

ORIGINAL

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-EL

Submitted for Filing: February 19, 2002

RECEIVED-FPSC 02 FEB 19 PM 2:56 COMMISSION CLERK

FLORIDA POWER CORPORATION'S RESPONSE TO STAFF'S THIRTEENTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION (NOS. 296-317)

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 Thirteenth Set of Interrogatories (Nos. 296-317) subject to the previously filed general and specific objections and states as follows:

INTERROGATORIES

- 296. Has FPC ever had an ESOP or a LESOP? If so, please provide the following: a) The date it was formed b) The date it was terminated c) Your calculation of the tax savings realized during the prior test year ended 12/31/00 and the projected test year ending 12/31/02. (C. Romig)

FPC participated in an Employee Stock Ownership Plan, stock bonus plan initiated on January 1, 1975. The ESOP was eliminated by the Tax Reform Act of 1986. FPC has not realized any tax savings for the prior test year ended 12/31/00 nor has it projected tax savings for the test year ended 12/31/02.

AUS \_\_\_
CAF \_\_\_
CMP \_\_\_
COM \_\_\_
CTR \_\_\_
ECR \_\_\_
GCL \_\_\_
OPC \_\_\_
MMS \_\_\_
SEC [I]
OTH \_\_\_

- 297. Has FPC or any affiliate of FPC been affected in any way by Internal Revenue Service Notice 2001-82, which expands the safe harbor provisions of interties to include interties from non-Qualifying Facilities? (C. Romig)

RECEIVED & FILED [Signature] FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE 01957 FEB 19 8 FPSC-COMMISSION CLERK

FPC has not collected CIAC on interties subject to Notice 2001-82. The impact of Notice 2001-82 to affiliates does not impact FPC.

**298. Does FPC anticipate any interconnections or interties subsequent to December 24, 2001, that meet the safe harbor provisions of this notice? If so, are the tax consequences of IRS Notice 2001-82 reflected in the MFRs? (C. Romig)**

No.

**299. Does FPC intend to request any private letter rulings as a result of IRS Notice 2001-82? (C. Romig)**

No.

**300. Has FPC collected any CIAC gross-up funds that may now be refundable as a result of IRS Notice 2001-82? If so, please provide the tax consequence that should be reflected in the MFRs. (C. Romig)**

No.

**301. Has FPC included any interest on tax deficiencies in its projected test year? If so, please provide:**

**a) A breakdown of the amounts and related tax positions taken that gave rise to the interest recorded**

FPC accrued \$2.9 million in interest on tax deficiencies in the projected tax year.

<u>Fuel Over Recoveries</u>	<u>Amount Accrued:</u>	<u>\$ 1,100,000</u>
-----------------------------	------------------------	---------------------

FPC is excluding from gross income certain over recoveries related to its fuel, ECCR and capacity cost recovery clauses. It is relying on the Tax Court decision issued to FPC in June of 2000 that held that it was not required to include the over recoveries in income



				Deficiency
B - 22	18670	\$ (5.4)	Debit	Miscellaneous Deferred Debit for Interest on Tax Deficiencies - Post 81 (amortized to FERC Account 43150)
C - 44	43150	\$ (1.6)	Debit	Interest Expense on Tax Deficiencies -Federal Income Tax

\*FERC accounts 23750 is a balance sheet account and can be found in the balance sheet MFR Schedules.

**c) Justification in the form of a cost/benefit analysis for the inclusion of each tax position taken. (C. Romig)**

All positions taken by the company are intended to minimize the tax liability to the customers.

**302. Please describe and provide support for any consolidating tax adjustments that FPC has made for its projected test year. If consolidating tax adjustments were not made, please explain why. (C. Romig)**

FPC did not make consolidating tax adjustments to the projected test year. Florida Power calculates its federal and state income taxes on a stand-alone basis, applying tax laws and calculations as though it files separate tax returns on a single entity basis.

