp -										
21	Energy Conservation Cost Recovery Exp	65,041		(65,041)							
22	Other	522,104					6,998	(2,325)	(40)		526,737
23	Total Operation and Maintenance	1,789,079	(1,180,212)	(65,041)			6,998	(2,325)	(40)		548,459
24											
25	Depreciation and Amortization	402,625	(24,624)	(275)							377,726
26	Taxes Other Than Income	213,280	(750)	(11)		(118,588)					93,931
27	Current Income Taxes - Federal/State	206,954	46,337	145	845	(87)		897	15		255,106
28	Provision for Deferred Income Taxes - Net	(51,693)	(46,726)	(105)							(98,524)
29	Charge Equivalent to Investment Tax Credit	(7,857)									(7,857)
31	(Gain)/Loss on Disposal of Utility Property	-			(2,189)						(2,189)
32	(Gain)/Loss on Required Bonds	-									-
33	Regulatory Practices Reconciliation	-									-
34	Total Operating Expenses	2,552,388	(1,205,975)	(65,287)	(1,344)	(118,675)		6,998	(1,428)	(25)	1,166,652
35											
36	Net Operating Income	\$ 338,797	\$ (20,286)	\$ 64	\$ 1,344	\$ (138)	\$ -	\$ (6,998)	\$ 1,428	\$ 25	\$ 314,236
37											

Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION		Explanation		List all proposed company adjustments to net operating income for the last year, and the prior year if the test year is projected							Type of data shown	
Company FLORIDA POWER CORPORATION											___ Projected Test Year Ended	xx/xx/xx
Docket No 00824 EI											XX Prior Year Ended	12/31/2000
											Witness	Myers/Slusser
Line No	(Thousands) (Description)	(A) Sub-total Page 1	(B) Merger Related Costs	(C) Interest Synch	(D) Remove Def Tax AFUDC Debt	(E) Remove Assoc/Org Dues	(F) Misc Interest Expense	(G) Sebring - Revenue	(H) Sebring - Deprecation	(I) Capital Lease	(J) 2000 Fully Adjusted	
1	Operating Revenues:											
2	Sales of Electric Energy											
3	Sales to Ultimate Customers	\$ 1,091,866						\$ (3,209)			\$ 1,088,657	
4	Sales for Resale	275,583									275,583	
5		1,367,449						(3,209)			1,364,240	
6	Other Operating Revenues											
7	Deferred Fuel Revenue	(9,234)									(9,234)	
8	Unbilled Revenues	30,095									30,095	
9	Other Operating Revenues	92,578									92,578	
10	Total Operating Revenues	1,480,888						(3,209)			1,477,679	
11												
12	Operating Expenses											
13	Operation and Maintenance Expense,											
14	Fuel and Purchased Power											
15	Recoverable Fuel Used for Elec. Gen											
16	Deferred Fuel Expense											
17	Electric Energy Purchased for Resale	16,401									16,401	
18	Fuel Handling Expense	5,321									5,321	
19		21,722									21,722	
20	Other Operation and Maintenance Exp -											
21	Energy Conservation Cost Recovery Exp											
22	Other	526,737	(90,923)			(3)	1,883		2		437,696	
23	Total Operation and Maintenance	548,459	(90,923)			(3)	1,883		2		459,418	
24												
25	Depreciation and Amortization	377,726							(1,841)		375,885	
26	Taxes Other Than Income	93,931									93,931	
27	Current Income Taxes - Federal/State	255,106	26,378	1,941		1		(1,238)	710	(1)	282,898	
28	Provision for Deferred Income Taxes - Net	(98,524)			(585)						(99,109)	
29	Charge Equivalent to Investment Tax Credit	(7,857)									(7,857)	
31	(Gain)/Loss on Disposal of Utility Property	(2,189)									(2,189)	
32	(Gain)/Loss on Required Bonds											
33	Regulatory Practices Reconciliation											
34	Total Operating Expenses	1,166,652	(64,545)	1,941	(585)	(2)	1,883	(1,238)	(1,129)	(1)	1,102,977	
35												
36	Net Operating Income	\$ 314,236	\$ 64,545	\$ (1,941)	\$ 585	\$ 2	\$ (1,883)	\$ (1,971)	\$ 1,129	\$ 1	\$ 374,702	
37												

Supporting Schedules

Recap Schedules

10

Invoice and Check Request
EDC Vision 20/20 Pledge

VISION 20/20

SETTING OUR SIGHTS ON A PROSPEROUS FUTURE
A Four-Year Initiative of the Economic Development Commission of Mid-Florida, Inc.

