BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for a rate increase by Florida Power Corporation.	DOCKET NO. 910890-EI ORDER NO. PSC-92-0606-PHO-EI ISSUED: 7/7/92

Pursuant to Notice, a Prehearing Conference was held on June 19, 1992, in Tallahassee, Florida, before Commissioner Betty Easley, as Prehearing Officer.

APPEARANCES:

Richard W. Neiser, Esquire, James A. McGee, Esquire, James P. Fama, Esquire, Gerald A. Williams, Esquire, Post Office Box 14042, St. Petersburg, Florida 33733
On behalf of Florida Power Corporation.

John Roger Howe, Esquire, Deputy Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of Office of Public Counsel.

Earle H. O'Donnell, Esquire, Zori G. Ferkin, Esquire, and James E. Rossi, Esquire, Sutherland, Asbill & Brennan, 1275 Pennsylvania Avenue, N.W., Washington, D.C. 20004-2404
On behalf of Occidental Chemical Corporation.

John W. McWhirter, Jr., Esquire, McWhirter, Grandoff and Reeves, Post Office Box 3350, Tampa, Florida 33601, Joseph A. McGlothlin, Esquire, and Vicki Gordon Kaufman, Esquire, McWhirter, Grandoff and Reeves, 522 East Park Avenue, Suite 200, Tallahassee, Florida 32301
On behalf of Florida Industrial Power Users Group.

Louis D. Putney, Esquire, 4805 South Himes Avenue, Tampa, Florida 33611
On behalf of the Florida Consumer Action Network.

Robert R. Morrow, Esquire, Sutherland, Asbill & Brennan, 1275 Pennsylvania Avenue, N.W., Washington, D.C. 20004-2404
On behalf of Ad Hoc Committee of Local Governments for Equitable Energy Rates.

Debra Swim, Esquire, and Ross Burnaman, Esquire, 111 North Gadsden Street, Tallahassee, Florida 32303-6327, and Terry Black, Esquire, Pace University Energy Project Center for Environmental Legal Services, 78 N. Broadway, White Plains, NY 10603

On behalf of Legal Environmental Assistance Foundation, et al.

Mary Anne Birchfield, Esquire, Michael A. Palecki, Esquire, Martha Carter Brown, Esquire, and Cindy Miller, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0863
On behalf of the Commission Staff.

Prentice P. Pruitt, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0862
On behalf of the Commissioners.

PREHEARING ORDER

I. CASE BACKGROUND

On January 31, 1992, Florida Power Corporation (FPC) filed a petition requesting a rate increase, with supporting testimony, and minimum filing requirements (MFRs). In its petition the company requested a total permanent rate increase of $145,853,000 based on projected test years of 1992 and 1993. FPC also requested a $9,990,000 reward for excellent performance, and that the proposed increase be implemented in several steps. The requested rate increase is based on a 13.60% return on common equity.

FPC filed supplemental MFRs after its initial MFRs were determined to be deficient by the Director of the Division of Electric and Gas of the Florida Public Service Commission. On April 14, 1992, we issued Order No. PSC-92-0208-FOF-EI, suspending the rate schedules filed by FPC, and authorizing FPC to increase its rates on an interim basis to generate additional annual revenues of $31,208,000. Pursuant to Notice issued June 3, 1992, a hearing has been scheduled on FPC's petition for permanent rate increase for July 9 through 10, July 13 through 17, July 20 and July 22 through 24, 1992. Also pursuant to notice, a prehearing conference was conducted in this docket on June 19, 1992.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section

119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.

2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.

3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.

5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

III. POST-HEARING PROCEDURES

Pursuant to Rule 25-22.056(3)(a), Florida Administrative Code, each party is required to file a post-hearing statement of issues and positions. You must include in that statement, a summary of each position of no more than 50 words, marked with an asterisk. In the absence of the summary statement, the prehearing position on that issue will be used in the staff recommendation. The rule also provides that any issue or position not included in the post-hearing statement is considered waived. If a party's position has not changed since the prehearing order was issued, the post-hearing statement can simply restate the prehearing position.

All post-hearing memoranda, including findings of fact, conclusions of law, statement of issues and positions, and briefs, shall total no more than 50 pages, and shall be filed simultaneously. Arguments in briefs must be identified by issue number. Proposed findings of fact and conclusions of law are not required. If proposed findings of fact are submitted, each one must cite to the record, identifying transcript page and line. All proposed findings of fact which relate to a particular issue shall be grouped together and shall identify the issue number to which they relate. Each proposed finding of fact shall be separately and consecutively numbered. Any written statement which is not clearly designated as a proposed finding of fact shall be considered to be legal argument rather than a proposed finding of fact.

VI. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

V. ORDER OF WITNESSES

Witness	Appearing For	Issues #
A.J. Keesler, Jr. (Direct & Rebuttal)	FPC	Executive Management

COST OF CAPITAL

Direct

C.H. Seligson	FPC	Cost of Equity
Mark A. Chicchetti	OPC	Cost of Equity
Richard A. Baudino	Occidental	Rate of Return (This witness is unavailable July 16, 17, and 20)

Rebuttal

C.H. Seligson	FPC	Cost of Equity

START-UP WITNESSES

Direct

G.E. Greene, III	FPC	Corporate Performance

Witness	Appearing For	Issues #
F.L. McCoy	FPC	Independent Review of Management Performance
M.H. Phillips	FPC	Operations and Construction
J.A. Hancock	FPC	Fossil Production
P.M. Beard, Jr.	FPC	Nuclear Production
W.L. Barron, Jr.	FPC	Facilities Planning and Conservation
K.H. Wieland	FPC	Customer, Energy and Demand Forecast
D.D. Williams	FPC	Fuel Forecast and Inventory Policy
Nancy Pruitt	Staff	Customer Service
James P. McGaughy	OPC	Fossil & Nuclear O&M Expense
H.G. Wells	AHCLG	Corporate Performance Award, O&M Expenses, Financial Indicators, Rate Design

Rebuttal

G.E. Greene, III	FPC	Performance Reward, Wages and Salaries
J.A. Hancock	FPC	Fossil Production O&M
P.M. Beard, Jr.	FPC	Nuclear Production O&M
W.L. Barron, Jr.	FPC	Lake Tarpon Substation

ACCOUNTING

Direct

S.C. Twery	FPC	Other Post Employment Benefits Expense

Witness	Appearing For	Issues #
S.G. Peterson	FPC	Pension Benefits Expense
J. Scardino, Jr.	FPC	Budgeting and Accounting
D.B. Bongers	FPC	Independent Examination of Projected Financial Statements
Hugh Larkin, Jr.	OPC	Various Issues
Victoria A. Monatanaro	OPC	FAS 106 (This witness is not available after July 20, 1992)
Lane Kollen	Occidental	Revenue Requirements, O&M Expenses (This witness is unavailable July 9, 10, 16, 17, 20, 22 and 23)
Theodora S. Carlson	FIPUG	Pension Expense, Post Retirement Benefits Other Than Pension Expense, Fossil Plant Dismantlement Expense (Issue Nos. 9, 10, 36, 48, 96, 99, 100) (This witness is unavailable July 17 and 20)

Rebuttal

D.B. Bongers	FPC	Other Post Employment Benefits Expense
J. Scardino, Jr.	FPC	Various Accounting Issues

COST OF SERVICE & RATE DESIGN

Direct

W.C. Slusser, Jr.	FPC	Cost of Service
S.F. Nixon, Jr.	FPC	Rate Design

Witness	Appearing For	Issues #
Randall Falkenberg	Occidental	Summary of Testimony, Performance Award and Other Issues, Rate Design and Cost of Service (This witness is unavailable July 16, 17, and 20)
Henry C. Lilly, Jr.	FIPUG	Interruptible Rate, Time of Use Differential (This witness is unavailable July 9 and 10) **(Mr. Lilly's testimony will be withdrawn upon stipulation of Issues 131 and 185)**
Jeffry Pollock	FIPUG	Cost of service study, Revenue Distribution, Nonfirm Credits, IS & CS rate design, delivery voltage credits, Metering voltage credits, Metering voltage adjustments, Treatment of Nonfirm Rates as DSM Programs, Rebuttal to LEAF Testimony Appropriate Intervenor Testimony (Issue Nos. 121-123, 127, 128, 135, 137, 138, 146-153, 156, 159) (This witness is unavailable July 24)
Rebuttal		
S.F. Nixon, Jr.	FPC	Customer Migration, Interruptible/Curtailable Service Costing & Pricing
	OTHER	
Dr. John Stutz	LEAF	Issues 163 & 164 (This witness is not available July 9, 10, 13-17. The preferred dates of this witness are July 20-24)
Daniel Kirshner	LEAF	Issues 163 & 164 (This witness is not available July 24. The preferred dates of this witness are July 20-24).

Witness	Appearing For	Issues #
Rebuttal		
K.H. Wieland	FPC	Revenue Decoupling and Conservation Incentives
Alan Rosenberg	FIPUG	Rebuttal to Dr. Stutz (Issue Nos. 163-164) (The only dates this witness will be available are July 9, 10, 13, or 14)

VI. BASIC POSITIONS

FLORIDA POWER CORPORATION (FPC): The following table summarizes the basic position of FPC regarding the jurisdictional revenue increase which will be demonstrated by the evidence. (Recoverable fuel and conservation revenues and expenses have been excluded.)