**303. Has the company made a parent debt adjustment? If not, why not? (C. Romig)**

No. Florida Power issues its own debt in the market place. Florida Power's common equity is supported by stock issued in financial markets.

**304. On page 2 of Javier J. Portuondo's November 15, 2001 prefiled testimony, he speaks of a nonrecurring expense of \$10.7 million in additional amortization of regulatory assets for previously flowed through taxes and the equity component of prior period Allowances for Funds Used During Construction. Please provide an explanation and detail for this adjustment.**

**(C. Romig)**

The FPSC accounting staff believed the amortization rate associated with prior period flow through was too low. Upon further analysis and discussions with Staff it was agreed to accelerate the write-off of the prior period flow through and to slow down the amortization of the AFUDC pre-1993. The \$10.7 million (pre-tax) write-off trued up the balance to the new agreed upon amortization schedule. The true-up represents a \$ 14.1million (pre-tax) acceleration in the amortization of prior period flow through and a \$ 3.4 million (pre-tax) de-acceleration in the amortization of AFUDC pre-1993.

**305. Please refer to Schedule B-3, page 1 of 4 which shows Total Company Per Books rate base of \$3,748,147 and Schedule D-1, which shows System Per Books Capital of \$4,177,816. Please provide a reconciliation of these two numbers. (C. Romig)**

**Response #305:**

\$4,177,816	Cap Structure Per D-1 Schedule 2002
(332,706)	Nuclear Decommissioning Fund
9,668	Deferred Taxes Nuclear Decommissioning Fund
(41,000)	Co-owned Life Ins. Cash Value
(94,376)	Tiger Bay Regulatory Asset
(18,085)	Sebring Rider
(7,121)	Non-Utility Property
57,858	Working Capital Items not Included in Rate Base
(3,156)	Convert to Weighted Average Long Term Debt
(2,126)	Convert to Weighted Average Short Term Debt
1,375	Other Items not Included in Rate Base
<u>\$3,748,147</u>	Rate Base Per B-3 Schedule 2002

**306. Please refer to Schedule B-4, page 3 of 7, lines 3 and 4. Please explain and provide the calculation for the Section 1341 Income Tax adjustment of \$8,995 to working capital further described as, To adjust income tax expense for difference between 89/90 tax true up and its reversal. (C. Romig)**

This adjustment removes the cumulative amounts taken for Section 1341 in Florida Power income tax returns through December 31, 2000. The section 1341 adjustment is not forecast in the test period. In Docket No. 2961-97, 114 TC, No. 36, the tax court held in favor of the Commissioner of the Internal Revenue Service disallowing Florida Power's treatment of excess deferred Federal income taxes as a deduction under section 1341 of the Internal Revenue Code. Florida Power has removed the tax amounts related to this item from its accrued federal tax liability account on Schedule B-4.

**307. Please explain how Schedule B-22, Miscellaneous Deferred Debits, reconciles to Schedule B-2a, Page 8 of 12, Line 25 and Schedule B-2a, Page 2 of 12, Line 24. (C. Romig)**

MFR Schedules B-22 and B-2a page 8 of 12 reflect End of Period 12/31/02 Balances.

MFR Schedule B-2a, Page 2 of 12 reflects a 13-month average balance which cannot be reconciled to an end of period balance.

Please see the below reconciliation:

	Balance (\$000) <u>12/31/02</u>
Total Deferred Debits (MFR Schedule B-22 Line 16 Column E)	\$28,865
Reconciling Items:	
186.09 Expense Related Job Orders	(5,565)
186.14 /Inter-company Billings CP&L	(2,802)
186.40 RTO Start Up Costs	(1,720)
186.70 Interest in Tax Def – Post '81	4,974

186.80 Vacation Pay Accrual	(4,312)
186.89 – 186.xx      Deferred Fuel Expense	<u>5,260</u>
Total Reconciling Items	<u>(\$4,165)</u>

Total Deferred Debits (MFR Schedule B-2a page 8 of 12 line 25) \$24,700

**308. Please refer to Schedule B-22, Line 12, Miscellaneous Deferred Debits. Please provide a detailed description of the \$(5,422,736) Interest on Tax Deficiencies - Post 81 in the MFRs. Also, please show all other accounts related to this account and their location in the MFRs. (C. Romig)**

The 12/31/02 \$5,422,736 balance represents the unamortized balance of interest expense accrued for audit issues that have not been resolved with the Internal Revenue Service for the audit periods 1982 through 1988.

