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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's Earnings, Including Effects of Proposed Acquisition of Florida Power Corporation by Carolina Power & Light

DOCKET NO. 000824-EI

Submitted for Filing:
March 6, 2002

FLORIDA POWER CORPORATION'S RESPONSE TO STAFF'S FIFTEENTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION (NOS. 329-340)

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") response to The Staff of the Florida Public Service Commission's Fifteenth Set of Interrogatories (Nos. 329-340) subject to the general and specific objections previously filed and states as follows:

INTERROGATORIES

329. Did FPC take the merger with Carolina Power & Light into account in budgeting its O&M expenses? (Colson)

Yes, FPC did take into account all O&M synergies in preparing the 2002 budget.

330. If the answer to Interrogatory No. 329 is no, what dollar amount of savings will be realized as a result of the merger with respect to Distribution and Transmission O&M costs, and what assumptions has FPC made to come up with that amount of savings?

See response to #329.

331. Refer to MFR Schedule C-34. What will be the revenues associated with Hines II in 2002, since it will not be on line until 2003? (Colson)

- AUS _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- SEC _____
- OTH _____

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There are no revenue requirements in the 2002 test year for Hines II. Hines II is currently scheduled to be in service 11/30/03. See MAM-7 for 2003 revenue requirements.

332. What effect will Hines II have on revenues for the year 2002 and 2003? (Colson)

See response to #331

333. Other Power Generation - Operations. Refer to MFR Schedule C-12, page 6. Explain in detail, what factors cause the Misc. Other Power Generation expenses to increase from 3,444,000 to 7,527,000 since 1997. (Colson)

	(\$000)
New Generation	
Intercession City P12, P13, P14	626.9
Hines PowerBlock 1	<u>1,239.4</u>
Total New Generation	1,866.3
Established CT Support Organization- Primarily Growth Driven	2,019.9 (Also reference 9th Set, #141 a,b,c)
Net All Other	196.8
Total Account 549	4,083.0

334. Other Power Generation - Operations. Refer to Schedule C-12, page 6. Explain in detail, what factors cause the Operation Supervisor and Engineer expenses to increase from \$2,732,000 to \$11,249,000 since 1997. (Colson)

	(\$000)
New Generation	
Intercession City P12, P13, P14	82.7
Hines PowerBlock 1	<u>2,599.0</u>
Total New Generation	2,681.7
Increased Personal Computer Costs & Change in Allocation Methodology	2,068.0

Fossil Generation Supervision Budgeted to Account 546 in Error (Should have been budgeted to Account 550)	1,624.0
Increased Run Time & Higher Operating Expense at Debary and Intercession City Peaker Sites	1,007.0
Higher Indirect Power Opers, Energy Supply Admin & Finance	1,070.0
Net All Other	66.3
Total Account 546	8,517.0

335. Other Power Supply Expenses - Operations. Refer to MFR Schedule C-12, page 6. Explain in detail, what factors cause the System Control & Load Dispatch to decrease from \$1,908,000 to \$15,000 since 1997. (Colson)

The charges in account 556.00 (System Control and Load Dispatch) in 1997 were primarily administrative and IT type costs for the Energy Control Center. In the 2002 forecast, all of the costs for the Energy Control Center were budgeted to account 561.00 (Load Dispatching).

336. Transmission - Operations. Refer to Schedule C-12, page 6. Explain in detail, what factors cause the expenses associated with transmission of electricity by other to disappear. (Colson)

See response to Citizen's Fourth Set of Interrogatories to FPC Question #90.

337. Transmission - Maintenance. Refer to Schedule C-12, page 12. Explain in detail, what factors cause the Maintenance Overhead Lines - 69KV expenses to increase from \$1,185,000 to \$6,292,000 since 1997. (Colson)

Line 8, Schedule C-12, page 12 reads "Maint Overhead Lines – 69KV" with a 2002 Budget of \$6,292,000. This line should have read a value of \$1,792,000. The remaining amount equal to \$4,500,000 was erroneously reported in "Maint Overhead Lines –

69KV". Instead, the remaining \$4,500,000 should have been spread among all 571xxx FERC accounts.

This increase of \$4,500,000 represents the 2002 budget increase for Maintenance of Transmission Rights of Way. This additional spending was budgeted because the current level of Right Of Way (ROW) maintenance was inadequate. The \$4.5 Million will fund Mowing, Tree Trimming, Danger Tree Removal, and Encroachment resolutions. Details of budget increase is as follows:

\$3,500,000	Mowing, Tree Trimming, and Danger Tree Removal
\$500,000	Addition of four (4) regional forester/encroachment agents (salaries, vehicles, travel, lodging, etc.)
\$500,000	Encroachment Resolutions (gates, fences, etc.)

338. Transmission - Maintenance. Refer to Schedule C-12, page 12. Explain in detail, what factors cause the Maintenance - Other Substation expenses to increase from \$3,517,000 to \$8,345,000 since 1997. (Colson)

The trend line for Substation Maintenance Expenses has been steadily increasing since 1997 to meet the needs of a growing asset base. The historical trend line indicates a need for \$ 5,873,000 in 2002. The requested funding of \$8,345,000 is \$2,472,000 higher than the trend line and is attributable to a desire to proactively replace deteriorating and obsolete equipment in an effort improve the reliability and condition of substation equipment. Major initiatives include replacing GE type "U" Bushings, Replacing Cap and Pin Insulators, Upgrading Substation Security, and Upgrading Substation External Conditions.

339. Distribution - Maintenance. Refer to Schedule C-12, page 12. Explain in detail, what factors cause the Maintenance - Other Substation expenses to increase from

\$2,928,000 to \$7,968,000 since 1997. (Colson)

The trend line for Distribution – Other Substation Maintenance expenses has increased steadily since 1997 to meet the needs of a growing asset base. The increase is attributable to a desire to proactively replace deteriorating and obsolete equipment in distribution substations in an effort to improve reliability and condition of substation equipment. This work includes replacing GE type “U” Bushings, monitoring of critical transformers, and upgrading substation appearance.

340. Distribution - Maintenance. Refer to Schedule C-12, page 12. Explain in detail, what factors cause the Maintenance Supervisor & Engineering expenses to increase from \$995,000 to \$3,082,000 since 1997. (Colson)

The increase in Maintenance Supervisor & Engineering expenses was due to functionalizing information technology support for distribution maintenance from A&G expenses, as recorded in previous years.

Respectfully submitted,



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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 6th day of March, 2002.

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A handwritten signature in black ink, appearing to read "M. Twomey", is written over a horizontal line.

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