	($000) 1992	1993
Rate Base	$3,006,775	$3,211,239
Overall Rate of Return	9.24%	9.30%
NOI Requirement	277,826	298,645
Operating Revenues	958,462	997,294
Operating Expenses	741,851	783,150
NOI	216,611	214,144
NOI Deficiency	61,215	84,501
NOI Multiplier	1.607828	1.607828
Revenue Requirement	98,427	135,863
Performance Reward	9,669	9,990
Annual Revenue Increase	$108,096	$145,853

OFFICE OF PUBLIC COUNSEL (OPC): The OPC contends that Florida Power Corporation's request for rate relief should not be granted. Rate base and expenses in the company's MFR's are overstated; revenues are understated. For 1992, Florida Power Corporation's O&M expenses are $77,824,000 in excess of the O&M Benchmark. In light of the Commission's directive in Docket No. 830470-EI for FPC to get a handle on O&M expenses, the OPC maintains that this excess should receive considerable attention during the rate proceeding. FPC's request for a return on equity in excess of 14% has no merit considering the prevailing market conditions. There is no justification for a $10 million dollar reward. The 1993 projected test year data is speculative and unsuitable for ratemaking purposes. In addition, the OPC believes that a careful review of the evidence will find that current earnings are excessive and a refund should be made to FPC's customers.

<u>OCCIDENTAL CHEMICAL CORPORATION (OCCIDENTAL)</u>: The burden of proof is on FPC to establish that its proposed rates are fair, just, reasonable, and nondiscriminatory. FPC has failed to meet its burden.

With appropriate modifications, the 1992 calendar test year provides a reasonable and sufficient basis for the determination of FPC's revenue requirement and any resulting deficiency or surplus. FPC's projected 1993 calendar test year is without foundation and should be rejected.

The Commission should reject completely FPC's rate increase request of $108.096 million and order a total permanent base rate reduction of $65.007 million based on the 1992 current test year. The $31.208 million interim rate increase allowed by the Commission in Order 920208 should be refunded in full. The Company's allowed return on equity should be 10.65% (not as FPC requests 13.6%) and its overall cost of capital should be 7.91% (not as FPC requests 9.24%). FPC has included in its requested revenue requirement numerous accounting-derived costs for which ratemaking recognition is inappropriate, an inappropriate and unjustified performance reward, and levels and growth in O&M expenses substantially in excess of those reasonably justified by inflation and customer growth.

FPC's proposal to reat the interruptible rate as a demand side management program, and to include an interruptible credit as part of the ECCR, should be rejected. To encourage low cost, reliable interruptible service, the Commission should require FPC to offer an opportunity sales tariff.

<u>FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG)</u>: In this case, FPC wrongly attempts to include nonfirm rates with demand-side management programs offered to firm customers and made subject to the ECCR clause; attempts wrongly to ignore embedded costs in the pricing of nonfirm service; and proposes a cost of service methodology that is inappropriate for its system.

Interruptible and curtailable customers constitute a separate and different quality of service, not a "program" offered to firm customers. Nonfirm customers are fundamentally distinguishable from customers on firm schedules who participate in DSM programs by the utility's obligation to serve DSM customers who fulfill the limited requirements of the programs. The nonfirm rates used to make this inferior class of service available have been in effect for more than forty years, and FPC has failed to show that it cannot recover the appropriate cost of serving those customers through the ratemaking methodology and tariff mechanisms that have long been in place. The attempt to label the nonfirm rates a DSM program is misplaced; the effort to shove the nonfirm rates into the ECCR clause is unwarranted and, in view of the successful track record of the nonfirm tariffs, totally unnecessary.

To achieve equity, the Commission should design rates that fairly reflect the differences in costs which different customer classes impose on the utility. This is best done by employing a cost of service study methodology tailored to the system characteristics of the particular utility to identify the total costs associated with serving each class; comparing the costs incurred to serve each class to the revenues provided by each class under existing rates; and designing new rates which will move the revenues generated by each class closer to the costs incurred to serve it, thereby eliminating interclass subsidies (to the extent the policy of gradualism and other considerations will allow).

The company must invest in production and transmission systems sufficient to enable it to meet the peak demand which customers place on the system. The highest instantaneous demands drive the required investment in plant; and since FPC's strong seasonal winter and summer peaks are higher than the others, each class' relative contribution to the aggregate winter and summer peak demands constitutes the most appropriate measurement of its responsibility for production and transmission costs. The average of the ratios of class demands to total winter and summer peak demands should be used to allocate the costs of production and transmission plant among the classes. FPC's proposed 12CP and 1/13 AD methodology is less appropriate than the winter/summer peak responsibility method because including data for other peaks having less significance to the determination of the required investment in plant dilutes the attempt to identify individual class cost responsibility. In addition, including the classes' relative energy consumption (average demand) as a component in the calculation of the 12CP and 1/13 AD allocator is inappropriate because it attempts to assign responsibility for more of the expensive base load generating units to customers who have high consumption without a corresponding assignment (or recognition within the study) to the same customers of a greater share of the lower fuel costs associated with those units.

The greatest single consideration in the treatment of nonfirm customers is the fact that, because these customers accept an inferior quality of service, FPC does not plan or build generating plant (and therefore incurs no production investment costs) to meet their demands. FPC's method of imputing revenues to nonfirm customers as though they were firm and then supplying credits to them paid by others is an acceptable study device so long as the imputation is not misconstrued as signifying a quality of service different from the inferior nonfirm service the customers accept. However, FPC's proposed method of distributing the revenue responsibility for the nonfirm credits to all classes, including nonfirm customers, has the effect of assigning to nonfirm customers some of the cost of production plant - which defeats the purpose of the credit mechanism. The credits should be distributed to firm customers only. Further, the size of the credit should be a function of embedded cost, and the purpose of the credit should be to insure that nonfirm customers provide, in addition to the out-of-pocket costs incurred to serve them, an equitable contribution to the fixed costs of production which their presence on the system does not cause. FPC's use of the partial cost of an avoided generating unit to price nonfirm service is a misapplication of the Commission's nonfirm rule and a corruption of the purpose of the cost of service study: instead of establishing the cost to serve nonfirm customers in order to indicate an appropriate price, FPC's approach imposes a preconceived avoided cost price concept (firm rate minus peaker) without reference to the cost to serve nonfirm customers. The governing criterion of the cost study and of pricing service to customers should uniformly be embedded costs; the cost of avoided capacity can then be used as one "sanity check" on the reasonableness of the relationship between firm and nonfirm rates, as the Commission intended. Further, once class revenue requirements have been identified, the difference between firm and nonfirm rates can be expressed through appropriate differences in the demand charges applicable to each without the necessity of the "credit mechanism" in the design of the rate.

In addition to the issues highlighted here, FPC has in numerous instances made proposals that either depart from the principle of recognizing cost-causation or that impose, rather than remedy, subsidies between and among ratepayers. FIPUG's positions are developed with respect to specifically identified issues.

FLORIDA CONSUMER ACTION NETWORK (FCAN): Florida Power's current rate of return is excessive and revenues should be reduced in accordance with the position taken herein by the Public Counsel.

<u>AD HOC COMMITTEE OF LOCAL GOVERNMENTS FOR EQUITABLE ENERGY RATES (AHCLG)</u>: Florida Power has failed to meet its burden to demonstrate that its proposed rate increase is necessary and reasonable. While the AHCLG has not attempted to undertake an exhaustive review of FPC's rate application, it has through its direct testimony and will through cross-examination address certain specific issues.

The Commission should reject Florida Power's request for a corporate performance award. The Commission should carefully scrutinize Florida Power's operation and maintenance expenses. Mr. Wells presented three specific adjustments to FPC's O&M expenses. FPC's requested return on equity is excessive and is not necessary to sufficiently satisfy the parameters of various financial indicators.

The Commission should adopt Florida Power's approach to the development of street lighting fixture and maintenance charges. However, a review of the application of this method in this case will show that the individual rates proposed by the Company are still overstated. The Commission should increase the incentive for participation in the CS rate schedule.

<u>LEGAL ENVIRONMENTAL ASSISTANCE FOUNDATION (LEAF)</u>: The economic incentives created by regulatory policies exert a powerful influence on utility actions. The current connection between utility revenues and sales gives Florida Power Corporation ("FPC") a strong incentive to maximize electric sales between rate cases. Every additional kWh FPC sells between rate cases <u>increases its profits</u>, and every kWh customers do not buy due to conservation <u>reduces its bottom line</u>. As a result, one of the strongest economic incentives in place under current regulation discourages investment in even low cost energy conservation and creates a strong disincentive to utility pursuit of fully integrated resource planning and implementation of least cost resource acquisition plans.

Two regulatory policies are essential to correcting current incentives--to aligning FPC's economic interests with those of its customers. Decoupling utility revenues from sales is a necessary first step, and providing economic rewards for pursuing the least cost resource options--specifically, those conservation and efficiency options that reduce utility revenue requirements--is the second. The experience of other states indicates that both decoupling and incentives for cost effective demand side management ("DSM") are vital to the achievement of utility least cost planning. Since utility regulation ought to provide the greatest rewards for utility actions which lead to electric services at least cost to customers, Florida regulation should be altered to incorporate decoupling and DSM incentives.

STAFF: No position at this time.

VII. ISSUES AND POSITIONS

TEST PERIOD

ISSUE 1: Is Florida Power Corporation's request for permanent rate relief based on a current test period of calendar year 1992 and a projected test period of calendar year 1993 appropriate? **(Scardino)**

FPC: Yes. In Order No. 25292 dated November 4, 1991, the Commission tentatively accepted the Company's selection of test periods for rate relief. The use of dual test periods is expressly authorized by Section 366.076(2), F.S., and Commission Rule 25-6.0425, F.A.C., and has been accepted by the Commission in prior base rate proceedings (Docket No. 830465-EI). **(Keesler, Scardino)**

OPC: Florida Power's use of the projected 1993 projected test year is inappropriate and should be disallowed. (Larkin)

OCCIDENTAL: With appropriate adjustments, the 1992 projected test year can provide a reasonable and sufficient basis for the determination of FPC's revenue requirement and any resulting deficiency or surplus. The Commission should reject completely the proposed 1993 test year. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 2: Are Florida Power's forecasts of Customers and KWH by Revenue Class, and System KW for the 1992 and 1993 test years reasonable? **(Weiland)**

FPC: Yes. Florida Power's forecasts for 1992 and 1993 were based on reasonable assumptions and prepared in accordance with accepted procedures. As requested in paragraph 12 of the Company's petition, the continued reasonableness of the 1993 forecast should be reviewed and, if necessary, revised based on the level of economic recovery currently anticipated. **(Wieland)**

OPC: FPC's forecasted KWH for 1992 are understated and otherwise inappropriate. Florida Power's use of the projected 1993 projected test year is inappropriate and should be disallowed. (Larkin)

OCCIDENTAL: Agree with FPC.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

RATE BASE

ISSUE 3: Is FPC's forecast of inflation rates appropriate?