The balance of \$(5,422,736) in the Miscellaneous Deferred Debit account is a credit balance because the company was able to resolve issues with the Internal Revenue Service in its favor. As a result of the favorable resolution, the prior years' estimate of the liability for interest decreased. The amount of the decrease was larger than the unamortized balance remaining in the deferred debit for interest on tax deficiencies account.

Interest that is expected to be payable to federal and state taxing authorities on open issues is estimated annually. A prorata portion of the annual estimate is accrued monthly as an expense but deferred. The amount that is deferred each month is amortized on a straight line basis over thirty-six (36) months and expensed to the income statement. The following accounts are utilized:

MFR Schedule #	FERC Account #	Normal Balance	Description
*	23750	Credit	Interest Accrued on Income Tax Deficiency
*	18670	Debit	Miscellaneous Deferred Debit for Interest on Tax Deficiencies - Post 81 (amortized to FERC Account 43150)
*	43150	Debit	Interest Expense on Tax Deficiencies - Federal Income Tax

\*FERC accounts 23750 and 18670 are balance sheet accounts and can be found in the balance sheet MFR Schedules. FERC account 43150 is an expense account and can be found in the Income Statement MFR Schedules.

**309. Please refer to Schedule D-1, Page 3 of 17. Please provide support and further details for your \$9,668 and \$(13,061) adjustments to Deferred Income Taxes. (C. Romig)**

The \$9,668 adjustment is to remove deferred income taxes associated with nuclear decommissioning to be consistent with the investment and accumulated depreciation not being included in the rate base. The \$9,668 was developed by using the past year as the benchmark for growth. The actual for the 13 month average as of November 2001 is \$10,993 – see attached scheduled.

Due to the differing practices of the wholesale vs. retail depreciation method this adjustment has been made to adjust depreciation expense to reflect the 100% retail methodology. The \$(13,061) was obtained from the difference between the per books deferred income taxes and the 100% retail method deferred income taxes for the month of May 2001. It was assumed that this would be indicative of future variances. Attached is the November 2001 schedule which supports the (\$13,000) average has been indicative of the future.



**310. Please refer to Schedule D-1, Page 3 of 17. Please provide support and further details for your \$(2,210) adjustment to Deferred Income Taxes - FAS 109. (C. Romig)**

Under FAS 109, deferred income taxes are provided on all temporary differences between the financial statements and the tax bases of assets and liabilities using presently enacted tax rates. This adjustment is to adjust the FAS 109 Asset and Liability (net) for Deferred Income Taxes and the difference between the per books and the 100% retail method deferred income taxes was for the month of May 2001. It was assumed that this would be indicative of future variances. Attached is the November 2001 schedule which supports a \$(2,687) average has been indicative of the future.

**311. Please refer to Schedule C-3c, page 2 of 4, line 11. Please provide your calculation of the income tax adjustment of \$(2,043) related to the removal of recoverable fuel. (C. Romig)**

See attachment.

**312. Please refer to Schedule C-3b, page 1 of 4, line 11. Please elaborate on the description and reason for the \$(1,574) adjustment. (C. Romig)**

In order No. PSC-92-1197-FOF-EI Florida Power was granted this adjustment for interest on tax deficiencies using a three year amortization period. This interest expense arises from the accrual and amortization of interest for actual and potential tax deficiencies. The adjustment is a credit to O & M due to the fact that the Company had a favorable outcome of \$14M that was previously accrued and expensed. The entry was reversed thus causing a credit to expense.

