

Florida Power
CORPORATION

October 20, 1992

James P. Fama
SENIOR COUNSEL

Mr. Steve Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

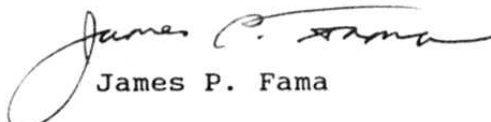
Re: Docket No. 920949-EU
Our File No. 9200264

Dear Mr. Tribble:

Enclosed please find an original and fifteen copies of Florida Power Corporation's Prehearing Statement for filing in the above docket. Also enclosed please find disk containing Prehearing Statement.

Please acknowledge receipt of filing by returning the enclosed copy of this cover letter.

Sincerely yours,


James P. Fama

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GFB _____
GFB JPF:jr
GFB Enclosures
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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition of Florida) Docket No. 920949-EU
Power Corporation and Sebring)
Utilities Commission for Approval) Filed: October 21, 1992
of Certain Matters in Connection)
with Sale of Assets by Sebring)
Utilities Commission to Florida)
Power Corporation)
_____)

**FLORIDA POWER CORPORATION
PREHEARING STATEMENT**

Florida Power Corporation (FPC) hereby submits its initial Prehearing Statement in this docket. Florida Power was unable to file its prehearing statement on October 20, 1992, because the proposed issues in this case were not received by FPC until the morning of the October 20, 1992.

A. Appearances

James P. Fama
Senior Counsel
Florida Power Corporation
P.O. Box 14042
St. Petersburg, FL 33733

B. Known Witnesses

<u>Witness</u>	<u>Issues</u>	<u>Subject Area</u>
P. Dagostino		FPC's interests in buying Sebring, basic terms of purchase and sale agreement, summary of benefits to Sebring and FPC
H. Southwick		Benefits to Sebring, prudence, assumption of TECO power purchase
S. Nixon		Rate schedule SR-1, comparison of Sebring versus FPC rates, integration of Sebring customers into FPC rate structure

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FPSC-RECORDS/REPORTING

C. Known Exhibits. FPC will sponsor the following exhibits as part of its direct case:

<u>Witness</u>	<u>Exhibit</u>	
P. Dagostino	1	Pages 1-75, 76-106, 130-132, 157-206, 583-628, 638-639, 644-649
	PD-1	Benefits to Sebring Customers of the Sale to Florida Power
	PD-2	Florida Power's Energy Conservation Programs
	PD-3	Florida Power's Customer Service Programs
H. Southwick	HIS-1	TECO Power Purchase Agreement
S. Nixon	1	Page 156
	SFN-1	Sebring Rider (SR-1) Rate Calculation Worksheet
	SFN-2	Prospectus, Florida Power Corporation Medium-Term Notes, Series B
	SFN-3	Territorial Maps
	SFN-4	Energy and Demand Forecast for Sebring Utilities Commission, 1991-2022
	SFN-5	Comparison Of Bills For Electric Service Provided Under Sebring Utilities And Florida Power Rate Schedules
	SFN-6	Sebring Utilities Commission Electric Documentation (Rate Schedules)
	SFN-7	Florida Power's Index of Rate Schedules and Rate Schedule SC-1, Service Charges

D. Basic Position: Sebring and FPC have entered into an Agreement For Purchase And Sale Of Electric System, the provisions of which govern the relief requested in this case. The parties have asked the Commission to approve (1) an amendment to their territorial agreement, (2) the depreciated net book value of \$ 17.8 million, (3) any additional amount to be allocated for going concern value deemed to be a prudent investment, (4) the imposition of the Sebring rider rate and the methodology for changing that rate, (5) inclusion of the SR-1 rate schedule as part of FPC's rate schedules, (6) the assignment by SUC of the Glades territorial agreement, (7) the purchase by FPC of the rate base assets as a prudent investment, and (8) FPC's capacity cost recovery. The parties seek approval of these items in their totality, as these items taken together constitute the bargain struck by the parties.

Approval is warranted because this sale will allow Sebring to retire its existing bonds and pay other debts and expenses. It also will end one of the longest-running episodes of territorial conflict before the Commission. Sebring customers will have the benefit of increased quality of service, superior customer service programs, and participation in many energy conservation programs. Sebring customers will also benefit from lower rates and from lower operating costs. FPC will realize the benefits of filling a geographic gap in its system, in such a way that service and territory conflicts will no longer be at issue.

E. Issues

ISSUE 1 Does the proposed Sebring Rider unduly discriminate against Sebring customers?