FPC: Yes. Florida Power uses a general inflation rate, based on recognized forecasts, as a budget guideline in the development of only those items for which a rate of increase specific to that item is unavailable. **(Greene, Scardino)**

OPC: No position at this time.

OCCIDENTAL: No. The appropriate inflation assumption is 3.1% for the 1992 current test year. Taking into account this projection, the 1992 test year O&M expense should be reduced by $2,642,000. If the

Commission does not reject the 1993 projected test year, the appropriate inflation assumption is 3.3%. The inflation adjustment for the 1993 projected test year reduces O&M expense by $5,334,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 4: Is Florida Power's requested level of Plant in Service in the amount of $4,245,287,000 ($4,715,371,000 system) for the 1992 current test year and $4,617,090,000 ($5,175,330,000 system) for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. The 13-month average balances were formulated to reflect Florida Power's budgeted capital additions and retirements expected to occur during each test year. In addition, appropriate pro forma adjustments were made to the Plant-In-Service balances in order for the test years to be representative of the period when new rates will be in effect. **(Scardino)**

OPC: No. Plant in Service should be adjusted by $17,023,000 (jurisdictional).

OCCIDENTAL: No. The requested level of Plant in Service is based on inappropriate inflation assumptions, excessive growth rates in salaries and wages, and an excessive AFUDC rate. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 5: Should an adjustment be made in any test year for the purchase of three aircraft? **(Scardino, Slusser, Meeks)**

FPC: No. The three aircraft, 2 helicopters and 1 fixed wing, are used and useful in providing electric service. **(Scardino)**

OPC: Flight equipment should not be reflected in the rate base. (Larkin)

OCCIDENTAL: No position at this time.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 6: Should adjustments be made to any test year Plant-In-Service and Accumulated Depreciation to correct errors related to the rescinded purchase of an airplane by FPC? **(Scardino, Slusser, Meeks)**

FPC: Yes, for the 1991 interim test year. The Company incorrectly prepared a pro forma adjustment to remove the effects of the rescinded sale of a Piper Cheyenne to Florida Power from Florida Progress. As part of their audit of the interim test year, Staff issued Audit Disclosure No. 3 which recommended the following adjustments to correct the proforma adjustment:

Increase electric plant in service	-	$278,000
Increase accumulated depreciation	-	40,000
Increase O&M expense	-	65,000
Decrease Fed and state Inc tax	-	25,000

The Company concurs with Staff's audit recommendation. In its response to the audit disclosure, the Company noted that the pro forma adjustments made to both the 1992 current test year and the 1993 projected test year correctly removed the effects of the rescinded sale of the aircraft. **(Scardino)**

OPC: Flight equipment should not be reflected in the rate base. (Larkin)

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 7: Is the acquisition and inclusion of $2,310,000 ($2,500,000 system) for Sebring's ownership share of Crystal River 3 in rate base for the 1992 current test year appropriate? (Barron)

FPC: Yes. The acquisition cost included in rate base is based on the net book value of Sebring's ownership share of Crystal River 3. **(Beard, Barron, Scardino)**

OPC: The prospective purchase should be excluded from Rate Base.

OCCIDENTAL: No position at this time.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 8: Is the inclusion of $10,838,960 ($14,381,000 system) in the 1992 current test year for capital additions at the Lake Tarpon Substation appropriate?

FPC: Yes. The Lake Tarpon substation project will be closed to Plant in Service in September 1992 and used in conjunction with other operational 500kv lines and the Crystal River Energy Complex. **(Phillips, Barron, Scardino)**

OPC: To the extent that the deferral of other portions of the Lake Tarpon project will render the Lake Tarpon substation project not used and useful, the project should not receive rate base treatment. (Larkin)

OCCIDENTAL: The 1993 test year (and 1993 capital additions) should be rejected.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 9: Should the Commission approve FPC's request to move from a cash basis to an accrual basis when accounting for pension expense for ratemaking purposes? That is, should the Commission approve FPC's request to set its pension expense at a level equal to the expense calculated for accounting purposes under the provisions of Statement of Financial Accounting Standard (SFAS) No. 87? **(Peterson, Scardino)**

FPC: Yes. Adoption of the accrual accounting treatment specified in FAS 87 for pension expense complies with Generally Accepted Accounting Principles and is consistent with sound ratemaking practices. Accrual accounting allows the costs associated with this form of deferred compensation to be recognized in rates over the active service life of employees, and thus matches the full cost of the benefits with the periods in which the employees earned them. **(Peterson, Scardino)**

<u>OPC</u>: The amount included in the 1992 current test year is overstated by $453,570 ($485,257 system). (Larkin)

<u>OCCIDENTAL</u>: No. FPC has not justified its request to accelerate the timing of its pension expenses recognition for ratemaking purposes. The accounting treatment should follow the ratemaking treatment. The Commission should limit the level of pension expense to the projected $0 million 1992 funding level consistent with FPC's unilateral treatment since 1987. The Commission should order the Company to defer the timing difference between that $0 million ratemaking level and the $4.561 million SFAS No. 87 level of pension expense as a non rate base regulatory asset. Assuming FPC's request is disapproved, the effect on rate base for the 1992 test year is to reduce it by $375,000 (jurisdictional), yielding a revenue requirement reduction of $40,336. In the 1993 projected test year, disapproval of FPC's request reduces rate base by $375,000 (jurisdictional), yielding a revenue requirement reduction of $40,095. (Kollen)

<u>FIPUG</u>: No. FPC wants to use SFAS No. 87 to determine its pension expense for ratemaking purposes even though it will make <u>no</u> contribution to its pension fund in 1992 and its 1993 cash contribution will be half the SFAS No. 87 expense. SFAS No. 87 is an <u>accounting</u> standard which requires pension expense to be reported for <u>financial reporting</u> purposes on an accrual basis. SFAS 87 specifically contemplates that pension expense for <u>ratemaking</u> purposes may be determined on a different basis. For <u>ratemaking</u> purposes, the Commission should base pension expense on <u>cash contributions</u>. FPC's pension fund is overfunded. It is unfair to make ratepayers pay for the higher SFAS No. 87 expense when they have already provided more than enough to fully fund the plan. (Carlson)

<u>FCAN</u>: No position at this time.

<u>AHCLG</u>: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 10: Should the Commission approve FPC's request to move from a cash basis to an accrual basis when accounting for post-retirement benefits other than pensions (OPEB) for ratemaking purposes? That is, should the Commission approve FPC's request to set the expense for OPEB at a level equal to the expense calculated for accounting purposes under the provisions of SFAS No. 106?

FPC: Yes. Adoption of the accrual accounting treatment specified in FAS 106 for post-retirement benefits other than pensions complies with Generally Accepted Accounting Principles and is consistent with sound ratemaking practices. Accrual accounting allows the costs associated with this form of deferred compensation to be recognized in rates over the active service life of employees, and thus matches the full cost of the benefits with the periods in which the employees earned them. **(Twery, Scardino)**

OPC: FPC's request to implement FAS 106 should be denied at this time. Post-retirement benefits other than pensions expense should be limited to the pay-as-you-go amount (i.e., the level of expense determined on the cash basis of accounting). (Montanaro)

OCCIDENTAL: No. FPC has not justified its request to accelerate the timing of its OPEB expense for ratemaking purposes. The accounting treatment should follow the ratemaking treatment. The Commission should limit the level of OPEB expenses to the 1993 cash pay-as-you-go level of $3,825,000. The Commission should order FPC to defer the timing difference between this ratemaking level of OPEB expense and the SFAS No. 106 level of expense as a non-rate base regulatory asset. The regulatory asset should not earn a rate of return since it is accounting derived and does not reflect deferral of a cash cost. Assuming FPC's request is disapproved, the effect on rate base for the 1992 test year is to reduce it by $1,335,000 (jurisdictional), yielding a revenue requirement reduction of $143,598. In the 1993 projected test year, disapproval of FPC's request reduces rate base by $1,026,000 (jurisdictional), yielding a revenue requirement reduction of $109,700. (Kollen)

FIPUG: No. FPC wants to use SFAS No. 106 to determine its expense for postretirement benefits other than pensions ("OPEB"). SFAS No. 106 is an accounting standard which requires OPEB expense to be reported for financial reporting purposes on an accrual basis. SFAS 106 specifically recognizes that OPEB expense for ratemaking purposes may be determined on a different basis. The treatment FPC proposes is inappropriate for ratemaking purposes for four reasons. First, the accuracy of the accrual method is highly suspect because it is based on numerous speculative assumptions (such as the medical trend rate). Second, the pay-as-you-go method better achieves equity among different generations of utility ratepayers. Third, accrual ratemaking treatment is unnecessary to comply with generally-accepted accounting principles. Fourth, FPC has not demonstrated that its proposal to internally fund OPEB is less costly for ratepayers than an external fund. (Carlson)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 11: Is Florida Power's requested level of Construction Work in Progress in the amount of $124,340,000 ($139,203,000 system) for the 1992 current test year and $110,667,000 ($123,348,000 system) for the 1993 projected test year appropriate? (Scardino)

FPC: Yes. The 13-month average amounts represents the Company's investment in projects ready for service but not yet closed to Plant-in-Service and construction projects of a short-term nature, neither of which are eligible to receive Allowance for Funds Used During Construction. **(Scardino, Barron)**

