

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: February 11, 2002

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FLORIDA POWER CORPORATION'S OBJECTIONS TO STAFF'S SIXTEENTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION (NOS. 341-371)

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") objects to the Staff of the Florida Public Service Commission's Sixteenth Set of Interrogatories (Nos. 341-371) and states as follows:

GENERAL OBJECTIONS

FPC objects to any interrogatory that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time the response is first made to these interrogatories or is later determined to be applicable based on the discovery of documents, investigation or analysis. FPC in no way intends to waive any such privilege or protection.

In certain circumstances, FPC may determine upon investigation and analysis that information responsive to certain interrogatories to which objections are not otherwise asserted are confidential and proprietary and should be produced only under an appropriate confidentiality agreement and protective order, if at all. By agreeing to provide such information in response to such interrogatory, FPC is not waiving its right to insist upon appropriate protection of

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confidentiality by means of a confidentiality agreement and protective order. FPC hereby asserts its right to require such protection of any and all documents that may qualify for protection under the Florida Rules of Civil Procedure and other applicable statutes, rules and legal principles.

FPC objects to these interrogatories and any definitions and instructions that purport to expand FPC's obligations under applicable law.

FPC also objects to these interrogatories to the extent they purport to require FPC to prepare information in a particular format or perform calculations not previously prepared or performed as an attempt to expand FPC's obligations under applicable law. Further, FPC objects to these interrogatories to the extent they purport to require FPC to conduct an analysis or create information not prepared by FPC in the normal course of business. FPC will comply with its obligations under the applicable rules of procedure.

FPC incorporates by reference all of the foregoing general objections into each of its specific objections set forth below as though pleaded therein.

In addition, FPC reserves its right to count interrogatories and their sub-parts (as permitted under the applicable rules of procedure) in determining whether it is obligated to respond to additional interrogatories served by any party.

INTERROGATORIES

341. What is the rationale for the assumed zero net salvage for all accounts and/or functions on Schedule B-8b, Column F, for the projected test year? (Gardner & P.Lee)

342. Please provide the 13 month average impact for the projected test year depreciation reserve (Schedule B-8b) forecasting net salvage dollars based on the net salvage percent included in FPC's currently prescribed depreciation rates. Please include all calculations by account and/or functions. (Gardner & P.Lee)

343. Please provide the depreciation rate, including the life and salvage components, FPC used in the determination of the depreciation expense and reserve for the Hines Power Block 2 in Mr. Myers direct testimony, Exhibit MAM-7. (Gardner & P.Lee)

344. Mr. Myers states on pages 19 and 20 of his direct testimony that the expenses associated with the Hines Power Block 2 are known and measurable. Please explain what is meant by known and measurable. (Gardner & P.Lee)

345. Do the annualized expenses for the Hines Power Block 2, shown on Exhibit MAM-7 attached to Mr. Myers direct testimony, include the dismantlement provision approved by Order No. PSC-01-2386-PAA-EI? If not, please provide the dismantlement provision, if any, that has been included. (Gardner & P.Lee)

346. Referring to Mr. Myers Exhibit MAM-7, attached to his direct testimony, please provide the support and justification for the depreciation rate and components assumed for the Hines Power Block 2 in the determination of the annualized depreciation expenses. (Gardner & P.Lee)

347. Is FPC requesting that a depreciation rate for the Hines Power Block 2 be addressed as part of this rate case? (Gardner & P.Lee)

348. What specific FERC account adjustments result from the adjustment of \$1.2 M shown in the testimony of Mark A. Myers, Exhibit MAM-5, Page 2, Column E for Other Operation and Maintenance Expense? (McNulty)

349. What specific FERC account adjustments result from the adjustment of \$9.5 shown in the testimony of Mark A. Myers, Exhibit MAM-5, Page 2, Column E for Electric Plant in Service? (McNulty)

350. Please provide a revised MFR Schedule E-10, page 1 of 10, reflecting the change in line 8 from 1.25 hours to .25 hours for Transportation. (Wheeler)

351. Please provide a revised MFR Schedule E-10, page 9 of 10, reflecting the change in line 8 from 1.75 hours to .25 hours for Transportation. (Wheeler)

352. Please provide a revised MFR Schedule E-16b reflecting the changes to MFR Schedule E-10 requested in interrogatories 350 and 351. (Wheeler)

353. Please describe the methodology used by the company to estimate bills when an actual meter reading is not made. (Wheeler)

354. For the calendar years 1999, 2000 and 2001, please provide:

- A. The total number of bills rendered by month, for:
 - 1. Residential
 - 2. Non-residential
- B. The total number estimated bills rendered by month, for:
 - 1. Residential

2. Non-residential

- C. The total number of accounts for which three or more consecutive estimated bills were rendered.**
- D. List the five most common circumstances under which estimated bills are rendered, and provide the percentage of total estimated bills for each category (e.g. Category - inaccessible meters: 40%). (Wheeler)**