Florida Power Position: No. (Nixon)

ISSUE 2 Is the method used to calculate the rate of the Sebring Rider appropriate?

Florida Power Position: Yes. (Nixon)

ISSUE 3 Is the forecast of customers and usage used to develop the rate of the Sebring Rider appropriate?

Florida Power Position: Yes. (Nixon)

ISSUE 4 Is the method used to identify customers who will be subject to the Sebring Rider appropriate?

Florida Power Position: Yes. (Nixon)

ISSUE 5 Is the proposed 15-year period to collect the Sebring Rider appropriate?

Florida Power Position: Yes. (Nixon)

ISSUE 6 Is the proposed regulatory treatment of the Sebring Rider financing appropriate?

Florida Power Position: Yes. (Nixon)

ISSUE 7 Is the cost study performed by RMI to value Sebring's distribution system, transmission system and other tangible assets reasonable and appropriate?

Florida Power Position: No position.

ISSUE 8 Is the proposed regulatory treatment of the Sebring system acquisition financing appropriate?

Florida Power Position: Yes. (Nixon)

ISSUE 9 What are the tax consequences associated with Florida Power Corporation's acquisition of the Sebring system?

Florida Power Position: No position at this time.

ISSUE 10 Should the Commission preapprove the proposed acquisition of Sebring's distribution and transmission facilities for recovery from Florida Power's general body of ratepayers?

Florida Power Position: Florida Power takes the position that the Commission should at this time preapprove for recovery in a future FPC rate case, an amount for the Rate Base Assets which the Commission determines to be a prudent FPC investment. (Southwick)

ISSUE 11 Should the Commission preapprove the proposed going concern value of the Sebring system for recovery from Florida Power Corporation's general body of ratepayers?

Florida Power Position: Florida Power takes the position that the Commission should at this time preapprove for recovery in a future FPC rate case, the amount of going concern value which the Commission determines to be a prudent FPC investment. (Southwick)

ISSUE 12 Should the Commission approve the proposed Amendment to the Territorial Agreement and Termination of Settlement Agreement?

Florida Power Position: Yes. (Dagostino)

ISSUE 13 Should the Commission approve the assignment of the Glades Electric Cooperative Territorial Agreement to Florida Power Corporation?

Florida Power Position: Yes. (Dagostino)

ISSUE 14 Should the Commission approve Florida Power Corporation's proposed assumption of Sebring's purchased power contract with Tampa Electric Company?

Florida Power Position: Yes. (Southwick)

ISSUE 15 Should the Commission approve Florida Power Corporation's recovery of the fuel costs associated with the Tampa Electric Company purchased power contract through the fuel cost recovery clause?

Florida Power Position: Yes. (Southwick)

ISSUE 16 Should the Commission approve Florida Power Corporation's recovery of the capacity costs associated with the Tampa Electric Company purchase power contract through the capacity cost recovery clause?

Florida Power Position: Yes. (Southwick)

ISSUE 17 Should the Commission approve the Purchase and Sale Agreement between Florida Power Corporation and the Sebring Utilities Commission?

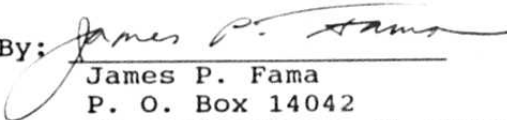
Florida Power Position: Yes. (Dagostino)

F. Stipulations. FPC is unaware of any pending matters which have been stipulated at this time.

G. Pending Motions. FPC is unaware of any pending motions at this time.

H. Requirements of Order. FPC believes this prehearing statement is fully responsive to the Commission's requirements for prehearing statements.

FLORIDA POWER CORPORATION
OFFICE OF GENERAL COUNSEL

By: 
James P. Fama
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St. Petersburg, FL 33733
(813) 866-5786

H:\JPF\SEBRING.PRE

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Power Corporation and Sebring)
Utilities Commission for Approval)
of Certain Matters in Connection)
with Sale of Assets by Sebring)
Utilities Commission to Florida)
Power Corporation)

Docket No. 920949-EU
Filed: October 21, 1992

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of Florida Power Corporation's Prehearing Statement has been served by U. S. Mail, Postage Prepaid to the following parties this 20th day of October, 1992.

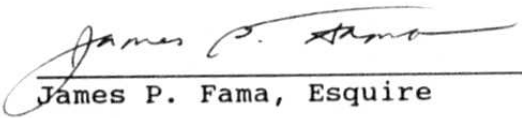
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James P. Fama, Esquire