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February 18, 2002

Blanca S. Bayo, Director
Division of Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 000824-EI

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket are the original and 15 copies of Citizens' Prehearing Statement. A diskette in Word format is also submitted.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

Charles J. Beck

Charles J. Beck
Deputy Public Counsel

CJB:bsr

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 February 18, 2002

CITIZENS' PREHEARING STATEMENT

Pursuant to order no. PSC-01-2114-PCO-EI issued October 25, 2001, the Citizens of Florida (Citizens), by and through Jack Shreve, Public Counsel, file this prehearing statement.

Witnesses

Citizens prefiled testimony by the following witnesses:

(1) Donna DeRonne, C.P.A. Ms. DeRonne's testimony reviews the projected earnings of Florida Power Corporation, the proposed merger synergies, and proposed acquisition adjustment.

(2) David E. Dismukes, Ph.D. Dr. Dismukes' testimony addresses issues associated with the proposed load forecast prepared by Florida Power Corporation for use in this proceeding.

(3) Kimberly H. Dismukes. Ms. Dismukes' testimony analyzes portions of Florida Power Corporation's proposal concerning the treatment of merger costs and synergies and the treatment of affiliate transactions included in the projected test year.

(4) R. Earl Poucher. Mr. Poucher's testimony address the quality of service provided by Florida Power Corporation to its customers.

(5) James A. Rothschild. Mr. Rothschild's testimony addresses the cost of equity, capital structure, and overall cost of capital that is appropriate to apply to the rate base of the regulated utility operations of Florida Power Corporation.

(6) Stephen A. Stewart. Mr. Stewart's testimony provides a time series statistical analysis of the historical and projected O&M expenses of Florida Power Corporation.

Citizens may also subpoena a witness from TECO to address TECO's SAIDI measurements.

Prefiled Exhibits

Witnesses for Citizens prefiled the following exhibits:

Donna DeRonne, C.P.A.

A	Revenue Requirement
B	Adjusted Rate Base
C-1	Adjusted Net Operating Income
C-2	Breakdown of Merger Transition Costs
C-3	Other Electric Revenues - Account 456.20
C-4	Salary and Wage Expense
C-5	Medical Insurance Expense
C-6	Employee Benefits - FAS 106
C-7	Other General Advertising Expense

C-8	Rate Case Expense
C-9	Nuclear Decommissioning Expense
C-10	Property Tax Expense
C-11	Income Tax Expense
D	Overall Cost of Capital, per OPC

David E. Dismukes, Ph.D.

DED-1	Comparison of FPC Forecasts
DED-2	Comparison of Company Forecasts
DED-3	Comparison of Forecasts
DED-4	Comparison of Gross Domestic Product Forecasts
DED-5	Comparison of Real Disposable Personal Income Growth Forecasts

Kimberly H. Dismukes

(KDH-1)	Calculation of Net Synergies
(KDH-2)	Synergy Savings Reconstruction from OPC POD 73
(KDH-3)	Regulatory Treatment of Acquisition Premium
(KDH-4)	Progress Energy Service Company Product/Service Cost Distribution Model
(KDH-5)	Progress Energy Service Company Indirect Product/Service Cost Distribution Methodology

(KDH-6)	Progress Energy Service Company 2001 Cost Model (Budget)
(KDH-7)	Progress Energy Service Company 2001 Service Company Budget by Product/Service-Consolidated Charges
(KDH-8)	Progress Energy Service Company Modified Massachusetts Formula Ratio 2001 Budget
(KDH-9)	Progress Energy Service Company 2002 Cost Distribution Model Metric Changes
(KDH-10)	Progress Energy Service Company Comparison of Allocation Factors 2001 Budget and 2002 Budget
(KDH-11)	Progress Energy Service Company OPC Adjust 2001 Service Company
(KDH-12)	Progress Energy Service Company Test Year Allocations to FPC OPC Recommended Adjustment

R. Earl Poucher

REP-1	PSC Complaints
REP-2	PSC Logged Customer Complaints
REP-3	Warm Transfers
REP-4	Electric Service Quality Analysis
REP-5	Summary of Electric Utility Indices
REP-6	Reliability, Replace, Refurbish
REP-7	Florida Statutes - Service

James A. Rothschild

JAR-1	Florida Power Corporation Overall Cost of Capital; Florida Power Computation of Capital Structure; Capital Structure and Florida Power Corp. Cost of Debt
JAR-2	Florida Power Corporation Cost of Equity Summary
JAR-3	Comparative Companies Selected Financial Data; Comparative Companies Earnings Per Share and Return on Equity; Return on Equity Implied in Zack's Consensus Growth Rates; Comparative Electric Companies Return on Common Equity; and Comparative Gas Companies Return on Common Equity
JAR-4	Comparative Electric Companies Selected by Company Discounted Cash Flow (DCF) Indicated Cost of Equity; Progress Energy Discounted Cash Flow (DCF) Indicated Cost of Equity and Comparative Gas Companies Discounted Cash Flow (DCF) Indicated Cost of Equity
JAR-5	Comparative Electric Companies Complex DCF Method; Comparative Electric Companies Value Line's Earnings Projections and Comparative Electric Companies Value Line's Book Value Projections
JAR-6	Comparative Electric Companies Value Line's Projection of Dividends Per Share and Comparative Gas Companies Selected by Company Value Line's Projection of Dividends Per Share
JAR-7	Comparative Electric Companies Percentage of Common Equity in the Capital Structure Excluding Short-term Debt
JAR-8	Comparative Companies External Financing Rate (Millions of Shares)
JAR-9	Cost of Equity Indicated by Inflation Risk