OPC: No. The 1992 current test year CWIP balance should be reduced by $34,511,462 ($38,638,000 system). OPC does not express an opinion at this time regarding the 1993 projected test year CWIP balance. (Larkin)

OCCIDENTAL: No. The Company's adjustments to CWIP for the effects of SFAS No. 87 and SFAS No. 106 should be rejected. This reduces rate base (jurisdictional) by $1,710,000, yielding a revenue requirement reduction of $184,000 for the 1992 test year. For the 1993 projected test year, adjustments reduce rate base (jurisdictional) by $1,401,000, yielding revenue requirement reduction of $150,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 12: Should an adjustment be made to the balance of Construction Work In Progress for 1991, 1992, or 1993? **(Scardino, Slusser)**

FPC: Yes, for the 1991 interim test year. The Company agrees with Staff's position that CWIP should be decreased, but in the amount of $1,244,943 ($1,320,216) not $14,539,093 ($15,834,026). As part of its audit of the Interim Test Year, Staff issued Audit Disclosure Nos. 4, 5, and 6 which dealt with CWIP issues. Florida Power accepts Staff's recommendation regarding Audit Disclosure Nos. 4 and 5, but disagrees with No. 6. None of the three audit disclosures impact the CWIP request in the 1992 current test year or the 1993 projected test year. A table to reconcile the Company's position to Staff's is shown below: (Scardino, Slusser)

	Jurisdictional	System
Audit Disclosure #4	$(2,314,122)	$(2,452,067)
Audit Disclosure #5	1,069,179	1,131,851
Company Position	(1,244,943)	(1,320,216)
Audit Disclosure #6	(13,294,150)	(14,513,810)
Staff Position	$(14,539,093)	$(15,834,026)

OPC: The 1992 CWIP balance should be reduced by $34,511,462 ($38,638,000 system).OPC does not express an opinion at this time regarding the 1993 projected test year CWIP balance. (Larkin)

OCCIDENTAL: Yes. See Issue No. 11. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: For the 1991 interim test year, CWIP should be reduced by $2,314,122 ($2,452,067 system) for construction projects which were included in Account 107.20 - CWIP Not Eligible for AFUDC, but accrued AFUDC.

CWIP should be increased by $1,069, 179 ($1,131,851 system) of construction work orders which did not accrue AFUDC and were not included in CWIP.

No further position at this time with regard to 1991, 1992 and 1993.

ISSUE 13: Is Florida Power's requested level of Property Held for Future Use in the amount of $9,559,000 ($11,145,000 system) for the 1992 current test year and $9,436,000 ($11,145,000 system) for the 1993 projected test year appropriate? (Scardino)

FPC: Yes. Each of the items included in Property Held for Future Use has been recorded at cost, purchased for specific projects, and has an assigned in-service date. (Scardino)

OPC: Yes, but only if lease revenues of $1,200,000 are included in test year revenue.

OCCIDENTAL: No. See Occidental's Position on Issue No. 14.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 14: Is Florida Power's requested level of Property Held for Future Use for Avon Park Unit II in the amount of $7,182,000 ($8,178,000 system) for the 1992 current test year and $7,067,000 ($8,178,000 system) for the 1993 projected test year appropriate considering the company's agreement to lease the plant to Eco Peat in 1994? **(Scardino, Barron, Phillips)**

FPC: Yes. The Company has entered into a contract with ECO-Peat to lease the Avon Park Unit 2 for a period of 32 years, with 30 years of operation and 2 years of construction. The annual expected lease revenues range from $500,000 per year to $1,200,000 per year. The net investment in Avon Park 2 in the 1992 current test year is only $1,099,000 ($1,028,000 System) when accumulated depreciation is considered. The net investment in Avon Park 2 in the 1993 projected test year is only $891,000 ($796,000 System) when accumulated depreciation is considered. **(Scardino, Barron)**

OPC: Yes, but only if lease revenues of $1,200,000 are included in test year revenue.

OCCIDENTAL: No. The Commission should exclude the Avon Park II investment from rate base. The inclusion by FPC of the Avon Park II investment in its 1992 rate base contradicts the Commission's order in Docket No. 830470-EI. Further, because the Company has entered into an option agreement with the Eco-Peat company to begin leasing the plant facilities during 1994, the unit is not used and useful at this time and may never be used and useful for retail jurisdiction ratepayers. Exclusion of the Avon Park II investment reduces FPC's rate base by $14,887,000 (including the deferred carrying charges amount included in working capital) (jurisdictional), yielding a revenue requirement reduction of $1,601,000 for the 1992 test year. If the Commission does not dismiss the 1993 test year, exclusion of the Avon Park II investment from FPC's rate base yields a revenue reduction of $1,539,000 for the 1993 projected test year. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 15: Is Florida Power's requested level of Working Capital in the amount of $55,920,000 ($65,537,000 system) for the 1992 current test year and $54,817,000 ($67,159,000 system) for the 1993 projected test year appropriate? (Scardino)

FPC: Yes. The Company's 13-month average working capital has been prepared in accordance with the balance sheet method, which has been adopted by the Commission as its policy for the calculation working capital. The following table summarizes the Company's working capital development. (Scardino)

	Fully Adjusted 13-Month Average <----In Thousands----> System	Juris.
For Current Test Year 1992		
Cash and Equivalents	$ 1,489	$ 1,386
Receivables & Prepaids	143,661	133,720
Fuel Stock	63,307	56,831
Materials, Supplies & Stores	99,111	89,933
Sebring Acquisition	2,863	2,665

Deferred Debits	16,132	15,003
Total Current Assets & Deferred Debits	326,563	299,538
Operating Reserves	56,897	53,451
Current & Accrued Liabilities	201,236	187,307
Deferred Credits	3,073	2,850
Total Current Liabilities & Deferred Credits	261,206	243,618
Total 1992 Working Capital Allowance	$ 65,357	$ 55,920
For Projected Test Year 1993:		
Cash and Equivalents	$ 1,489	$ 1,383
Receivables & Prepaids	161,718	150,283
Fuel Stock	65,408	57,015
Materials, Supplies & Stores	102,191	91,797
Sebring Acquisition	2,863	2,661
Deferred Debits	18,442	17,131
Total Current Assets & Deferred Debits	352,111	320,270
Operating Reserves	61,539	57,837
Current & Accrued Liabilities	219,547	204,023
Deferred Credits	3,866	3,593
Total Current Liabilities & Deferred Credits	284,952	265,453
Total 1993 Working Capital Allowance	$ 67,159	$ 54,817

OPC: No. FPC's 1992 working capital should be increased by $9,686,000 ($11,395,294 system), jurisdictional. OPC does not express an opinion at this time regarding the 1993 working capital balance. (Larkin)

OCCIDENTAL: No. The adjusted rate base for the 1992 current test year should be reduced by $78,679,000 (jurisdictional), yielding a revenue requirement reduction of $8,462,000. If the Commission decides to consider the 1993 test year, the Company's adjusted 1993 projected test year rate base should be reduced by $93,112,000 (jurisdictional), yielding a revenue requirement reduction of $9,955,000 for the 1993 projected test year. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 16: Should the Commission direct FPC to, in its next base rate filing, calculate working capital based upon a lead/lag methodology in lieu of the current methodology?

FPC: No. The Commission has adopted the balance sheet method as its policy for the calculation of working capital in base rate proceedings and should therefore be used in the Company's next base rate filing unless the Commission adopts a different policy. The balance sheet method has been consistently utilized by the Commission over the last decade and is a proven, well understood approach for calculating working capital. It should not be abandoned in favor of conducting complex, time consuming and expensive lead/lag studies. **(Scardino)**

OPC: No position at this time.

OCCIDENTAL: Yes. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 17: Is Florida Power's requested Property Insurance Reserve of $3,732,000 ($4,010,000 system) for the 1992 current test year and $4,587,000 ($4,936,000 system) for the 1993 projected test year, which reflects a change in scope of its current storm damage reserve to include not only tropical storms and hurricanes but also other destructive acts of nature, appropriate? (Scardino)

FPC: Yes. The scope of the storm damage reserve should be expanded to recognize the fact that these acts of nature can inflict the same, if not greater, physical and financial hardship on the Company as do tropical storms and hurricanes. **(Scardino)**

OPC: No.

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 18: Should an adjustment be made to the working capital allowance for 1992 and 1993 to correct an error in the 13-month average for contract retainage? **(Scardino)**

FPC: No. The contract retainage error effects only the 1991 interim test year. The 1992 and 1993 balances included in the working capital allowance are projected amounts. See Staff's Audit Report for the interim test year, Audit Disclosure No. 3, which discusses the working capital adjustments. **(Scardino)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 19: Should the net overrecovery of fuel and conservation expenses of $8,434,000 ($4,651,000 system) for the current 1992 test year be included in the calculation of working capital allowance? **(Scardino, Slusser)**

FPC: No. This adjustment is not appropriate in the 1992 current test year or the 1993 projected test year because in a projected test year, the Company matches the current month fuel/conservation revenues with the appropriate expenses. The forecast is done in a manner consistent with the Commission's fuel/conservation cost recovery procedure. For working capital purposes in a projected test year the Company's customer accounts receivables are not overstated by the accumulated net overrecovery of fuel/conservation expenses as the case may be in an actual test year but are really understated because the monthly fuel/conservation revenues have been modeled to be less than the applicable expense. For this reason, the Company does not agree with the Commission's past practice of removing the accumulated net overrecovery of fuel/conservation expenses from a projected test year. **(Scardino)**

OPC: Yes.

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 20: Should adjustments be made to working capital for 1992 and 1993 to exclude accrued utility revenues?

FPC: No. The balance sheet and the income statement are integral components of the ratemaking process. The Company records unbilled revenue as other operating revenues and reduces the gross cost to be recovered from the customer in providing electric service accordingly. Accrued utility revenues which is the offset to the unbilled revenue is appropriately included in working capital as it compensates for the timing difference between revenue recognition and cash receipt to the Company. **(Scardino)**

OPC: No position at this time.