355. Please provide a description of the methodology used to determine the unbilled MWH sales and revenues shown in MFR Schedule E-15. (Wheeler)

356. Please provide revised Cost of Service studies (including all summary reports provided in the company's original filing) based on FPC's originally filed sales forecast that allocates the \$4.412 million in direct assigned purchased power costs shown on line 11 page 1 of Schedule 6 in MFR Schedule E-1 using the K200 Production Plant allocator. Please provide studies utilizing:

- A. The 12 CP and 1/13th AD method for the allocation of production plant.**
- B. The 12 CP and 25% AD method for the allocation of production plant. (Wheeler)**

357. Please provide revised Cost of Service studies (including all summary reports provided in the company's original filing) based upon the revised September 2001 sales forecast presented in the direct testimony of John B. Crisp, filed on November 15, 2001. The studies should reflect the allocation of the \$4.412 million in direct assigned purchased power costs shown on line 11 page 1 of Schedule 6 in MFR Schedule E-1 using the K200 Production Plant allocator. Please provide studies utilizing:

- A. The 12 CP and 1/13th AD method for the allocation of production plant.**
- B. The 12 CP and 25% AD method for the allocation of production plant. (Wheeler)**

358. Please provide a revised Jurisdictional Separation Study (including all summary reports provided in the company's original filing) based upon the revised September 2001 sales forecast presented in the direct testimony of John B. Crisp, filed on November 15, 2001. (Wheeler)

359. Please provide a list of all projects included in FPC's Construction Work in Progress budget in the projected test year 2002 which are \$500,000, or greater. Please give the construction projects beginning and ending dates. (Colson)

360. How much, by dollar amount, of the amount budgeted for Steam Power Generation

O&M for the projected test year 2002 is due to:

- A. stock market performance**
- B. the economy**
- C. national security (Colson)**

FPC is seeking clarification of this request as it is uncertain as to what information is sought.

361. Please provide the following for each of FPC's interruptible and curtailable service offerings on an annual basis for the years 1997 through 2001:

- A. MWh interruptible and curtailable customers were interrupted**
 - B. MWh during which buythrough energy was available**
 - C. Total MWh interruptible and curtailable customers were served**
 - D. Total MW load of customers under interruptible and curtailable tariffs.**
- (Harlow & Colson)**

362. Please provide the assumptions used to develop the cost-effectiveness tests (included in Supplement F to MFR Schedule E-17) of FPC's interruptible and curtailable service offerings. Please use PSC Forms CE1, and CE1.1A through CE2.5 to present the assumptions. (Harlow & Colson)

363. Page 25 of Mr. Slusser's direct testimony states, Curtailable load is considered to have lesser value than interruptible load since actual curtailment remains at the option of the customer and the load cannot be instantaneously realized. FPC has proposed credits for curtailable load of 75% of those for interruptible load.

- A. Given these two facts, discuss why it is appropriate to combine interruptible and curtailable service offerings in one cost-effectiveness analysis, rather than providing separate analyses?**
- B. Is this the same methodology used to develop the current credits for IS-1, CS-1, IS-2 and CS-2? (Harlow & Colson)**

364. Please provide separate cost-effectiveness analyses for FPC's interruptible and curtailable service offerings using the Strategist model to develop avoided costs. Please use PSC Forms CE1, and CE1.1A through CE2.5 to present the underlying assumptions for each analysis. (Harlow & Colson)

365. Please discuss any upgrades on customer premises, for which the costs are borne by the customer, which are necessary in order to participate in FPC's interruptible service offerings. Please discuss why these costs are not included in column (6) of FPC's Participant Test for interruptible/curtailable service offerings. (Harlow & Colson)

FPC objects to this question as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

366. A discount rate of 9.22 percent is used in FPC's cost-effectiveness tests for interruptible/curtailable service offerings. Please discuss:

- A. The appropriateness of the 9.22 discount rate.**
- B. The impact on cost-effectiveness and customer credits of a one percent reduction in discount rate. (Harlow & Colson)**

367. Please provide separate cost-effectiveness analyses of FPC's interruptible and curtailable service offerings, using avoided costs based on a combustion turbine with an in-service date the same as FPC's next avoided unit. Please use PSC Forms CE1, and CE1.1A through CE2.5 to present the underlying assumptions for each analysis. (Harlow & Colson)

368. Please provide a comparison of the revenue requirement estimates for Hines Unit 2 from the need determination for this unit to those presented in FPC's MFRs. Please justify any cost increases in FPC's current cost estimates for the plant. (Harlow & Colson)

FPC objects to this question as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

369. Schedule B-1, 2 of 2, reflects a projected test year's Cash balance of \$1,244,000. In response to interrogatory number 228, the utility states that it strives to maintain its cash balance at or below zero. The projected test year cash is equal to the beginning balance of May 2001. Please provide the actual cash balance for each month and the 13 month average for the year 2001. [Reference interrogatory no. 228 - Explain in specific details 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. Was a formula use to determine the amount of increase? If so, please provide.] (Iwenjiora)

FPC objects to this question as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

370. The utility's response to Interrogatory number 234 reflects that Progress Telecomm has a 13 month jurisdictional balance of \$6,252,000 included in Accounts Receivable from Assoc. Co. Please explain the factors that warrant such a substantial increase in this account.