	Premium Method
JAR-10	Risk Premium/CAPM Method Cost of Equity for Common Stock and Risk Premium Based Upon Analysis Historic Returns

Stephen A. Stewart

(SS-1)	Operation & Maintenance Expense per Customer Florida Power Corporation 1998-2002
(SS-2)	Sources of Data for Graph in Schedule 1
(SS-3)	Operation & Maintenance Expense/Customer with Acquisition Adj. Florida Power Corporation 1998-2002
(SS-4)	Operation & Maintenance Expense/Customer with OPC Adj. Florida Power Corporation, 1998-2002

Citizens may use other exhibits during cross examination of the company's witnesses. Citizens plan to file a notice prior to the prehearing conference identifying documents Florida Power Corporation claims to be confidential which Citizens may use during cross examination.

Statement of Basic Position

Florida Power Corporation's plan to charge customers for the stock premium paid to the stockholders of Florida Progress by Carolina Power & Light runs afoul of section 366.06 (1), Florida Statutes. This statute requires the Commission to determine the actual legitimate costs of the property of Florida Power Corporation, actually used and useful in the public service. By the terms of the statute, net investment cannot include any goodwill or going-concern value or franchise value in excess of payment made therefore. The stock premium Florida Power seeks to recover from its utility customers is a significant portion of the goodwill purchased by Carolina Power and Light. Florida Power's attempt to convert the portion of the goodwill attributable to the stock premium from a rate base item to an expense does not cure the statutory violation.

The merger between Florida Progress and Carolina Power and Light is not an extraordinary merger, and much of the benefit of the merger is related more to Progress Energy's unregulated businesses than its regulated businesses. The Commission must not and cannot allow the company to recover the premium paid to Florida Progress stockholders from utility customers.

In addition, the cost of equity and capital structure proposed by Florida Power is far out of line in today's market. A cost of equity equal to 10.2% with the consolidated capital structure of Progress Energy provides a fair profit level to the company. If the Commission uses the capital structure proposed by Florida Power which contains considerably more equity than the consolidated capital structure, the Commission should use a cost of equity equal to 9.5%.

The service provided by Florida Power is inadequate. Customers complain that they experience excessive outages and power surges. In addition, many customers testified that they were treated rudely or inappropriately by customer service representatives. The Commission should respond by setting rates 25 basis lower within an authorized range of return on equity.

There are a host of accounting adjustments that should be made to the projected test year figures provided by Florida Power Corporation. Such adjustments include, for example, allocations from affiliates, including $1,400,000 for use of a corporate aircraft, revisions to insurance amounts, marketing geared toward corporate image enhancement, dues related to lobbying, and revisions to many other projected expenses.

After accounting for all of these matters, the Commission should reduce Florida Power Corporation's rates by $246 million per year and refund all money collected subject to refund during this proceeding.

<u>Issues and Positions</u>

<u>ISSUE 1</u>: Are FPC's forecasts of Customers and KWH by Revenue Class for the 2002 test year reasonable? (Stallcup, Hewitt) (Staff 2)

Citizens' Position: No. FPC improperly used a recession year as a typical test year. The Commission should adopt Witness Dismukes' forecasted numbers for residential and commercial usage based upon the economic drivers used by the Company in their June forecast. Test year revenues should be increased by $28,404,000. (D. Dismukes)

<u>ISSUE 2</u>: Is the number of customer bills which have to be estimated each month appropriate for FPC? (Kummer, Lowery, McNulty) (Staff 3)

Citizens' Position: No position at this time.

<u>ISSUE 3</u>: Has FPC's acquisition by Progress Energy affected system reliability? If so, how? (D. Lee, Matlock) (Staff 5)

Citizens' Position: Florida Power does not provide adequate service to its customers. Citizens have no position on whether this is the result of the merger or not. (Poucher).

<u>ISSUE 4</u>: Is FPC's customer complaint resolution process adequate? (Lowery) (Staff 6)

Citizens' Position: No. Many customers do not get their complaints resolved by the company until they contact the PSC. Customers should not be required to call the PSC in order to receive adequate customer service from Florida Power Corporation. (Poucher).

ISSUE 5: Has FPC's acquisition by Progress Energy affected customer service? If so, how? (Lowery, D. Lee, Matlock) (PSM 3, Staff 7)

Citizens' Position: Florida Power does not provide adequate service to its customers. Citizens have no position on whether this is the result of the merger or not. (Poucher).

ISSUE 6: Should the Commission establish a mechanism that encourages a reduction in the percentage of customers receiving frequent outages?" (D. Lee, Matlock) (Staff 8)

Citizens' Position: Yes.

ISSUE 7: Is the quality of electric service provided by FPC adequate? (D. Lee, Lowery) (Staff 4)

Citizens' Position: No. The service provided by Florida Power is inadequate. Customers complain that they experience excessive outages and power surges. In addition, many customers testified that they were treated rudely or inappropriately by customer service representatives. (Poucher)

ISSUE 8: If the quality of electric service provided by FPC is inadequate, should the Commission reduce the rate setting point for FPC by 25 basis points? (D. Lee, Matlock) (OPC 4A)

Citizens' Position: Yes. Rates should still be set within a range of return on equity determined to be reasonable by the Commission, but the rate setting point should be 25 basis points lower than the midpoint of the range. (Poucher).