**313. Please refer to Schedule C-3b, page 2 of 4, line 7. Please provide your calculation of the \$2,774 interest synchronization adjustment utilizing interest inherent in Schedule D-1's FPSC Adjusted Retail column and Schedule C-42, page 1 of 2, and Schedule C-43, page 1 of 2, interest of \$112,810. (C. Romig)**

Our total actual interest is \$115,160 which is the gross interest expense excluding AFUDC. The \$112,810 reflects the net interest charges including AFUDC for borrowed funds. See attached calculation of interest synchronization for support of our calculation.

**314. Please refer to Schedule C-3b, page 2 of 4, line 15. Please provide your calculation and elaborate on the \$700 adjustment to income tax expense. (C. Romig)**

The \$700,000 adjustment decreasing income tax expense removes tax expense associated with the debt portion of AFUDC, resulting in full synchronization of tax expense associated with interest costs through the interest synchronization calculation which is performed before AFUDC amounts. See Attachment.

**315. Please refer to Schedule D-1, page 1. Please explain why you have reconciled the pro rata adjustments in Column F over all sources of capital except for customer deposits. In other words, please provide your reasoning for not leaving the deferred taxes and investment tax credits whole and reconciling the pro rata adjustments over investor sources of capital only, as has been done in recent Commission orders. (C. Romig)**

Florida Power has been following this format since Order No. PSC-92-1197-FOF-EI which was also in Schedule D-1, page 1. There have been no orders specific to Florida Power since the above order to reconcile the pro rata adjustments over investor sources of capital. An audit of the surveillance report was completed by Commission Staff on January 4, 2002 with no exceptions noted on capital structure.

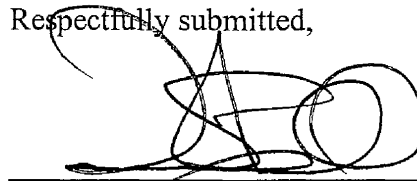
**316. Please refer to Schedule D-1, page 1. Please provide the components and your calculation of the ITC Post 70 debt cost rate of 7.13%. In other words, did you use long-term debt and short-term debt in your calculation? If you did not use short-term debt in your calculation, please explain why not. (C. Romig)**

See attachment. Short term debt was not included. Florida Power has been following this format since Order No. PSC-92-1197-FOF-EI. An audit of the surveillance report was completed by Commission Staff on January 4, 2002 with no exceptions noted on capital structure.

**317. Please refer to Schedule C-3c, page 2 of 4. Please provide the detail for the \$(50) and \$(1,051) adjustments to Taxes Other Than Income and the detail of the amount of the particular tax or taxes to which these adjustments should be made. (C. Romig)**

The amount of \$(50) and \$(1,051) adjustments to Taxes Other Than Income represent the ECCR and Fuel regulatory assessment rate. This was calculated using the revenue found on MFR C3c P 1 of 4 and multiplying each by the regulatory assessment rate of .00072.

Respectfully submitted,



James A. McGee  
FLORIDA POWER CORPORATION  
Post Office Box 14042  
St. Petersburg, FL 33733-4042  
Telephone: (727) 820-5184  
Facsimile: (727) 820-5519

Gary L. Sasso  
James Michael Walls  
Jill H. Bowman  
W. Douglas Hall  
CARLTON FIELDS, P. A.  
Post Office Box 2861  
St. Petersburg, FL 33731  
Telephone: (727) 821-7000  
Facsimile: (727) 822-3768  
Attorneys for Florida Power Corporation

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 19<sup>th</sup> day of February, 2002.

Mary Anne Helton, Esquire \*\*  
Adrienne Vining, Esquire  
Bureau Chief, Electric and Gas  
Division of Legal Services  
Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850  
Phone: (850) 413-6096  
Fax: (850) 413-6250  
Email: [mhelton@psc.state.fl.us](mailto:mhelton@psc.state.fl.us)

Daniel E. Frank  
Sutherland Asbill & Brennan LLP  
1275 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004-2415  
Telephone: (202) 383-0838  
Counsel for Walt Disney World Co.