OCCIDENTAL: Yes. For the 1992 current test year this reduces rate base by $50,864,000 (jurisdictional), yielding a revenue requirement reduction of $5,471,000. If the Commission decides to use the 1993 projected test year, the appropriate reduction to rate base is $54,060,000 (jurisdictional), yielding a revenue reduction of $5,780,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 21: Should adjustments be made to working capital for 1992 and 1993 to exclude FAS 106 net assets?

FPC: No. The implementation of FAS 106 results in a net liability, not a net asset, for 1992 or 1993. **(Scardino)**

OPC: Yes.

OCCIDENTAL: Yes. Exclusion of the SFAS No. 106 asset from the 1992 current test year reduces rate base by $21,135,000 (jurisdictional), yielding a revenue requirement reduction of $2,273,000. Exclusion of the SFAS No. 106 asset from the 1993 projected test year reduces rate base by $34,431,000 (jurisdictional) yielding a revenue requirement reduction of $3,681,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 22: Should adjustments be made to working capital for 1992 and 1993 to exclude the vacation pay accrual asset?

FPC: No. The vacation pay accrual asset represent the amount of vacation earned but not taken that is estimated to be capitalized. The balance sheet and the income statement are integral components of the ratemaking process. The Company charges O&M and the vacation pay accrual asset and credits the accrued vacation pay liability for vacation pay when earned. The vacation pay accrual asset is appropriately included in working capital as it compensates for the timing difference between vacation earned and vacation taken for payroll that will be charged to construction. (Scardino)

OPC: No position at this time.

OCCIDENTAL: Yes. For the 1992 current test year this reduces rate base by $3,444,000 (jurisdictional), yielding a revenue requirement reduction of $370,000. If the Commission decides to use the 1993 projected test year, this reduces rate base by $3,595,000 (jurisdictional), yielding a revenue requirement reduction of $384,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 23: Should adjustments be made to working capital for 1992 and 1993 to exclude interest on tax deficiency?

FPC: No. The Company believes that its customers are direct beneficiaries of our tax administration policies. The Commission has previously recognized that customers are the primary beneficiaries of tax planning and established a precedent for allowing such costs in rates. See Order No. 13948, Docket No. 830465-EI, Florida Power & Light Company. The issue and underlying principle involved in that case are equally applicable to the Company in this case. **(Scardino)**

OPC: Yes.

OCCIDENTAL: Yes. For the 1992 current test year this reduces rate base by $3,236,000 (jurisdictional), yielding a revenue requirement reduction of $348,000. For the 1993 projected test year, this reduces rate base (jurisdictional) by $1,026,000 (jurisdictional), yielding a revenue requirement reduction of $110,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 24: Is Florida Power's requested level of light oil inventory in the amount of $9,671,512 ($11,095,000 system) for the 1992 current test year and $10,976,446 ($12,592,000 system) for the 1993 projected test year appropriate? (Williams)

FPC: Yes. **(Williams)**

OPC: No position at this time.

OCCIDENTAL: 1993 test year expenses are unjustified.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No. The value of 1992 light fuel oil inventory should be reduced by $1,283,033 ($1,471,875 system) and the value of 1993 light fuel oil inventory should be reduced by $2,456,845 ($2,818,453 system). These adjustments are based on Commission Order No. 12645 and allow a 30-day level of inventory at peaker units when measured at a high rate of burn and a 45-day level of inventory at steam units when measured at the average rate of burn.

ISSUE 25: Is Florida Power's requested level of Accumulated Depreciation in the amount of $1,483,255,000 ($1,673,510,000 system) for the 1992 current test year and $1,628,030,000 ($1,837,549,000 system) for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. The 13-month average balances were formulated to reflect Florida Power's budgeted depreciation expense and retirements expected to occur during each test year. In addition, appropriate pro forma adjustments were made to the accumulated provision for depreciation in order for the test years to be representative of the period when new rates will be in effect. **(Scardino)**

OPC: No. Accumulated Depreciation for the 1992 test year should be decreased by $8,642,231 ($9,719,000 system). OPC does not express an opinion at this time concerning the projected 1993 test year. (Larkin)

OCCIDENTAL: 1993 test year expenses are unjustified.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 26: This issue was stipulated at the prehearing conference. It has been moved to the stipulated section of the prehearing order. In an effort to avoid confusion, it will keep the same Issue number.

ISSUE 27: Is Florida Power's requested adjustment to the 1992 and 1993 accumulated depreciation to reflect the effect of implementation of a levelized fossil fuel dismantlement expense appropriate? **(Scardino)**

FPC: Yes. Florida Power's requested adjustment was determined in accordance with the Commission's decision in its generic investigation into the treatment of fossil dismantlement costs (Docket No. 890186-EI). **(Hancock, Scardino)**

OPC: No position at this time.

OCCIDENTAL: See Issue Nos. 96, 98, 99. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time..

ISSUE 28: Is Florida Power's requested rate base of $3,006,775,000 ($3,318,818,000 system) for the 1992 current test year and $3,211,239,000 ($3,592,614,000 system) for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. The following is a table of major components comprising Florida Power's requested rate base.

(Scardino)

	Fully Adjusted 13-Month Average <----In Thousands---->	
	Juris.	System
1992 Current Test Year Rate Base		
Electric Plant in Service	$4,245,287	$4,715.371
Accum. Provision for Depreciation and Amortization	1,483,255	1,673,510
Net Plant in Service	2,762,032	3,041,861
Construction Work in Progress	124,340	139,203
Plant Purchased or Sold & Held for Future Use	9,559	11,145
Nuclear Fuel (Net)	58,351	61,073
Net Utility Plant	2,954,282	3,252,282
Working Capital Allowance	56,085	65,536
Regulatory Practices Reconciliation	(3,592)	0
Total 1992 Rate Base	**$3,006,775**	**$3,318,818**
1993 Projected Test Year Rate Base		
Electric Plant in Service	$4,617,090	$5,175,330
Accum. Provision for Depreciation and Amortization	1,628,030	1,837,549
Net Plant in Service	2,989,060	3,337,781
Construction Work in Progress	110,667	123,348
Plant Purchased or Sold & Held for Future Use	9,436	11,145
Nuclear Fuel (Net)	50,487	52,935
Net Utility Plant	3,159,650	3,525,209
Working Capital Allowance	55,043	67,405
Regulatory Practices Reconciliation	(3,454)	0
Total 1993 Rate Base	**$3,211,239**	**$3,592,614**

Source: MFR Schedule B-3

OPC: No. FPC's requested rate base for the 1992 current test year should be reduced by $28,803,000 ($31,651,650 system), producing an adjusted jurisdictional rate base of $2,997,972,000 ($3,294,474,730 system). (Larkin)

OCCIDENTAL: No. The Company's adjusted rate base for the 1992 current test year and the related revenue effects are as follows: (Kollen)

TABLE I:
SUMMARY OF RATE BASE ADJUSTMENTS AND
RELATED REVENUE REQUIREMENT EFFECTS

FOR 1992 CURRENT TEST YEAR

	REDUCTION TO RATE BASE JURISDICTION ($000)	REDUCTION TO REV. REQ. ($000)
Avon Park 2 ECS Unit	$14,887	$1,601
CWIP-SFAS Nos. 87 and 106	1,710	184
Working Capital	78,679	8,462
Total Reductions to FPC Request	$95,276	$10,247

The Company's adjusted rate base and resulting revenue effects for the 1993 projected test year are as follows:

TABLE II:

SUMMARY OF RATE BASE ADJUSTMENTS AND
RELATED REVENUE REQUIREMENT EFFECTS

FOR 1993 PROJECTED TEST YEAR

	REDUCTION TO RATE BASE JURISDICTION ($000)	REDUCTION TO REV. REQ. ($000)
Avon Park 2 ECS Unit	$14,391	$1,539
CWIP-SFAS Nos. 87 and 106	1,401	150
Working Capital	93,112	9,955
Total Reductions to FPC Request	$108,904	$11,644

FIPUG: No. Adjustments due to FPC's treatment of pension expense, OPEB expense and fossil plant dismantlement expense need to be made. FIPUG's "no position" on other rate base issues should not be interpreted to mean FIPUG acquiesces in the company's position.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

COST OF CAPITAL

ISSUE 29: What is the appropriate cost of common equity capital for Florida Power? (Seligson)

FPC: Florida Power's requested return on common equity of 13.6% is appropriate, as evidenced by the testimony of Mr. Seligson, which supports a range of 13.8% to 14.5% as a reasonable return on common equity for the Company. (Seligson)

OPC: 10.80%.