- 1. Why is the increase being classified as jurisdictional cost?**
- 2. What is this account for and why should this amount be included in Working Capital?**

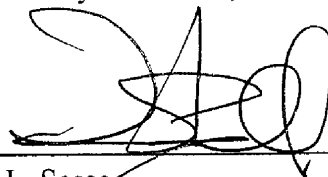
[Reference interrogatory no. 234 - Provide a detail schedule explaining what has been included in the Accounts Receivable from Associated Co. balance shown on Schedule B-1, page 2 of 2? Is interest being received? If so, is the interest reflected above the line or below the line. As referenced on Scheduled B-27, page 6 of 7, what is the name of the SEC required associated Service Company that was formed following the merger? What was the amount of receivable that was excluded from the 2000 calculation because of the merger? Now as a third party vendor, how much receivable has been recognized in the projected test year? Is interest being recognized?] (Iwenjiora)

FPC objects to interrogatory number 370 as compound and reserves its right to count this interrogatory as seven (7) separate interrogatories for purposes of determining its obligation to continue to provide responses under the order governing procedure in this case.

371. Please provide the actual balance for the nuclear decommissioning-retail for each month and the 13 month average for the year 2001. [Reference interrogatory no. 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)

Respectfully submitted,



James A. McGee
FLORIDA POWER CORPORATION
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

Gary L. Sasso
James Michael Walls
Jill H. Bowman
W. Douglas Hall
CARLTON FIELDS, P. A.
Post Office Box 2861
St. Petersburg, FL 33731
Telephone: (727) 821-7000
Facsimile: (727) 822-3768
Attorneys for Florida Power Corporation

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 11th day of February, 2002.

Mary Anne Helton, Esquire **
Adrienne Vining, Esquire
Bureau Chief, Electric and Gas
Division of Legal Services
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
Phone: (850) 413-6096
Fax: (850) 413-6250
Email: mhelton@psc.state.fl.us

Jack Shreve, Esquire
Public Counsel
John Roger Howe, Esquire
Charles J. Beck, Esquire
Deputy Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison St., Room 812
Tallahassee, FL 32399-1400
Phone: (850) 488-9330
Attorneys for the Citizens of the State of
Florida

Daniel E. Frank
Sutherland Asbill & Brennan LLP
1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2415
Telephone: (202) 383-0838
Counsel for Walt Disney World Co.

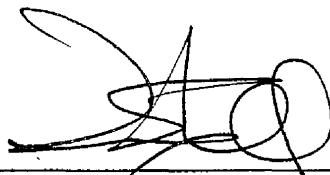
Thomas A. Cloud, Esq.
Gray, Harris & Robinson, P.A.
301 East Pine Street, Ste. 1400
P.O. Box 3068
Orlando, FL 32801
Phone: (407) 244-5624
Fax: (407) 244-5690
Attorneys for Publix Super Markets, Inc.

Joseph A. McGlothlin, Esquire
Vicki Gordon Kaufman, Esquire
McWhirter, Reeves, McGlothlin, Davidson,
Decker, Kaufman, Arnold & Steen, P.A.
117 South Gadsden
Tallahassee, FL 32301
Telephone: (850) 222-2525
Fax: (850) 222-5606
Counsel for Florida Industrial Power Users
Group and Reliant Energy Power Generation,
Inc.

Russell S. Kent, Esq.
Sutherland Asbill & Brennan LLP
2282 Killearn Center Blvd.
Tallahassee, FL 32308-3561
Telephone: (850) 894-0015
Counsel for Walt Disney World Co.

John W. McWhirter, Jr., Esquire
McWhirter, Reeves, McGlothlin, Davidson,
Decker, Kaufman, Arnold & Steen, P.A.
400 North Tampa Street, Suite 2450
Tampa, FL 33601-3350
Telephone: (813) 224-0866
Fax: (813) 221-1854
Counsel for Florida Industrial Power Users
Group

Michael B. Twomey, Esq.
8903 Crawfordville Road (32305)
P.O. Box 5256
Tallahassee, FL 32314-5256
Phone: (850) 421-9530
Fax: (850) 421-8543
Counsel for Sugarmill Woods Civic
Association, Inc. and Buddy L. Hansen



Attorney