Thomas A. Cloud, Esq.  
Gray, Harris & Robinson, P.A.  
301 East Pine Street, Ste. 1400  
P.O. Box 3068  
Orlando, FL 32801  
Phone: (407) 244-5624  
Fax: (407) 244-5690  
Attorneys for Publix Super Markets, Inc.

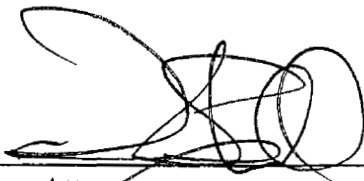
Joseph A. McGlothlin, Esquire  
Vicki Gordon Kaufman, Esquire  
McWhirter, Reeves, McGlothlin, Davidson,  
Decker, Kaufman, Arnold & Steen, P.A.  
117 South Gadsden  
Tallahassee, FL 32301  
Telephone: (850) 222-2525  
Fax: (850) 222-5606  
Counsel for Florida Industrial Power Users Group  
and Reliant Energy Power Generation, Inc.

Jack Shreve, Esquire  
Public Counsel  
John Roger Howe, Esquire  
Charles J. Beck, Esquire  
Deputy Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison St., Room 812  
Tallahassee, FL 32399-1400  
Phone: (850) 488-9330  
Attorneys for the Citizens of the State of Florida

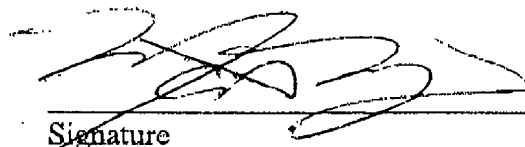
Russell S. Kent, Esq.  
Sutherland Asbill & Brennan LLP  
2282 Killearn Center Blvd.  
Tallahassee, FL 32308-3561  
Telephone: (850) 894-0015  
Counsel for Walt Disney World Co.

John W. McWhirter, Jr., Esquire  
McWhirter, Reeves, McGlothlin, Davidson,  
Decker, Kaufman, Arnold & Steen, P.A.  
400 North Tampa Street, Suite 2450  
Tampa, FL 33601-3350  
Telephone: (813) 224-0866  
Fax: (813) 221-1854  
Counsel for Florida Industrial Power Users Group

Michael B. Twomey, Esq.  
8903 Crawfordville Road (32305)  
P.O. Box 5256  
Tallahassee, FL 32314-5256  
Phone: (850) 421-9530  
Fax: (850) 421-8543  
Counsel for Sugarmill Woods Civic  
Association, Inc. and Buddy L. Hansen

  
\_\_\_\_\_  
Attorney

Stuff's  
13th of  
Ocala

  
\_\_\_\_\_  
Signature

STATE OF Florida

COUNTY OF Pinellas

BEFORE ME, the undersigned authority, duly authorized to administer oaths, personally appeared Mark A. Myers (to me well known) (~~who has produced~~ as identification), on behalf of Florida Power Corporation, as its ~~VICEPRESIDENT-FINANCE~~ and who, after first being duly sworn, deposes and says that he/she executed the above and foregoing.

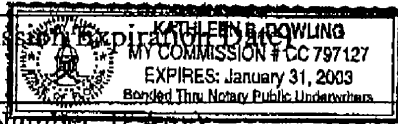
SWORN TO and subscribed before me this 19<sup>th</sup> day of February, 2002.