OCCIDENTAL: The appropriate cost of common equity is 10.65%. (Baudino)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: Not more than 11.8%.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 30: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for the test year? (Scardino)

FPC: The Company's proposed 13-month average cost of capital for the 1992 current test year and the 1993 projected test year is appropriate. The following is a table of the components, amounts and cost rates associated with the Company's proposed capital structure. Supporting documentation is included in MFR Schedule D-1. **(Scardino)**

	13-Month Average <-----------In Thousands---------->			
	Fully Adjusted Jurisdictional	Ratio	Cost Rate	Weighted Cost
1992 Current Test Year				
Common Equity	$1,136,208	37.78%	13.60%	5.14%
Preferred Stock	188,185	6.26%	7.28%	0.46%
Long-Term Debt				
Fixed Rate Debt	944,820	31.42%	8.53%	2.68%
Variable Rate Debt	88,432	2.94%	6.11%	0.18%
Short Term Debt	83,541	2.78%	7.40%	0.21%
Customer Deposits				
Active	69,927	2.33%	8.23%	0.19%
Inactive	527	0.02%	0.00%	0.00%
Investment Tax Credit				
3%	1,096	0.04%	0.00%	0.00%
Post '70 - Equity	59,263	1.97%	12.70%	0.25%
- Debt	46,225	1.54%	8.32%	0.13%
Deferred Income Taxes	388,551	12.92%	0.00%	0.00%
	$3,006,775	100.00%		9.24%

1993 Projected Test Year

Common Equity	$1,211,778	37.72%	13.60%	5.13%
Preferred Stock	182,022	5.67%	7.18%	0.41%
Long-Term Debt				
Fixed Rate Debt	1,011,783	31.51%	8.63%	2.72%
Variable Rate Debt	90,429	2.82%	6.11%	0.17%
Short Term Debt	147,347	4.59%	7.50%	0.34%
Customer Deposits				
Active	74,036	2.31%	8.23%	0.19%
Inactive	525	0.02%	0.00%	0.00%
Investment Tax Credit				
3%	815	0.03%	0.00%	0.00%
Post '70 - Equity	56,551	1.76%	12.76%	0.22%
- Debt	44,722	1.39%	8.42%	0.12%
Deferred Income Taxes	391,231	12.18%	0.00%	0.00%
	$3,211,239	100.00%		9.30%

OPC: The weighted cost of capital should be no greater than 8.02%. The proper components, amounts and cost rates are as follows: (Cicchetti)

Common Equity	4.08%
Preferred Stock	0.46%
Long-Term Debt	
Fixed Rate Debt	2.58%
Short-Term Debt	0.21%
Variable Rate	0.18%
Customer Deposits	0.21%
Active	0.19%
Inactive	0.00%
Investment Tax Credits	
3%	0.00%
Post '70 - Equity	0.20%
- Debt	0.12%
Deferred Taxes	0.00%
	8.02%

OCCIDENTAL: For the 1992 current test year, the appropriate weighted cost of capital is 7.91% (6.69% after tax), comprised of the following components. (Baudino):

TABLE III:

WEIGHTED COST OF CAPITAL
1992 TEST PERIOD

	WEIGHTED COST
Common Equity	4.02%
Preferred Stock	0.46%
Long Term Debt	
- Fixed Rate	2.62%
- Variable Rate	0.18%
Short Term Debt	0.11%
Customer Deposits	
- Active	0.19%
- Inactive	0.00%
Investment Tax Credit	
- 3%	0.00%
- Post '70 - Equity	0.20%
- Debt	0.13%
Deferred Income Taxes	0.00%
Total	7.91%

For the 1993 projected test year, the appropriate weighted cost of capital is 7.87% (6.65% after tax), comprised of the following components:

TABLE IV:

WEIGHTED COST OF CAPITAL
1993 TEST PERIOD

	WEIGHTED COST
Common Equity	4.02%
Preferred Stock	0.41%
Long Term Debt	
- Fixed Rate	2.61%
- Variable Rate	0.17%
Short Term Debt	0.18%
Customer Deposits	
- Active	0.19%
- Inactive	0.00%
Investment Tax Credit	
- 3%	0.00%
- Post '70 - Equity	0.18%
- Debt	0.11%
Deferred Income Taxes	0.00%
Total	7.87%

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 31: Are Florida Power's requested balances of accumulated deferred investment tax credits in the amount of $106,584,000 for the 1992 current test year and $102,088,000 for the 1993 projected test year appropriate? (Scardino)

FPC: Yes. The 13-month average balances properly recognize the amortization of the ITCs. (Scardino)

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 32: Are Florida Power's requested balances of accumulated deferred taxes in the amount of $388,551,000 for the 1992 current test year and $391,231,000 for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. The 13 month average balance was determined from activities shown in the budgeted and forecasted income statements. (Scardino)

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 33: Should the effect of implementing FAS 109, Accounting for Income Tax, in early 1993 be reflected in setting current rates? (Scardino)

<u>FPC</u>: Yes. Adoption of the new pronouncement will be required for financial statement purposes in 1993. Florida Power supports the concept of the asset and liability approach required by the new standard and believes that both the Company and its ratepayers would benefit from adoption of the amended pronouncement for regulatory purposes. The adoption of FAS No. 109 will have no effect on the ratemaking process if the regulatory assets and liabilities resulting from the implementation of the standard are treated in the same manner as accumulated deferred income taxes in the capital structure. **(Scardino)**

<u>OPC</u>: No.

<u>OCCIDENTAL</u>: No. There should be no direct effect; rather, it should be revenue neutral.

<u>FIPUG</u>: No position at this time.

<u>FCAN</u>: No position at this time.

<u>AHCLG</u>: No position at this time.

<u>LEAF</u>: No position at this time.

<u>STAFF</u>: No position at this time.

<u>NET OPERATING INCOME</u>

<u>ISSUE 34:</u> Is Florida Power's requested level of Total Operating Revenues in the amount of $958,462,000 ($1,047,013,000 system) for the 1992 current test year and $997,294,000 ($1,096,519 system) for the 1993 projected test year appropriate? **(Scardino)**

<u>FPC</u>: Yes. **(Scardino)**

<u>OPC</u>: No. FPC's total operating revenues for the 1992 current test year should be increased by at least $11,540,000 ($112,543,480 system). OPC does not express an opinion at this time regarding the 1993 test year. (Larkin)

<u>OCCIDENTAL</u>: Agree with Public Counsel.

FIPUG: No. Adjustments due to FPC's treatment of pension expense, OPEB expense and fossil plant dismantlement expense need to be made. FIPUG's "no position" on other NOI issues should not be interpreted to mean FIPUG acquiesces in the Company's position.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 35: Are the company's estimated revenues for sales of electricity based upon reasonable estimates of customers, KW, and KWH billing determinants by rate class? **(Nixon)**

FPC: Yes. Florida Power's estimates of billing determinates for 1992 and 1993 were based on a reasonable forecast of electric sales and prepared in accordance with accepted procedures. As requested in paragraph 12 of the Company's petition, the continued reasonableness of the 1993 sales forecast, and the related billing determinants, should be reviewed and, if necessary, revised based on the level of economic recovery currently anticipated. **(Nixon, Wieland)**

OPC: No. The Company's forecast of KWH sales for the 1992 current test year are understated. OPC does not express an opinion at this time regarding the 1993 test year. (Larkin)

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 36: **Is Florida Power's requested level of Operation and Maintenance Expense in the amount of $409,492,000 ($445,335,000 system) for the 1992 current test year and $435,083,000 ($479,570,000 system) for the 1993 projected test year appropriate? (Scardino, Slusser)**

FPC: Yes. **(Phillips, Hancock, Beard, Greene, Scardino)**

OPC: No. Operation and Maintenance Expense for the 1992 current test year should be reduced by at least $50,335,000, jurisdictional. OPC does not express an opinion at this time concerning the 1993 projected test year. (Larkin)

OCCIDENTAL: No. The adjusted O&M expense for the 1992 current test year is $332,366,000 (jurisdictional):

SUMMARY OF RECOMMENDED
O&M EXPENSE ADJUSTMENTS
(1992)

	TOTAL CO. ($000)	FPC JURISD* FACTOR	JURISD. ($000)
FPC O&M Expense Request	$440,292		$409,492
Adjustments:			
Reduce Inflation Assumption	(2,642)	.9195	(2,429)
Reduce Salaries and Wages Growth	(1,809)	.9195	(1,663)
Reduce Employee Growth	(2,051)	.9195	(1,886)
Fossil Production Unjustified Benchmark Excess	(16,609)	.9009	(14,963)
Nuclear Production Unjustified Benchmark Excess	(22,654)	.9390	(21,272)
Distribution Specific Adjustments	(2,552)	.9917	(2,531)
Administrative and General Specific Adjustments	($ 34,670)	.9340	($ 32,382)
Total Adjustments	($ 82,987)		(77,126)
Recommended O&M Expense	($357,305)		($332,366)

*FPC Schedule C-9

The adjusted O&M expenses for the 1993 projected test year is $353,031,000 (jurisdictional). (Kollen)

FIPUG: No. FPC's operations and maintenance expense must be adjusted to reflect a pay-as-you-go basis for pensions and OPEB benefits. FIPUG's "no position" on other O&M issues should not be interpreted to mean FIPUG acquiesces in the company's position. (Carlson)

FCAN: No position at this time.

AHCLG: No. The Company's O&M expenses should be reduced, inter alia, by $11,038,000 for the 1992 test year and $11,445,000 for the 1992 projected test year to reflect adjustments related to EPRI dues, customer service operations, and Florida Progress overhead.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 37: Should adjustments be made to any test year O&M, and Income Tax Expense to correct errors related to the rescinded purchase of an airplane by FPC? **(Scardino, Slusser)**

FPC: Yes, for the 1991 interim test year. (See the Company's position under Issue 6 above.) (Scardino)

OPC: Flight equipment should not be reflected in the rate base. The related O&M and Income Tax Expense should also be eliminated. (Larkin)

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 38: What is the appropriate amount of advertising expense to be allowed in operating expense for the interim, 1992, and 1993 test years? (Scardino) (Birchfield)

FPC: The appropriate amounts of advertising expense are $968,000 ($968,000 system) for the interim test year, $2,546,000 ($2,546,000 system) for the 1992 test year, and $2,741,000 ($2,741,000 system) for the 1993 test year. (Phillips, Scardino)

OPC: A $553,200 adjustment should be made to the 1992 current test year to remove the costs of advertisements which merely promote the Company and the use of electricity. (Larkin)

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: Yes. Advertising Expense should be reduced by $137,067 for the purpose of removing corporate image advertising from 1991 O&M expenses.

ISSUE 39: Are lobbying expenses included in any of the test years? If so, should any of those lobbying expenses be reclassified below the line? **(Scardino)**

FPC: No. The Company has removed all lobbying expenses from cost of service in all three test years. The amount for "lobbying expenses" charged to FERC Accounts 920.20 and 921.20 as cited in Staff's position were for liaison activities and as such were incorrectly identified as lobbying expenses. For purposes of establishing the 1991 interim test year cost of service, the Company agrees to follow the accounting as prescribed in Staff Accounting Bulletin No. 36.