EDC Vision 20/20 Pledge Invoice

Year 2001 Invoice for Florida Power Corporation

Total Pledge to Program: \$200,000.00

Amount due by December 31, 2000: \$50,000.00

Thank You for your commitment to the EDC!

Together we are building the Metro Orlando Business Community!

Questions about the Vision 20/20 Program?

Contact: Gerry Nolan

407-422-7159 ext 239

Gerry.Nolan@OrlandoMeansBusiness.com

Detach this portion and return with your payment to:

*Economic Development Commission of Mid-Florida, Inc.
301 East Pine Street, Suite 900
Orlando, FL 32801*

*Florida Power Corporation
Vision 20/20 Pledge*

Year 2001 payment of \$50,000.00 should be received by: December 31, 2000



*Wegul? Foubal
11-30-00*

Name of Cardholder: _____ Signature: _____

Account number: _____ Expiration Date: _____

Investment/membership in the EDC is not tax deductible as a charitable contribution but may be deductible as a normal business expense. Please consult your tax advisor.
EDC Federal I.D. #: 59-1767933



301 East Pine Street, Suite 900 • Orlando, Florida 32801-2705
407.422.6325, ext. 217 • Fax: 407.843.9514 • E-mail: vision20.20@business-orlando.org



CHECK REQUEST 89

PLEASE ISSUE CHECK TO:

CK 140333.

NAME ECONOMIC DEVELOPMENT COMMISSION OF MID-FL INC.		EMPLOYEE SOCIAL SECURITY NO.	DATE OF REQUEST 12/11/00
ADDRESS 301 EAST PINE STREET, SUITE 900		VENDOR NUMBER 422014	
CITY ORLANDO	STATE FL	ZIP 32801	
FORWARD CHECK TO DEBORAH GREENWOOD		MAC MG6A	
TO BE USED FOR ADVERTISING			

ACCOUNT DISTRIBUTION INFORMATION						AMOUNT OF CHECK \$50,000.00
LINE NO.	RA	EAC	ACTIVITY	TASK	AMOUNT	DATE CHECK REQUIRED A.S.A.P.
	337	305	256501	MASKT	\$50,000.00	CHECK REQUESTED BY DEBORAH GREENWOOD
						APPROVED BY D.S. GREENWOOD <i>[Signature]</i>
						APPROVED BY D.H. BONK <i>[Signature]</i>
TOTAL CHECK AMOUNT						<ul style="list-style-type: none"> • Check Requests without proper approvals will be returned. • Supporting documentation must accompany this request when sent to Accounts Payable. • For Information on Check Request procedure, see System Accounting Manual Section 16.
					\$50,000.00	

Invoices and Check Requests
2001 Verizon Classic



PLEASE ISSUE CHECK TO:

CHECK REQUEST

89

CK 133782

NAME GTE Classic					EMPLOYEE SOCIAL SECURITY NO.	DATE OF REQUEST 7-19-00
ADDRESS 13902 N. Dale Mabry Suite 122					VENDOR NUMBER	
CITY Tampa					STATE FL	ZIP 33618
FORWARD CHECK TO Rene' T. Meade					MAC	
TO BE USED FOR 1/2 2001 sponsorship						
ACCOUNT DISTRIBUTION INFORMATION					AMOUNT OF CHECK \$75,000.00	
LINE NO.	RA	EAC	ACTIVITY	TASK	AMOUNT	DATE CHECK REQUIRED 7-24-00 received Fai. A/p 7-21-00
	339	135	339000	RTM	75,000.00	CHECK REQUESTED BY Rene' Meade
					APPROVED BY <i>[Signature]</i>	
					APPROVED BY <i>[Signature]</i>	
					<ul style="list-style-type: none"> • Check Requests without proper approvals will be returned. • Supporting documentation must accompany this request when sent to Accounts Payable. • For information on Check Request procedure, see System Accounting Manual Section 16. 	
TOTAL CHECK AMOUNT					75,000.00	



June 30, 2000

David Porter
FLORIDA POWER
17757 U.S. Highway 19 North, Suite 660
Clearwater, FL 33764

AMOUNT DUE THE 2001 GTE CLASSIC FOR

FIRST HALF OF 2001 SPONSORSHIP \$75,000

THANK YOU!