Kathleen B. Dowling  
\_\_\_\_\_  
(Signature)

Kathleen B Dowling  
\_\_\_\_\_  
(Printed Name)

NOTARY PUBLIC, STATE OF FLORIDA

(Commission Expires) KATHLEEN B. DOWLING



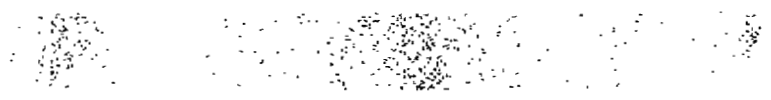
(Serial Number, if Any)

SENT BY:

2-19- 2 ; 2:00PM ;

CARLTON FIELDS-

850 681 1079;# 2/14



STAFF INTERROG. 309

FLORIDA POWER CORPORATION  
 CAPITAL STRUCTURE INPUT WORKSHEET  
 NOVEMBER 2001

**DEFERRED INCOME TAX AND FAS 109 ADJUSTMENT (DR)/CR**

	ACCUM DEF TAX (190 & 280) Per Tax Acctg	ACCUM DEF TAX (190 & 280) Per MOR	Difference
NOVEMBER 2000	413,185,000	426,174,000	(12,989,000)
DECEMBER 2000	375,269,000	388,355,000	(13,086,000)
JANUARY 2001	388,543,000	387,635,000	908,000
FEBRUARY 2001	373,250,000	385,268,000	(12,018,000)
MARCH 2001	386,297,000	399,537,000	(13,240,000)
APRIL 2001	385,928,000	398,957,000	(13,029,000)
MAY 2001	386,917,000	399,978,000	(13,061,000)
JUNE 2001	386,650,000	399,743,000	(13,093,000)
JULY 2001	370,527,000	383,652,000	(13,125,000)
AUGUST 2001	363,378,000	376,535,000	(13,157,000)
SEPTEMBER 2001	363,787,000	376,944,000	(13,157,000)
OCTOBER 2001	362,624,000	375,845,000	(13,221,000)
NOVEMBER 2001	363,311,000	376,564,000	(13,253,000)
13 MONTH AVERAGE	378,435,846	390,399,000	(11,963,154)

Decrease ADIT in Cap Structure

850 681 1079;# 3/14

CARLTON FIELDS

2-19- 2 ; 2:00PM ;

SENT BY:

FLORIDA POWER CORPORATION  
 CAPITAL STRUCTURE INPUT WORKSHEET  
 NOVEMBER 2001

**DEFERRED INCOME TAXES - NUCLEAR DECOMMISSIONING**

	FED TAX ACCOUNT 190.11-18	STATE TAX ACCOUNT 190.15-18	ACCOUNT 190.1373	ACCOUNT 190.1873	TOTAL
NOVEMBER 2000	20,614,821	3,428,013	0	0	24,042,834
DECEMBER 2000	20,740,548	3,448,920	0	0	24,189,468
JANUARY 2001	7,792,801	1,295,855	0	0	9,088,656
FEBRUARY 2001	7,710,444	1,282,160	0	0	8,992,604
MARCH 2001	7,628,087	1,268,465	0	0	8,896,552
APRIL 2001	7,545,731	1,254,770	0	0	8,800,501
MAY 2001	7,463,374	1,241,075	0	0	8,704,449
JUNE 2001	7,380,686	1,227,325	0	0	8,608,011
JULY 2001	7,298,330	1,213,630	0	0	8,511,960
AUGUST 2001	7,215,973	1,199,935	0	0	8,415,908
SEPTEMBER 2001	7,133,616	1,186,240	0	0	8,319,856
OCTOBER 2001	7,051,259	1,172,545	0	0	8,223,804
NOVEMBER 2001	6,968,572	1,158,795	0	0	8,127,367
<b>TOTAL</b>	<b>\$122,544,242</b>	<b>\$20,377,728</b>	<b>\$0</b>	<b>\$0</b>	<b>\$142,921,970</b>
<b>13 MONTH AVERAGE</b>					<b>\$10,993,998</b>



SENT BY:

2-19- 2 ; 2:01PM ;