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

Citizens' Position: No position at this time.

ISSUE 10: 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) (Staff 11)

Citizens' Position: No position at this time.

ISSUE 11: 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) (Staff 13)

Citizens' Position: No position at this time.

ISSUE 12: What adjustment, if any, should be made to the test year rate base to reflect the Commission's decision in Docket No. 001835-EI concerning nuclear decommissioning and end-of-life nuclear materials and supplies? (Gardner, P. Lee) (Staff 15)

Citizens' Position: The Commission should make the adjustments shown in exhibit DD-1, schedule C-9. (DeRonne).

ISSUE 13: What adjustment, if any, should be made to the test year rate base to reflect the Commission's decision in Docket No. 991931-EG concerning recovery of the last core of nuclear fuel? (P. Lee) (Staff 16)

Citizens' Position: No position at this time.

ISSUE 14: What adjustments, if any, 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) (Staff 17)

Citizens' Position: No position at this time.

ISSUE 15: Should an adjustment be made to remove the closed business office capital costs from the projected 2002 test year? (New)

Citizens' Position: Yes. The Company failed to remove all of the effects of these office closings from the 2002 test year. The Commission should reduce plant in service by $13,684,000, reduce accumulated depreciation by $3,147,000, and reduce depreciation expense by $419,000. (DeRonne)

ISSUE 16: 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, Staff 26)

Citizens' Position: No position at this time.

ISSUE 17: Should an adjustment be made to decrease Cash in the working capital allowance for FPC? (Iwenjiora)(New Staff)

Citizens' Position: The Commission should make the adjustments to working capital shown in exhibit DD-1, schedule B-1, page 2 of 2. (DeRonne).

ISSUE 18: Should an adjustment be made to decrease Accounts Receivable from Associated Co. in the working capital allowance for FPC? (Iwenjiora)(New Staff)

Citizens' Position: No position at this time.

ISSUE 19: What adjustment, if any, should be made to decrease Other Regulatory Assets in nuclear decommissioning-retail account in the working capital allowance for FPC?(Iwenjiora)(New Staff)

Citizens' Position: No position at this time.

ISSUE 20: Should adjustments be made to working capital for 2002 related to interest on tax deficiency for FPC? (Iwenjiora, C. Romig, Vendetti) (Staff 28)

Citizens' Position: No position at this time.

ISSUE 21: Is FPC's requested level of Working Capital in the amount of $72,291,000 ($91,080,000 system) for the 2002 projected test year appropriate? (Iwenjiora)(FIPUG 7, OPC 20, Staff 18)

Citizens' Position: No. The Commission should make the adjustments to working capital shown in exhibit DD-1, schedule B-1, page 2 of 2. (DeRonne).

ISSUE 22: 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, Staff 10)

Citizens' Position: No. Jurisdictional Plant in Service should be set at $6,872,818,000. (DeRonne)

ISSUE 23: 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) (Staff 29)

Citizens' Position: No. Jurisdictional Accumulated Depreciation should be set at $3,412,003,000. (DeRonne)

ISSUE 24: Is FPC's requested rate base of $3,665,497,000 ($3,983,231,000 system) for the 2002 projected test year appropriate? (Revell) (Staff 30)

Citizens' Position: No. Jurisdictional Rate Base should be set at $3,656,821,000. (DeRonne)

ISSUE 25: What is the appropriate cost of common equity capital for FPC? (D. Draper, Vendetti) (FIPUG 5, OPC 11, PSM 1, Staff 31)

Citizens' Position: The appropriate midpoint return on equity using a consolidated capital structure is 10.2%. If the Commission uses the capital structure proposed by Florida Power containing far more equity than the consolidated capital structure, the Commission should use a cost of equity equal to 9.5% as the midpoint. (Rothschild).

ISSUE 26: Should the Commission recognize the CR3 equity adjustment specified in the 1997 Stipulation and Order? (Lester, D. Draper) (FPC 3)

Citizens' Position: No. (DeRonne)

ISSUE 27: What is the appropriate capital structure for ratemaking purposes for FPC? (D. Draper, Vendetti) (FIPUG 6, PSM 3, Staff 32)

Citizens' Position: FPC's requested capital structure contains an excessive level of equity. A more appropriate capital structure to use is the consolidated capital structure of Progress Energy. (Rothschild)

ISSUE 28: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for FPC? (C. Romig, Vendetti) (Staff 33)

Citizens' Position: No position at this time.

ISSUE 29: 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, Staff 34)

Citizens' Position: No position at this time.

ISSUE 30: Have rate base and capital structure been reconciled appropriately for FPC? (Vendetti, C. Romig, D. Draper) (Staff 35)

Citizens' Position: No position at this time.

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

Citizens' Position: No position at this time.

ISSUE 32: 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, Staff 36)

Citizens' Position: The overall cost of capital should be based on the actual consolidated capital structure of Progress Energy and a cost of equity of 10.2%.. (Rothschild, DeRonne)

ISSUE 33: Is FPC's requested level of Total Operating Revenues for the 2002 projected test year appropriate? (Stallcup, Hewitt, Revell, Wheeler) (Staff 37)

Citizens' Position: No. Test year revenues are under-projected. (D. Dismukes, DeRonne).

