

REDACTED

050078-EI

**PEF's
4TH REQUEST
FOR
CONFIDENTIAL
CLASSIFICATION**

ATTACHMENT B

DOCUMENT NUMBER-DATE

06126 JUN 28 '13

FPSC-COMMISSION CLERK

**PEF's RESPONSE TO
OPC's 3rd SET OF
INTERROGATORIES**

136(d)

DOCUMENT NUMBER-DATE

06126 JUN 28 13

FPSC-COMMISSION CLERK

136. On page 21 of his testimony, Dr. Vander Weide states that he recommends PEF's forecasted capital structure containing 55 percent common equity be used for ratemaking purposes.

- a) Please explain in detail how the forecasted capital structure relates to the actual capital structure as of 12/31/2004. Please specify the expected dollar amount of the increase in the common equity amount and the expected decrease in the amount of debt outstanding
- b) Please provide the expected source of the increase in common equity dollars, noting specifically how much of the common equity increase is expected to be raised via retained earnings and how much is expected from an equity contribution from Progress Energy's parent.
- c) To the extent Progress Energy's parent is expected to contribute equity, please state how much of that equity is expected to come from the sale of new common equity and how much is expected to come from other sources. To the extent it is expected to come from other sources, please state what those other sources are and the amount of money expected from each source.
- d) Please provide the assumptions required to result in the increased forecast in PEF's common equity ratio, including the return on book equity earned by PEF during the forecast period, the return on equity being earned by Progress Energy over the forecast period, the amount of dividends expected to be paid over the forecast period by both PEF to Progress Energy and by Progress Energy to its stockholders.

Answer:

- a) The forecasted capital structure for 2006 was developed using the actual capital structure as of 12/31/04 as a starting point. The change in common equity is an increase of \$474.6 million and the change in debt outstanding is a decrease of \$177.1 million.
- b) All of the increase in common equity is expected to come from growth in retained earnings.
- c) PEF's parent is not expected to contribute common equity over the 2005-2006 forecast period.
- d) The increase in PEF's common equity ratio over the forecast period is due primarily to the target ratio of 55% and establishing a dividend policy consistent with achieving that target. No assumption was made regarding the return on equity as PEF is currently under a rate stipulation which expires 12/31/05. It was assumed that PEF would contribute \$162 million of dividends to its parent over the forecast period. [REDACTED]

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**PEF's RESPONSE TO
OPC's 3rd SET OF
INTERROGATORIES**

155

155. Please provide a schedule showing each of the public sales of common equity made by Progress Energy or each of the merged companies in the last 20 years. For each offering, please provide:

- a) the date of the offering,
- b) the number of shares issued,
- c) the net proceeds received by the company, and
- d) the total expenses paid by the company to outside parties.

Answer:

Subject to PEF's general objections to OPC's Third Set of Interrogatories, and its specific objection to Interrogatory No. 155, PEF responds as follows:

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**PEF's RESPONSE TO
OPC's 3rd REQUEST
FOR PRODUCTION**

111

Progress Florida

12-16-01

Conference
Call

Just Replaced Vessel Head -

- 2003 - \$25,000,000

Old Head Taken Out of Service

All Major Pieces By Egny

Replaces Reactor Vessel

~~XXXXXXXXXXXXXXXXXXXX~~
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Should ~~be~~ See 60 Years Life

25 Years Out of 2nd Steam Generator

Spent - Dry Cost Storage
Storage

For Spent Fuel

Industry Alloy 600 Replacement
of Components of Plant

Thermal Stress - From Alloy 600

Upgrade - Equipment Change Int
Turbine & Generator Replacements

Could Be ~~to~~ Increased Replacement

Progress Energy 12-8-04

Fossil Fuel & Other Production Gen

Steve McDowell - Business Operation
Fossil & Other

[Fossil Fuel Decommissioning Study

Other Production Fuel Sources

Steam Fuel Sources

346
3000
Life

Other Crystal River - Startly Oil.

Condition Assessment - Done Recent Years
Increase Reliability

Program TO Accomplish Task
In Place Couple of Years
Major Maintenance into 2006

Crystal River - Mostly Done

* Scheduled Major Maintenance 2004-2006
[Redacted] 2005
[Redacted] 2006

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Clean Air Interstate Rule
Environmental Modification

Crystal River SCR + Scrubbers
Precipitators

[Studies 2010 Compliance Possibly
2006 Clean Air

Possible Update of Fans, etc

Probable Ret Dates

Coyote Run Coal Yard

Requires Significant Redesign +
Rework

~~_____~~ 2006

~~_____~~ 2007

Replacement
Equip

Coal Yard

Redundancy Equip

Replacing Aged Equip

Older

CT + Combustion Cycle

Done During Outage
Narrowly Run

Spread Sheets

Outages - Dynamic

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- CT OPS - Major Mainline

No Plans To Retire

However Little Run Time

Units 3 Under Construction In Service