CARLTON FIELDS→

850 681 1079;# 5/14

STAFF INTERROG. 310

FLORIDA POWER CORPORATION  
 CAPITAL STRUCTURE INPUT WORKSHEET  
 NOVEMBER 2001

R:\surv\2001surv\1101surv\survpkg

DEFERRED INCOME TAX AND FAS 109 ADJUSTMENT - (DR)/CR

	FAS 109 DIT (18231 & 25410) Per Tax Acctg	FAS 109 DIT (18231 & 25410) Per MOR	Difference
NOVEMBER 2000	(24,368,000)	(18,875,000)	(5,493,000)
DECEMBER 2000	(24,986,000)	(19,689,000)	(5,297,000)
JANUARY 2001	(21,142,000)	(20,306,000)	(836,000)
FEBRUARY 2001	(23,008,000)	(20,895,000)	(2,113,000)
MARCH 2001	(23,386,000)	(21,484,000)	(1,902,000)
APRIL 2001	(24,250,000)	(22,073,000)	(2,177,000)
MAY 2001	(24,872,000)	(22,662,000)	(2,210,000)
JUNE 2001	(26,500,000)	(23,258,000)	(3,242,000)
JULY 2001	(26,148,000)	(23,873,000)	(2,275,000)
AUGUST 2001	(26,793,000)	(24,486,000)	(2,307,000)
SEPTEMBER 2001	(27,406,000)	(25,098,000)	(2,308,000)
OCTOBER 2001	(28,108,000)	(25,735,000)	(2,373,000)
NOVEMBER 2001	(28,760,000)	(26,354,000)	(2,406,000)
13 MONTH AVERAGE	<u>(25,363,615)</u>	<u>(22,676,000)</u>	<u>(2,687,615)</u>

850 681 1079;# 6/14

CARLTON FIELDS-

2-19- 2 ; 2:01PM ;

SENT BY:

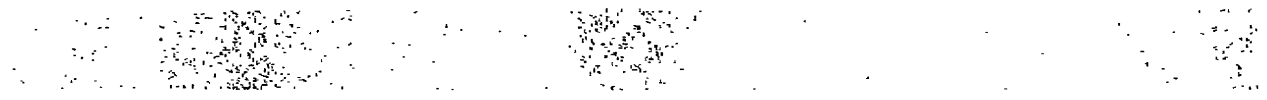
SENT BY:

2-19- 2 ; 2:01PM ;

CARLTON FIELDS→

850 681 1079;# 7/14

STAFF INTERROG. 311



01/17/2002 2:31 PM

Page 1 of 1

FLORIDA POWER CORPORATION  
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
 Year 2002  
 ALLOCATION OF CURRENT INCOME TAX EXPENSE  
 R:\2001 Rate Case\2002Surveillance\02surv.xls\TAX-CALC

RECOVERABLE FUEL

Sales of Electric Energy		1,459,864
Deferred Fuel & Capacity Revenues (45897 & 45898)		0
Total Operating Revenues		1,459,864
Fuel & Purchase Power Expense - Recoverable		1,386,170
Deferred Fuel & Cap Expense - Recoverable (Acct 55798-99)		18,393
Depreciation & Amortization Expense - Recoverable		
Tiger Bay Amortization - Retail	40,666	
Gas Conversion	1,903	
Bartow-Anclote Pipeline	0	42,569
Taxes Other Than Income (Regulatory Assessment Fee)		1,051
Net Fuel Income Before Tax & Tiger Bay Interest Expense		11,673
Less Interest Expense - Tiger Bay Regulatory Asset		(6,377)
Net Fuel Income Before Tax		5,296

Current Income Tax Expense:

Income Subject to Current Taxes		23,688
Current Federal Tax Expense (33.075%)		7,835
Current State Tax Expense (5.5%)		1,303
Total Current Tax Expense		9,138
	38.58%	

Deferred Income Tax Expense

Income Subject to Deferred Taxes		(18,393)
Deferred Federal Tax Expense (33.075%)		(6,083)
Deferred State Tax Expense (5.5%)		(1,012)
Total Deferred Tax Expense		(7,095)
	38.58%	

Total Current & Deferred Tax Expense		2,043
--------------------------------------	--	-------