However, for purposes of determining the cost of service in the 1992 and 1993 test year(s), the Company disagrees with Staff Accounting Bulletin No. 36 in part and included liaison expenses in cost of service. The Company asserts that its liaison efforts benefit the Commission and our customers and has therefore made a pro forma adjustment to increase the 1992 and 1993 cost of service to reflect the cost of liaison activities above the line. See MFR Schedule C-3c, page 2 of 6, line 14, 1992 current test year and MFR Schedule C-3c, page 2 of 3, line 13, 1993 projected test year. Also, see the Company's response to the Staff's Audit Report, Audit Disclosure No. 21 for more detail on the Company's position. **(Scardino)**

OPC: Any lobbying should be excluded from O&M.

OCCIDENTAL: Agree with Public Counsel. FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: Yes. Lobbying expenses in the amount of $8,343 should be reclassified below the line from Accounts 920.20 and 921.20 in 1991.

ISSUE 40: Are Florida Power Corporation's budgeted Industry Association Dues in the amount of $6,751,000 ($7,142,000 system) for the interim test year, $7,044,000 ($7,373,000 system) for the 1992 current test year, and $7,406,000 ($7,765,000 system) for the 1993 projected test year appropriate? **(Scardino, Hancock, Slusser, Beard, Greene)**

FPC: Yes. The lobbying activities reflected in these Industry Association Dues frequently benefit the Company's customers and should not be summarily disallowed where such benefit exists. The appropriate amounts of Industry Association Dues are as follows: $6,624,000 ($7,007,000 system) for the interim test year (see Company's response to Staff's audit disclosure No. 15), $7,044,000 ($7,373,000 system) for the 1992 current test year, and $7,406,000 ($7,765,000 system) for the 1993 projected test year. **(Keesler, Hancock, Beard, Greene, Barron, Scardino)**

No. A $363,970 ($380,961 system) adjustment to the 1992 current test year is necessary to remove membership dues paid to organizations involved in lobbying activities or activities which do not benefit ratepayers. (Larkin)

OCCIDENTAL: Agree with Public Counsel and AHCLG. FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No. $5,121,000 for test year 1992 and $5,384,000 for test year 1993 should be disallowed for EPRI dues.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 41: What amount has Florida Power budgeted to fund the EEI Utility Waste Management Group and is this amount appropriate? **(Scardino, Beard)**

FPC: The Company's 1992 test year O&M expenses appropriately include $33,000 ($35,000 system) for 1992 and $35,000 ($37,000 system) for 1993 as contributions to the EEI Utility Waste Management Group. **(Keesler, Beard, Scardino)**

OPC: No position at this time.

OCCIDENTAL: FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 42: Is FPC's assumed growth in salaries and wages appropriate? If not, what adjustment is necessary?

FPC: Yes. The growth in Florida Power's test year salaries and wages is based on the levels necessary to attract and retain qualified employees in competition with other employers in local, regional and national labor markets. **(Greene)**

OPC: No. The Company's budgeted payroll includes excessive employee growth and excessive projected wage increases. O&M expense for the 1992 current test year should be reduced $6,148,671 ($6,578,229 System) plus $1,051,538 ($1,125,000 System) for incentive compensation. (Larkin)

OCCIDENTAL: No. Salaries and wages are projected by FPC to grow substantially in excess of inflation. This is inconsistent with FPC's actual historical experience. Assumed growth should be limited to inflation. Test year 1992 O&M expenses should be reduced by $1,663,000 (jurisdictional). If the 1993 projected test year is considered, O&M expenses should be reduced by $3,735,000 (jurisdictional).

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 43: Is Florida Power's requested O&M expense level of Salaries and Employee Benefits in the amount of $163,960,000 ($176,135,000 system) and $56,408,000 ($60,300,000 system) for the current 1992 test year, and $171,939,000 ($184,948,000 system) and $89,001,000 ($95,058,000 system) for the 1993 projected test year appropriate? (Scardino)

[illegible]: Yes. Florida Power's test year salaries and wages are based on the levels necessary to attract and retain qualified employees in competition with other employers in local, regional and national labor markets. **(Greene, Scardino)**

[illegible]: No. For the 1992 current test year, salaries and employee benefits should be reduced by $6,148,671

($6,578,229 system) and $3,020,225 ($3,231,224 system), respectively. OPC does not express an opinion at this time concerning the 1993 projected test year. (Larkin)

OCCIDENTAL: No. See Occidental's position on Issue No. 42, 44, 45.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 44: Is the Company's calculation of pro forma payroll for 1992 and 1993 appropriate?

FPC: The Company has made no pro forma payroll calculation for the 1992 or 1993 test years, other than payroll expense properly included in the annualization of the Debary and Intercession City peaking units, the University of Florida project, and the Crystal River Cooling Towers. (Scardino)

OPC: No. FPC's forecast of employees to be hired and wage increases during the 1992 current test year is overstated and should be adjusted. OPC does not express an opinion at this time concerning the 1993 projected test year. (Larkin)

OCCIDENTAL: No. See Occidental's position on Issue Nos. 43 and 45. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 45: Is the Company's budgeted level of employees in the 1992 and 1993 test years appropriate?

FPC: Yes. The 1992 budgeted increase in employees equals 4.7%. However, after removing new employees for the MACS Energy Conservation program, the new Customer Service System Development and the Environmental Affairs Department, the 1992 employee growth rate is only 1.4%. (See below for a reconciliation of the 1992 employee growth.) The 1993 budgeted increase in employees is 1.0%. **(Greene, Scardino)**

	Amount	Percent
Actual Employees 12/31/91	5,677	100.0%
ECCR Additions	138	2.4%
CSS project (Construction)	42	.7%
Environmental Affairs	9	.2%
All Other Areas	80	1.4%
Total Employee Growth	269	4.7%

OPC: No. FPC's forecast of employees to be hired during the 1992 current test year is overstated and should be adjusted. OPC does not express an opinion at this time concerning the 1993 projected test year. (Larkin)

OCCIDENTAL: No. FPC's projected number of employees exceeds its average actual growth rates. For the 1992 current test year, adjustments reduce O&M expense by $2,051,000 (System). If the 1993 projected test year is considered, adjustments reduce O&M expense by $4,102,000 (System).

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

<u>ISSUE 46:</u> Is Florida Power's requested level of Other Post Employment Benefits Expense in the amount of $24,215,000 ($25,887,000 system) for the 1992 current test year and $26,117,000 ($27,894,000 system) for the 1993 projected test year appropriate? **(Scardino, Peterson, Twery)**

<u>FPC</u>: The Company's test year OPEB expense should be reduced to $18,692,000 ($19,983,000 system) for 1992 and $19,908,000 ($21,262,000 system) for 1993 to reflect the benefit reduction provided in the Company's new collective bargaining agreement, which was not completed until after its rate filing had been prepared. **(Twery, Scardino)**

<u>OPC</u>: No. There should be no incremental amount over the pay-as-you-go total. The Commission should not adopt FAS 106 for regulatory purposes.

<u>OCCIDENTAL</u>: No. The Commission should limit the level of OPEB expense to the 1993 cash pay-as-you-go level of $3,825,000. The Commission should order FPC to defer the timing difference between this ratemaking level of OPEB expense and the SFAS No. 106 level of pension expense as a non-rate base regulatory asset. The regulatory asset should not earn a rate of return since it is accounting derived and does not reflect the deferral of a cash cost. See Issue No. 10. (Kollen)

<u>FIPUG</u>: No. See Issue No. 10.

<u>FCAN</u>: No position at this time.

<u>AHCLG</u>: No position at this time.

<u>LEAF</u>: No position at this time.

<u>STAFF</u>: No position at this time.

<u>ISSUE 47:</u> Is Florida Power's requested level of Pension Expense in the amount of $4,270,000 ($4,561,000 system) for the 1992 current test year and $6,257,000 ($6,683,000 system) for the 1993 projected test year appropriate? (Scardino, Peterson)

FPC: Yes. Florida Power's gross pension expense for the 1992 and 1993 test years was determined using the guidelines established in Financial Accounting Standard No. 87, "Employers Accounting for Pensions". **(Peterson, Scardino)**

OPC: No. Pension expense for the 1992 current test year should be reduced by $453,570 ($485,257 system). OPC does not express an opinion at this time concerning the 1993 projected test year. (Larkin)

OCCIDENTAL: No. The Commission should limit the level of pension expense to the projected $0 million 1992 funding level consistent with FPC's unilateral treatment since 1987. The Commission should order the Company to defer the timing difference between that $0 million ratemaking level and the $4.561 million SFAS No. 87 level of pension expense as a non-rate base regulatory asset. See Issue No. 9. (Kollen)

FIPUG: No. See Issue No. 9.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 48: Should FPC be allowed to include as operating expense the amortization of the $3.7 million regulatory asset related to pension expense which was deferred in prior years? **(Scardino)**

FPC: Yes. Since the 1987 base rate proceeding the Company recorded periodic pension expense on its books in accordance with FAS No. 87 "Employer's Accounting for Pensions" but, for ratemaking purposes, removed that entry by recording adjusting journal entries to comply with FAS No. 71 "Accounting for the Effects of Certain Types of Regulation". These entries were made to conform the accounting for pensions to the ratemaking established in the 1987 proceeding and also because this Commission had not established a ratemaking policy to account for pension expense for electric utilities. In effect the Company has employed a "dollar tracking" method of accounting for pension expense since 1988 and has used this method to prepare the 1992 test year data. **(Peterson, Scardino)**

OPC: No. A $453,570 ($485,257 system) adjustment to the 1992 current test year is necessary to reflect the removal of the annual amortization of the pension asset in the 1992 current test year. (Larkin)

OCCIDENTAL: No. The Commission should not allow the $1,233,000 annual amortization of the regulatory asset created by the Company through its unilateral accounting actions from 1987 through 1992. (Kollen)

FIPUG: If the Commission directs FPC to use the pay-as-you-go method for pension ratemaking expense, the regulatory asset is legitimate. However, the asset should not be amortized until the cash payment exceeds the SFAS No. 87 expense. If the Commission allows recovery in rates of SFAS No. 87 expense the deferrals are not legitimate and allowance of them would be retroactive ratemaking. (Carlson)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 49: What is the appropriate amount of outside services expense to be allowed in operating expense?