ISSUE 34: Has FPC under-projected its miscellaneous service revenues? (OPC B)

Citizens' Position: Yes. FPC has not adequately explained why a reduction to these revenues is appropriate or likely to be reflective of 2002 conditions. Miscellaneous Service Revenues should be increased by $818,246. (DeRonne)

ISSUE 35: Has FPC under-projected its Other Electric Revenues? (OPC C)

Citizens' Position: Yes. Other Electric Revenues should be based on the annualization of the actual revenues received in 2001. Other Electric Revenues should be increased by $64,195. (DeRonne)

ISSUE 36: Are adjustments removing conservation revenues of $65,218,846 (system) for 2002 and the related expenses recoverable through the Conservation Cost Recovery Clause appropriate for FPC? (Colson) (Staff 45)

Citizens' Position: No position at this time.

ISSUE 37: Has FPC made the appropriate adjustments to remove fuel revenues and fuel expenses recoverable in the Fuel Adjustment Clause? (Bohrmann, McNulty) (FIPUG 9, Staff 43)

Citizens' Position: No position at this time.

ISSUE 38: 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) (Staff 44)

Citizens' Position: No position at this time.

ISSUE 39: How are the bench marking calculations affected by merger-related savings and costs? (PSM 22)

Citizens' Position: No position at this time.

ISSUE 40: Is it appropriate to use bench marking to justify test year expenses, given the significant changes in the company created by reorganizations and the merger? (PSM 23)

Citizens' Position: No. The Commission should consider the significant in increase in O&M expenses contained in the company's projections

ISSUE 41: If the O&M benchmark is to be applied, should it be to the Company as a whole, or on individual functional units? (Revell) (OPC 33, Staff 71)

Citizens' Position: No position at this time.

ISSUE 42: 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, Monic) (OPC 37, PSM 27, Staff 76)

Citizens' Position: No position at this time.

ISSUE 43: 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, Monic) (OPC 38, Staff 77)

Citizens' Position: No position at this time.

ISSUE 44: 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? (Monic, Revell) (OPC 39, PSM 26, Staff 78)

Citizens' Position: No. The actual expense for account 912.70 in the historic 2000 test year was $2,581,000 and the projected 2002 amount in the test year is $6,426,000. Account 912.70 – Power Marketing Services should be reduced by $2,316,000. (DeRonne)

ISSUE 45: 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? (Monic, Revell) (OPC 40, PSM 29, Staff 79)

Citizens' Position: The Commission should make the adjustments shown on exhibit DD-1, schedule C-1. (DeRonne).

ISSUE 46: Should the projected 2002 executive benefits expense of $81,250 for change of control cash payment be removed from O&M expenses? (OPC F)

Citizens' Position: Yes. FPC's ratepayers should not be required to reimburse the company for change of control cash payments. These new benefits, offered only to certain high level executives, should be removed for rate setting purposes. The Commission should reduce Miscellaneous Benefits Expense by $81,250. (DeRonne)

ISSUE 47: Is FPC's proposed level of power marketing services expenses overstated? (OPC G)

Citizens' Position: Yes. The actual expense for this account in the historic 2000 test year was $2,581,000 and the projected 2002 amount in the test year is $4,897,000. Account 912.70 – Power Marketing Services should be reduced by $2,316,000. (DeRonne)

ISSUE 48: Are any revisions necessary to the projected 2002 nuclear property and liability insurance expense? (OPC H)

Citizens' Position: Yes. The projected 2002 test year amount for this expense is ($2,872,000) while the historic 2000 test year amount was ($5,345,000). The Company had also projected a similar decrease in this credit for the year 2001 which did not occur. The test year amount should be replaced with the actual credit for 2001 requiring an expense reduction of $1,700,798. (DeRonne)

ISSUE 49: Should an adjustment be made to remove the closed business office expenses from the projected 2002 test year? (OPC A)

Citizens' Position: Yes. The Company failed to remove all of the effects of these office closings from the 2002 test year. Reduce depreciation expense by $419,000. (DeRonne)

ISSUE 50: Is the accelerated amortization of Tiger Bay appropriate in the test year? (Gardner, P. Lee) (FIPUG 21 & 22, OPC 50, PSM 38)

Citizens' Position: No. The Company projects that it will fully recover this regulatory asset by the end of 2003. The inclusion of an acceleration of the recovery of the asset in the calculation of base rates would result in continued recovery of a portion of the asset after it is fully recovered. Amortization expense should be reduced by $9,000,000. (DeRonne)

ISSUE 51: 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 concerning recovery of the last core of nuclear fuel? (P. Lee) (FIPUG 10, PSM 33, Staff 40, OPC I)

Citizens' Position: No position at this time.

ISSUE 52: 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 concerning nuclear decommissioning and end-of-life nuclear materials and supplies? (P. Lee) (FIPUG 11 & 12, PSM 39, Staff 41, OPC K)

Citizens' Position: The Commission should make the adjustments shown on exhibit DD-1, schedule C-9. (DeRonne).

ISSUE 53: What adjustments, if any, 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) (Staff 42)

Citizens' Position: No position at this time.

ISSUE 54: Are transmission improvements appropriately capitalized or expensed? (Revell, Gardner, P. Lee, Harlow, Colson) (PSM 32)

Citizens' Position: No position at this time.