SENT BY:

2-19- 2 ; 2:01PM ;

CARLTON FIELDS→

850 681 1079;# 9/14

STAFF INTERROG 313

## INTEREST SYNCHRONIZATION:

ADJUSTED  
SYSTEM

01/18/2002 7:50 PM

Rate Base	\$ 3,983,231
Rate Base excluding Tiger Bay Reg Asset	3,983,231
Weighted Cost of Debt	2.59%
Imputed Interest	103,166
Total Actual Interest (Less Tiger Bay Interest \$6,377)	108,783
Less: Miscellaneous Interest	-
Less Int on Tax Deficiency	1,574
Subtotal	110,357
Imputed Interest	103,166
Adjustment to Interest	(7,191)
Comp Stat tax Rate	38.58%
Adjustment - Increase/(Decrease) Taxes	2,774

SENT BY:

2-19- 2 ; 2:02PM ;

CARLTON FIELDS→

850 661 1079;#11/14

STAFF INTERROG. 314

**Staff's 13th Set of Interrogatories  
Attachment  
Question No. 314**

The \$700 is the tax effect of the debt portion of the AFUDC calculated as follows:

	AFUDC Rates	Ratio of Debt to Total AFUDC	Total AFUDC	AFUDC Debt	Tax Rate	DIT Expense on AFUDC Debt
Debt component of AFUDC rate	2.72%	0.347631242	5184099	1,802,155	0.38575	695,000
Total AFUDC rate	7.81%					
Amount per Adjustment						700,000
Difference = Rounding from monthly calculations						(5,000)



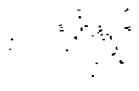
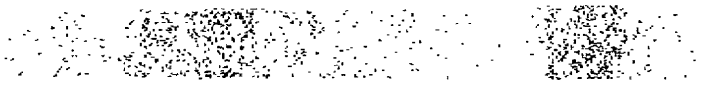
SENT BY:

2-19- 2 ; 2:02PM ;

CARLTON FIELDS→

850 681 1079;#13/14

STAFF INTERROG. 316



FLORIDA POWER CORPORATION  
 COST RATE FOR POST 1970 INVESTMENT TAX CREDITS  
 AVERAGE CAPITAL STRUCTURE  
 PRO FORMA ADJUSTED BASIS  
 2002 BUDGET

	AMOUNT	RATIO	LOW POINT		MID POINT		HIGH POINT	
			COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
COMMON EQUITY	27,629	61.20%	12.20%	7.47%	13.20%	8.08%	14.20%	8.69%
PREFERRED STOCK	424	0.94%	4.51%	0.04%	4.51%	0.04%	4.51%	0.04%
LONG TERM DEBT								
FIXED RATE	17,006	37.67%	7.14%	2.69%	7.14%	2.69%	7.14%	2.69%
VARIABLE RATE *	86	0.19%	4.92%	0.01%	4.92%	0.01%	4.92%	0.01%
<b>TOTALS</b>	<b>45,145</b>	<b>100.00%</b>		<b>10.21%</b>		<b>10.82%</b>		<b>11.43%</b>
COMMON EQUITY	27,629	98.49%	12.20%	12.02%	13.20%	13.00%	14.20%	13.99%
PREFERRED STOCK	424	1.51%	4.51%	0.07%	4.51%	0.07%	4.51%	0.07%
<b>TOTAL EQUITY</b>	<b>28,053</b>	<b>100.00%</b>		<b>12.09%</b>		<b>13.07%</b>		<b>14.06%</b>
FIXED RATE L.T.D.	17,006	99.50%	7.14%	7.11%	7.14%	7.11%	7.14%	7.11%
VARIABLE RATE L.T.D.	86	0.50%	4.92%	0.02%	4.92%	0.02%	4.92%	0.02%
<b>TOTAL DEBT</b>	<b>17,092</b>	<b>100.00%</b>		<b>7.13%</b>		<b>7.13%</b>		<b>7.13%</b>