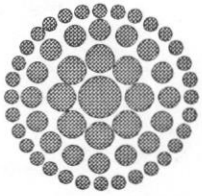


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**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

July 20, 2000

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 980643-EI

Dear Ms. Bayó:

In accordance with the direction of the Hearing Officer at the rulemaking hearing held June 22, 2000 in the subject docket, enclosed for filing are an original and fifteen copies of Florida Power Corporation's Post-Hearing Comments on the proposed rule amendments.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/kbd
Enclosure

cc: Mary Anne Helton, Esquire
Mr. Tim Devlin
Mr. Jay Revell

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DOCKET NO. 980643-EI

**Proposed Amendment of Rule 25-6.1351, F.A.C.
Cost Allocation and Affiliate Transactions**

**FLORIDA POWER CORPORATION'S
POST-HEARING COMMENTS**

Florida Power Corporation reiterates its sincere appreciation of Staff's exceptional effort, as reflected in the numerous revisions to the original draft rule amendment, to solicit and seriously consider the parties' input and to seek compromise and consensus wherever possible. As a result of this effort, Florida Power believes the latest draft distributed by Ms. Helton following the hearing reasonably addresses all of its major concerns expressed of the course of this lengthy proceeding.

Florida Power's one remaining reservation to its overall support of the latest draft concerns Staff's recently added language to the exception provided in 25-6.1351(3)(b) and (d) to the otherwise applicable pricing standard for an affiliated transaction. Staff's new language would require a utility that has used the exception to price an affiliated transaction to be able to subsequently demonstrate "that the transaction would have otherwise been foregone." This requirement is in addition to the provision already contained in the rule when proposed by the Commission requiring the utility to show that the transaction "benefits regulated operations." The problem with demonstrating that the transaction would have been foregone if the exception had not been utilized is the inherent difficulty in proving a negative. Florida Power is unsure how, if at all, such a burden of proof could be satisfied.

Furthermore, this problematic proof requirement is unnecessary for several reasons. First, as noted above, the proposed rule already requires a utility that has used the exception to show how the transaction benefits regulated operations. Satisfaction of this requirement, in and of itself, justifies using the exception. In addition, Staff's new proof requirement was included in language that added a notice provision to the rule, which Chairman Deason had requested at the Agenda Conference when the rule was proposed. (*See*, Hearing Exhibit 5.) Chairman Deason did not request or even suggest that the utility's burden of proof be increased. Staff's new proof requirement was simply added gratuitously and is totally unnecessary to meeting Chairman Deason's request for a notification provision.

Florida Power submits that this language suggested by Staff is inappropriate and unnecessary and requests that it be deleted by the Hearing Officer from the rule recommended to the Commission.

July 20, 2000

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