ISSUE 55: 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) (Staff 46)

Citizens' Position: No position at this time.

ISSUE 56: 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) (Staff 47)

Citizens' Position: No position at this time.

ISSUE 57: 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) (Staff 48)

Citizens' Position: No position at this time.

ISSUE 58: 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) (Staff 49)

Citizens' Position: No position at this time.

ISSUE 59: What is the appropriate amount of advertising expense to be allowed in operating expense for the 2002 test year for FPC? (Monic, Revell)(PSM 28, Staff 50)

Citizens' Position: The 2000 historic test year expense for advertising was $167,000 and the Company adjusted 2002 test year projected amount included for recovery is $5,149,000. The main purpose of the increase is to improve the company's image in the community. The requested level of advertising expense should be reduced to the four-year average of $456,000. This requires a reduction of $4,693,000. (DeRonne)

ISSUE 60: 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? (Monic, Revell) (Staff 51, OPC J)

Citizens' Position: Yes. The Company has included $128,000 for Nuclear Energy Institute Dues, which include lobbying efforts of 20% of the total dues paid. Test year O&M expenses should be reduced by $25,600. (DeRonne)

ISSUE 61: 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? (Monic, Revell) (Staff 52)

Citizens' Position: The Company has included $128,000 for Nuclear Energy Institute Dues, which include lobbying efforts of 20% of the total dues paid. Test year O&M expenses should be reduced by $25,600. (DeRonne)

ISSUE 62: Should an adjustment be made to the 2002 projected test year to disallow membership dues in the Chambers of Commerce and the Committee of 100? (Monic, Revell) (Staff 53)

Citizens' Position: No position at this time.

ISSUE 63: What amount has FPC budgeted to fund the EI Utility Waste Management Group and is this amount appropriate? (Monic, Revell) (Staff 54)

Citizens' Position: No position at this time.

ISSUE 64: Is FPC's assumed growth in salaries and wages appropriate? If not, what adjustment is necessary? (Monic, Revell)(PSM 14, Staff 55)

Citizens' Position: No. FPC has over-projected its regular full-time positions by at least 71 positions. Salaries and wages should be reduced by $2,015,335 and payroll tax expense should be reduced by $154,173. (DeRonne)

ISSUE 65: Should an adjustment be made to the level of Salaries and Employee Benefits for the 2002 projected test year? (Monic, Revell) (PSM 15, 16 & 18, Staff 56)

Citizens' Position: Yes. Employee Benefits – Medical Expenses should be reduced in line with the reduction of Salaries and Wages. The Commission should reduce medical expenses by $172,109. (DeRonne)

ISSUE 66: Is FPC's calculation of the payroll for the 2002 projected test year appropriate? (Monic, Revell) (Staff 57)

Citizens' Position: No. (DeRonne)

ISSUE 67: Is FPC's budgeted level of employees in the 2002 projected test year appropriate? (Monic, Revell) (OPC 25, Staff 58)

Citizens' Position: No. The Commission should reduce regular full-time positions by 71 employees. (DeRonne)

ISSUE 68: Are benefits loading costs appropriate and how do such costs compare to benchmarks? (PSM 18)

Citizens' Position: No position at this time.

ISSUE 69: Should FPC's 2002 post-retirement benefits be adjusted to recognize the most recent actuarial estimates? (OPC D)

Citizens' Position: Yes. Based on FPC's response to Citizen's discovery, the Company's outside actuaries have projected the 2002 FAS 106 expense based on the 2001 actuarial report. The more recent actuarial estimates project the 2002 expense to be lower so that this expense should be reduced by $658,518. (DeRonne)

ISSUE 70: Is FPC's requested level of Other Post Employment Benefits Expense for the 2002 projected test year appropriate? (Monic, Kyle) (PSM 19, OPC 26, Staff 59)

Citizens' Position: The Commission should make the adjustments shown in exhibit DD-1, schedule C-6. (DeRonne).

ISSUE 71: Is the projected 2002 increase in FAS 112 Miscellaneous Employee Benefits costs reasonable? (OPC E)

Citizens' Position: No. The Company has not accounted for the current pension costs being incurred for disabled employees. This cost should be rejected until there is a proper accounting for what the average disabled employees' salary is and what pension costs are currently being incurred for those employees. O&M should be reduced by $1,690,000. (DeRonne)

ISSUE 72: Is FPC's 2002 test year requested accrual for medical/life reserve-active employees and retirees appropriate? (Revell, Monic, Costner) (Staff 64)

Citizens' Position: The Commission should make the adjustments shown in exhibit DD-1, schedule C-6. (DeRonne).

ISSUE 73: Is FPC's requested level of Pension Expense for the 2002 projected test year appropriate? (Monic, Kyle) (FIPUG 18, OPC 27, Staff 60)

Citizens' Position: Florida Power included pension expense in its synergy savings. Although the company revised the level of pension expense in its November 15, 2001, filing, it still claims that it will realize the original forecasted synergy savings notwithstanding the change in pension expense. If the Commission uses the revised pension expense, an adjustment of $6 million must be made to reflect FPC's achievement of the synergy forecast. (DeRonne).

ISSUE 74: What is the appropriate amount of outside services expense to be allowed in operating expense for FPC? (Revell, Monic, Costner) (OPC 28, PSM 30, Staff 62)

Citizens' Position: No position at this time.