GTE CLASSIC

13902 N. DALE MABRY • SUITE 122 • TAMPA, FL 33618 • 813/265-GOLF (4653) • FAX 813/265-4655
www.pgatour.com





CHECK REQUEST

89

PLEASE ISSUE CHECK TO:

CK 133792

NAME Verizon Classic					EMPLOYEE SOCIAL SECURITY NO.	DATE OF REQUEST 10/10/00
ADDRESS 13902 N. Dale Mabry Suite 122					VENDOR NUMBER	
CITY Tampa					STATE FL	ZIP 33618
FORWARD CHECK TO* Rene' T. Meade					MAC MGSA	
TO BE USED FOR 2001 Verizon Classic						
ACCOUNT DISTRIBUTION INFORMATION					AMOUNT OF CHECK 25,000.00	
LINE NO.	RA	EAC	ACTIVITY	TASK	AMOUNT	DATE CHECK REQUIRED 10/17/00
	339	144	339000	RTM	25,000.00	CHECK REQUESTED BY Rene' Meade
						APPROVED BY
						APPROVED BY
TOTAL CHECK AMOUNT					25,000.00	<ul style="list-style-type: none"> • Check Requests without proper approvals will be returned. • Supporting documentation must accompany this request when sent to Accounts Payable. • For information on Check Request procedure, see System Accounting Manual Section 16.



OCTOBER 9, 2000

David Porter
Florida Power
17757 U.S. Highway 19 North, Suite 660
Clearwater, FL 33764

BALANCE DUE THE 2001 VERIZON CLASSIC FOR

PROMOTIONAL MERCHANDISE \$25,000

THANK YOU!



GTE CLASSIC

13902 N. DALE MABRY • SUITE 122 • TAMPA, FL 33618 • 813/265-GOLF (4653) • FAX 813/265-4655
www.pgastour.com





SEPTEMBER 21, 2000

David Porter
FLORIDA POWER
17757 U.S. Highway 19 North, Suite 660
Clearwater, FL 33764

BALANCE DUE THE VERIZON CLASSIC BY

NOVEMBER 1ST FOR 2001 SPONSORSHIP

\$75,000

THANK YOU!



GTE CLASSIC

13902 N. DALE MABRY • SUITE 122 • TAMPA, FL 33618 • 813/265-GOLF (4653) • FAX 813/265-4655
www.pgatour.com





CHECK REQUEST

84

CK NO 122620

PLEASE ISSUE CHECK TO:

NAME Verizon Classic (formerly GTE Classic)						EMPLOYEE SOCIAL SECURITY NO. Classic	DATE OF REQUEST 10.2.00
ADDRESS 13902 N. Dale Mabry Suite 122						VENDOR NUMBER	
CITY Tampa				STATE FL		ZIP 33618	
FORWARD CHECK TO Kene' T. Meade						MAC MGSA	
TO BE USED FOR sponsorship payment for 2001 tournament							
ACCOUNT DISTRIBUTION INFORMATION						AMOUNT OF CHECK 75,000.00	
LINE NO.	RA	EAC	ACTIVITY	TASK	AMOUNT	DATE CHECK REQUIRED 10.09.00	
	339	135	339000	RTM	75,000.00	CHECK REQUESTED BY Kene' Meade	
						APPROVED BY 	
						APPROVED BY 	
					<ul style="list-style-type: none"> • Check Requests without proper approvals will be returned. • Supporting documentation must accompany this request when sent to Accounts Payable. • For information on Check Request procedure, see System Accounting Manual Section 16. 		
TOTAL CHECK AMOUNT					75,000.00		