ISSUE 75: Should any franchise litigation related costs, which may be deemed prudent, be recoverable from FPC customers? (PSM 42)

Citizens' Position: No position at this time.

ISSUE 76: 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 43)

Citizens' Position: No position at this time.

ISSUE 77: Should any franchise fee 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? (PSM 44)

Citizens' Position: No position.

ISSUE 78: 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, Staff 65)

Citizens' Position: No position at this time.

ISSUE 79: Is interest on tax deficiencies of $891,000 ($967,000 system) for the 2002 projected test year appropriate for FPC? (C. Romig, Vendetti) (Staff 66)

Citizens' Position: No position at this time.

ISSUE 80: 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, Staff 67)

Citizens' Position: No position at this time.

ISSUE 81: Is FPC's requested Rate Case Expense in the amount of $1,644,000 appropriate? (Monic, Revell) (OPC 30, Staff 68)

Citizens' Position: No. The Company included excessive amounts for CPA's, consultants and others, including excessive hourly rates. Rate case expense should be reduced to $1,369,000 and rate case amortization expense should be reduced by $479,750. (DeRonne)

ISSUE 82: What is the appropriate Amortization period for FPC's Rate Case Expense? (Monic, Revell) (OPC 31, PSM 25, Staff 69)

Citizens' Position: The Company's last rate case was over nine years ago and required a four-year amortization period. The Commission should use no less than a four-year amortization period for rate case expense in the current case. (DeRonne)

ISSUE 83: What are the appropriate Consumer Price Index factors to use in determining test year expenses for FPC? (Stallcup, Hewitt) (Staff 72)

Citizens' Position: No position at this time.

ISSUE 84: 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 73)

Citizens' Position: No. The amortization of nuclear materials and supply inventory should be reduced by $200,000 to reflect an error in the Company's filing. (DeRonne)

ISSUE 85: 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 74)

Citizens' Position: No position at this time.

ISSUE 86: 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) (Staff 81)

Citizens' Position: No position at this time.

ISSUE 87: What adjustments, if any, should be made to the projected test year expenses to recognize implementation of FAS 143? (Gardner) (Staff 82)

Citizens' Position: No position at this time.

ISSUE 88: What adjustments, if any, should be made to the projected test year expenses to recognize implementation of the ACSE Statement of Position regarding accounting for certain costs and activities related to property, plant, and equipment? (Gardner) (Staff 83)

Citizens' Position: No position at this time.

ISSUE 89: 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, Staff 80)

Citizens' Position: No. Nuclear Decommissioning Expense should be reduced by $2,250,000 to reflect the current status of Docket No. 001835-EI. Depreciation expense for the closed business offices should be reduced by $419,000. Also, amortization expense should be reduced by $9,000,000 for the Tiger Bay accelerated recovery. (DeRonne)

ISSUE 90: Are FPC's requested Income Tax expenses in the amount of $157,332,000 ($173,886,000 system) for the 2002 projected test year appropriate? (C. Romig, Vendetti) (OPC 43, Staff 85)

Citizens' Position: No. The level of income taxes should be reconciled for other adjustments to rate base, cost of capital and net operating income.

ISSUE 91: Are consolidating tax adjustments appropriate, and if so, what are the appropriate amounts for the 2002 projected test year for FPC? (C. Romig, Vendetti) (OPC 44, Staff 86)

Citizens' Position: No position at this time.

ISSUE 92: Is FPC's requested level of Taxes Other Than Income Taxes in the amount of $92,870,000 ($100,486,000 system) for the 2002 projected test year appropriate? (C. Romig, Vendetti) (OPC 42) (Staff 84)

Citizens' Position: No. The projected 2001 property tax expense used for the 2002 projections is overstated by $3.6 million and the 6% property tax expense growth factor is also overstated. The growth factor should be limited to the actual five-year average net property taxes growth rate of 3.51%. Property taxes should be reduced by $5,731,834. Taxes – Other for payroll taxes should be reduced by $154,173. (DeRonne)

ISSUE 93: 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, Staff 39)

Citizens' Position: No. FPC projects an increase of 23.7% from 2000 to the 2002 test year. The test year expenses should be reduced for the effects of OPC's recommended adjustments. (Stewart, DeRonne)

ISSUE 94: 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, Staff 87)

Citizens' Position: No. The appropriate NOI after adjustments is $424,227,000. (DeRonne).

ISSUE 95: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPC? (Revell) (OPC 46, Staff 89)

Citizens' Position: No position at this time.

ISSUE 96: In determining whether any portion of the revenue held subject to refund by Order No. PSC-01-2313-P.O.-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, Staff 88)

Citizens' Position: The refund should be calculated in accordance with the criteria set forth in section 366.071, Florida Statutes (2001).

ISSUE 97: Is FPC's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate? (Wheeler) (FIPUG 39, OPC 47, PSM 6, Staff 94)

Citizens' Position: No position at this time.

ISSUE 98: Are FPC's estimated revenues from sales of electricity by rate class at present rates for the projected 2002 test year appropriate? (E. Draper) (Staff 95)

Citizens' Position: No. (D. Dismukes).

ISSUE 99: 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? (Wheeler) (Staff 96)

Citizens' Position: No position at this time.

ISSUE 100: What is the appropriate cost of service methodology to be used in designing FPC's rates? (Wheeler) (FIPUG 31, OPC 48, Staff 97)

Citizens' Position: No position at this time.

ISSUE 101: How should any change in revenue requirements be allocated among the customer classes? (Wheeler) (OPC 49, Staff 98)

Citizens' Position: No position at this time.

ISSUE 102: What are the appropriate demand charges? (Wheeler, E. Draper) (Staff 99)

Citizens' Position: No position at this time.

ISSUE 103: What are the appropriate energy charges? (Wheeler, E. Draper) (Staff 100)

Citizens' Position: No position at this time.

ISSUE 104: What are the appropriate customer charges? (Hudson) (Staff 101)

Citizens' Position: No position at this time.

ISSUE 105: What are the appropriate service charges? (Hudson) (Staff 102)

Citizens' Position: No position at this time.

ISSUE 106: What are the appropriate Lighting Service (LS-1) rate schedule charges? (Springer) (Staff 103)

Citizens' Position: No position at this time.

ISSUE 107: How should FPC's time-of-use rates be designed? (E. Draper) (Staff 104)

Citizens' Position: No position at this time.

ISSUE 108: Should FPC be required to provide realtime pricing to customers? If so, by when should it be required to make such offering available? (Wheeler) (FIPUG 38)

Citizens' Position: No position at this time.

ISSUE 109: 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? (Hudson) (Staff 105)

Citizens' Position: No position at this time.

ISSUE 110: Should FPC's proposed inverted rate design for the RS, RAL-1, RAL-2, and RSS-1 rate schedules be approved? (E. Draper) (Staff 106)

Citizens' Position: No position at this time.

ISSUE 111: What is the appropriate method for designing the interruptible and curtailable rate schedules? (Wheeler) (FIPUG 33, 34 & 36, Staff 107)

Citizens' Position: No position at this time.

ISSUE 112: What are the appropriate billing demand credits for the curtail able and interruptible rate schedules? (Colson, Harlow) (Staff 108)

Citizens' Position: No position at this time.

ISSUE 113: 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) (FIPUG 40)

Citizens' Position: No position at this time.

ISSUE 114: What are the appropriate delivery voltage credits? (Springer) (Staff 110)

Citizens' Position: No position at this time.

ISSUE 115: If the Commission decides to recognize migrations between rate classes, how should the revenue shortfall, if any, be recovered? (Wheeler) (Staff 111)

Citizens' Position: No position at this time.

ISSUE 116: Is the method used by FPC to calculate the increase in unbilled revenues by rate class appropriate? (Wheeler) (Staff 112)

Citizens' Position: No position at this time.

ISSUE 117: 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? (E. Draper) (Staff 113)

Citizens' Position: No position at this time.

ISSUE 118: 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) (Staff 114)

Citizens' Position: No position at this time.

ISSUE 119: What is the appropriate level and design of the charges under the Firm Standby Service (SS-1), Interruptible Standby Service (SS-2), and Curtail able Standby Service (SS-3) rate schedules? (E. Draper) (Staff 115)

Citizens' Position: No position at this time.

ISSUE 120: 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? (Wheeler)(FIPUG 35, Staff 118)

Citizens' Position: No position at this time.

ISSUE 120A: Should FPC's proposal to require IS-2, IST-2, CS-2, and CST-2 customers to have a minimum billing demand of 500 kw in order to take service under the rates be approved? (Wheeler) (Old 118A)

Citizens' Position: No position.

ISSUE 120B: 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) (Old 107)

Citizens' Position: No position at this time.

ISSUE 121: 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) (Staff 119)

Citizens' Position: No position at this time.

ISSUE 122: Does the Commission have jurisdiction to recover Grid Florida costs from retail ratepayers? (Helton) (Staff 123A)

Citizens' Position: No. Grid Florida costs are interstate, wholesale costs attributable to actions by FERC. The Commission does not have jurisdiction to require intrastate, retail customers pay for interstate, wholesale costs.

ISSUE 123: What are the amounts and components of rate base associated with transmission assets of 69kV and above? (Noriega, Gardner) (Staff 126)

Citizens' Position: No position at this time.

ISSUE 124: What are the amounts and components of capital structure associated with transmission assets of 69kV and above? (Noriega) (Staff 127)

Citizens' Position: No position at this time.

ISSUE 125: What are the amounts of revenues and expenses associated with transmission assets of 69kV and above? (Noriega, Gardner) (Staff 128)

Citizens' Position: No position at this time.

ISSUE 126: How should costs incurred prior to May 31, 2001, associated with FPC's participation in GridFlorida be recovered? (Noriega, D. Lee, Revell) (Staff 130A)

Citizens' Position: These costs can and should only be recovered through interstate wholesale rates, since these costs belong to the interstate wholesale jurisdiction.

ISSUE 127: How should costs incurred after May 31, 2001, associated with FPC's participation in GridFlorida be recovered? (Noriega, D. Lee, Revell) (Staff 130B)

Citizens' Position: These costs can and should only be recovered through interstate wholesale rates, since these costs belong to the interstate wholesale jurisdiction.

ISSUE 128: 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) (Staff 131)

Citizens' Position: No position at this time.

ISSUE 129: How, if at all, should the Commission treat the costs associated with the projected 11/30/03 completion of the Hines 2 power plant? (Harlow, Colson, Revell, P. Lee) (FIPUG 19 & 20, OPC 17, FPC 5)

Citizens' Position: The company projects that Hines 2 will be placed in service far beyond the end of the test year. These speculative costs, if allowed in this case, would result in a serious mismatch of investment, revenues and expenses. The Commission should not allow these costs to be considered in this case. (DeRonne).

ISSUE 130: Should FPC's proposed earnings sharing plan be approved? (FIPUG 26)

Citizens' Position: No. An incentive plan is not appropriate for FPC. Such a plan would give FPC an incentive to skimp on the increased expenses it projects for the test year to improve reliability and provide better service. The Commission should not consider an incentive plan until FPC provides better service to its customers.

ISSUE 131: Should any changes be made to the methodology for allocating costs to FPC from Progress Energy Service Corporation? (OPC 132A)

Citizens' Position: Yes. The Commission should use the new allocation formula FPC proposed to the SEC. (K. Dismukes).

ISSUE 132: Should adjustments be made for rate base, capital structure, and net operating income effects of transactions with affiliated companies for FPC? (Monic, Revell, D. Draper) (FIPUG 27, 28, 29, 30 OPC 13, 14, 15 PSM 35 & 36, Staff 132-134 combined)

Citizens' Position: Yes. The Commission should make the adjustments shown on exhibit KHD-1, schedule 12. (K. Dismukes).

ISSUE 133: 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? Would FPC's proposed incentive plan adversely affect quality of service? (Mailhot) (FPC 4, OPC 4-6, PSM 4 & 5, Staff 135)

Citizens' Position: An incentive plan is not appropriate for FPC. Such a plan would give FPC an incentive to skimp on the increased expenses it projects for the test year to improve reliability and provide better service. The Commission should not consider an incentive plan until FPC provides better service to its customers.

ISSUE 134: Does FPC's proposed regulatory treatment of the stock premium paid by Carolina Power & Light to the shareholders of Florida Progress Corporation violate the provisions of section 366.06(1), Florida Statutes? (Helton) (OPC 136)

Citizens' Position: Yes. Section 366.06 (1), Florida Statutes, requires the Commission to determine the actual legitimate costs of the property of Florida Power Corporation, actually used and useful in the public service. By the terms of the statute, net investment cannot include any goodwill or going-concern value or franchise value in excess of payment made therefore. The stock premium Florida Power seeks to recover from its utility customers is a significant portion of the goodwill purchased by Carolina Power and Light. Florida Power's attempt to convert the portion of the goodwill attributable to the stock premium from a rate base item to an expense does not cure the statutory violation. The Commission must not and cannot allow the company to recover this amount from utility customers.

ISSUE 135: 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, Staff 138)

Citizens' Position: The acquisition is responsible for FPC including an acquisition adjustment of $58,000,000 per year for 15 years as an expense in its income statement, leading to rates higher than necessary to pay for the plant actually used and useful in providing service to its customers.

ISSUE 136: What is FPC's acquisition premium and should any of this amount be borne by ratepayers? (Slemkewicz) (FIPUG 14 & 15, OPC 3, Staff 139)

Citizens' Position: The company allocated $285.681 million of the premium to Florida Power Corporation. None of this should be charged to customers. The merger between Florida Progress and Carolina Power & Light is not an extraordinary merger. Ratepayers should not be made to fund a premium that one group of stockholders pays another group of stockholders. (K. Dismukes, DeRonne)

ISSUE 137: What are the transition costs associated with the merger, and should those amounts be borne by ratepayers? (OPC 139A)

Citizens' Position: The amount of the transition costs is $69.7 million. This Commission has rightly not allowed recovery of transition costs associated with mergers. Most of these costs are associated with change in control payments to executives prior to the test year. Ratepayers should not be made to pay large sums provided to former executives. (K. Dismukes, DeRonne)

ISSUE 138: Are the CP&L cost allocations to FPC for CP&L-provided services appropriate? (Monic, Revell) (PSM 34, Staff 140)

Citizens' Position: No. The allocation methodology for Progress Energy's service costs should reflect the 2001 and 2002 growth in unregulated operations and the addition of EasternNC. The Commission should adopt the allocation methodology proposed by Witness Kim Dismukes. Further, the Commission should disallow the aircraft expenses allocated to FPC. (K. Dismukes)

ISSUE 139: Should the Commission approve FPC's proposal to recover the costs and benefits of the merger? (FPC 1)

Citizens' Position: No.

ISSUE 140: 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) (Staff 141)

Citizens' Position: Yes.

Stipulated Issues

Citizens have not stipulated to any issues.

Pending Motions

Citizens have no pending motions.

Pending Requests or Claims for Confidentiality

Citizens have no pending requests or claims for confidentiality. However, some of the testimony filed by Citizens' witnesses contains information that Florida Power Corporation claims to be confidential. It is incumbent on Florida Power Corporation to justify its claim.

Requirements of Order Establishing Procedure

Citizens believe that we have complied with the requirements of the order establishing procedure.

Objections to Witness's Qualification as an Expert

Citizens have no objection to witness's qualifications as experts.

Other Matters

Citizens' witness Donna DeRonne has a scheduling conflict on Friday, March 22, 2002, and requests that she be excused from attendance at the hearing on that day.

Respectfully submitted,

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CERTIFICATE OF SERVICE
DOCKET NO. 000824-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail or hand-delivery to the following parties on this 18th day of February, 2002.

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