FPC: The appropriate amount of outside services expense to be allowed in operating expense is $12,348,000 ($13,330,000 system) for the 1992 current test year, and $12,805,000 ($13,836,000 system) for the 1993 projected test year. **(Scardino, Hancock, Beard, Phillips)**

OPC: No position at this time, awaiting further discovery. (Larkin)

OCCIDENTAL: FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 50: Is FPC's 1992 and 1993 test year requested accrual for medical/life reserve-active employees and retirees appropriate?

FPC: Yes. The use of these reserves are in compliance with Commission Rule 25-6.0143. The accruals for medical/life (active employees) of $16,413,000 ($17,546,000 system) for 1992 and $18,171,000 ($19,408,000 system) for 1993 are based on past experience on a pay-as-you-go basis. The test year accruals for post retirement medical/life (active employees and retirees) are based on the requirements of FAS No. 106, as stated in the Company's position under Issue 46. **(Scardino)**

OPC: No. The Company's projected level of expense should be reduced based on the projected wage level adjustment. Included in the fringe benefit adjustment is a reduction of $700,509 ($938,894 System) (Larkin)

OCCIDENTAL: No. The 1992 test year requested accrual should be reduced $1,523,000. If the Commission considers the 1993 projected test year, the requested accrual should be reduced $1,800,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 51: Is FPC's requested accrual for storm damage for the 1992 and 1993 test years appropriate?

FPC: Yes. The accrual was projected in the same manner as the Company proposed in its 1987 base rate proceeding. The Company will accrue for storm damage until the amount in the storm damage reserve equals the deductible of the T&D property insurance policy. **(Scardino)**

OPC: No.

OCCIDENTAL: No. FPC should amortize over five years the remaining deficiency of $1,636,000 that existed at December 31, 1991. Annual amortization would be $327,000, reducing the Company's request by $777,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 52: Is FPC's 1992 and 1993 test year requested expense accrual for the claims reserve appropriate?

FPC: Yes. The use of this reserve is in compliance with Commission Rule 25-6.0143. The test year accruals are based on a matching of expected current year charges. **(Scardino)**

OPC: No position at this time.

OCCIDENTAL: No. The 1992 test year requested accrual should be reduced $1,011,000. If the Commission considers the 1993 projected test year, the requested accrual should be reduced $1,011,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 53: Should interest on tax deficiencies of $2,141,000 ($2,378,000 system) for 1992 and $1,167,000 ($1,308,000 system) for 1993 be included in O&M expense? **(Scardino, Slusser)**

FPC: Yes. The Company has recognized the accrual and amortization of interest on potential income tax deficiency items on its books and records and also as a component of cost of service in its monthly surveillance reports filed with this Commission since its last rate case. The Company believes that the positions it takes on these items best protects the interest of the customers. Although the Company might not ultimately prevail on all of the potential tax deficiency items, the final income tax liability is the result of negotiation and compromise and is typically less than if the Company had not taken the position on its original income tax return. See the Company's response to Staff's audit disclosure #14. **(Scardino)**

OPC: No. The 1992 current test year should be reduced by $2,141,000 ($2,378,000 system). (Larkin)

OCCIDENTAL: No. Since the ratepayers did not receive the interest or return benefit of the disallowed ITC utilization in the past, it is not appropriate for the ratepayers to pay for the Company's "lost" interest benefit now. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 54: Is Florida Power's requested level of Bad Debt Expense in the amount of $2,500,000 ($2,500,000 system) for the 1992 current test year and $2,700,000 ($2,700,000 system) for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. The requested level of Bad Debt Expense was forecasted for both the 1992 and 1993 test years based on historical experience for charge-offs for the past 5 years. **(Scardino)**

OPC: No.

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 55: Is Florida Power's requested Rate Case Expense in the amount of $424,200 appropriate? **(Scardino)**

FPC: Yes. The total amount of $424,000 equates to only $.36 per average customer and is being amortized over two years. **(Scardino)**

OPC: No.

OCCIDENTAL: FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 56: What adjustments, if any, should be made to O&M expenses for the 1992 current test year and the 1993 projected test year? **(Hancock, Beard, Phillips, Scardino)**

FPC: Florida Power's test year O&M expenses are reasonable and the increases above the O&M benchmark have been justified in the testimony of the Company's witnesses and the supporting MFR schedules (C-57a, b, c and d). **(Hancock, Beard, Phillips, Scardino)**

OPC: The following adjustments should be made to O&M expense for the 1992 current test year:

A. Flight Department O&M should be reduced by $715,653 ($765,650 system)
B. Tree Trimming Expense should be reduced by $1,925,978 ($1,934,490 system)
C. Advertising Expense should be reduced by $553,200 ($553,200 system)
D. Industry Association Dues should be reduced by $363,970 ($380,961 system)
E. Economic Development Activities Expense should be reduced by $455,336 ($487,147 system)
F. Payroll Expense should be reduced by $6,148,671 ($6,578,229 system)
G. Fringe Benefits Expense should be reduced by $3,020,225 ($3,231,224 system)
H. Incentive Compensation Expense should be reduced by $1,051,538 ($1,125,000 system)
I. Fossil Plant O&M Expense should be reduced by $9,279,270 ($10,300,000 system)
J. Nuclear O&M Expense should be reduced by $6,479,100 ($6,900,000 system)
K. Amortization of the pension asset should be reduced by $947,348 ($1,013,526 system)
L. Interest on Tax Deficiency should be reduced by $2,141,374 ($2,378,512 system)

The OPC does not express an opinion at this time regarding the 1993 projected test year. (Larkin, McGaughy)

OCCIDENTAL: See Occidental Position on Issue No. 36. (Kollen)

FIPUG: See Issue 9 and 10.

FCAN: No position at this time.

AHCLG: The Company's O&M expenses should be reduced, inter alia, by $11,038,000 for test year 1992 and $11,445,000 for test year 1993 to reflect adjustments related to EPRI dues, customer service operations, and Florida Progress overhead.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 57: Should the O&M benchmark be applied to the Company as a whole, or to FPC's individual functional units?

FPC: The O&M benchmark test would serve as a more meaningful and realistic measure of Florida Power's actions in managing its O&M expenses if it were applied to the Company as a whole. Florida Power manages and sets limits on its O&M budget in total, maintaining the flexibility to allocate the budget to activities based on the greatest need or efficiency. Applying the benchmark test to individual functional areas adversely influences this allocation of the O&M budget away from areas with unfavorable benchmark variances, irrespective of the need or efficiency of expenditures in those areas. Better regulatory policy would hold the utility accountable for its overall expense levels and allow management to determine where and how the expenses are incurred. **(Greene, Phillips, Hancock, Beard)**

OPC: Individual functional units.

OCCIDENTAL: The O&M benchmark should be applied to FPC's individual functional units, unless the Commission adopts a strict application of the benchmark methodology.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 58: What are the appropriate Consumer Price Index factors to use in determining test year expenses? **(Scardino, Greene)**

FPC: The appropriate CPI factors are shown on MFR Schedule C-56. **(Scardino)**

OPC: No position at this time.

OCCIDENTAL: A 3.1% factor is an appropriate growth projection for the 1992 test year. If the Commission considers the 1993 projected test year, a 3.3% factor is an appropriate growth projection. Incorporating these adjustments, the 1992 O&M benchmark level is $365,105,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 59: Is Florida Power's requested level of Nuclear O&M in the amount of $92,037,897 ($97,819,000 system) for the 1992 current test year and $95,763,861 ($101,779,000 system) for the 1993 projected test year appropriate? **(Beard)**

FPC: Yes. The requested levels of Nuclear O&M costs for the 1992 current test year and for the 1993 projected test year are justified. (Beard)

OPC: No. Based on an analysis of O&M expenses of comparable nuclear facilities, the OPC supports a minimum disallowance in the level of Nuclear O&M in the amount of $6,492,000 ($6,900,000 System) for the 1992 current test year and $4,610,000 ($4,900,000 System) for the 1993 projected test year. These disallowances result in Nuclear O&M expense levels of $85,545,897 ($90,900,000 System) for the 1992 current test year and $91,153,861 ($96,800,000) for the 1993 projected test year. OPC offers these maximum levels of O&M expense as a recommendation if and only if FPC can adequately justify the Nuclear O&M expense that exceeds the Commission established benchmark for the 1992 current test year and the 1993 projected test year. (McGaughy)

OCCIDENTAL: No. FPC's nuclear production O&M expense should be reduced by $21,272,000 (jurisdictional) for the 1992 current test year. If the Commission decides to use the 1993 projected test year, it should decrease nuclear production O&M for the 1993 projected test year by $21,218,000 (jurisdictional). (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 60: For the 1984 thru 1987 time period, has Florida Power justified $3,010,880 ($3,200,000 system) of expenses associated with Increased Personnel in excess of the 1992 Nuclear O&M benchmark? **(Beard)**

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with positions in Training, Operations (including NRC License premiums), Radiation Protection, Radioactive Waste Management, and other areas in which additional work was required as a result of NRC and other industry mandated requirements. (Beard)

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 61: For the 1987 thru 1992 time period, has Florida Power justified $408,351 ($434,000 system) of expenses associated with the B&W Owner's Group in excess of the 1992 Nuclear O&M benchmark? **(Beard)**

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with the B&W Owners Group, an organization which provides the mechanism to manage and take action on issues and problems common to B&W plants. The B&WOG provides an effective method of resolving common issues by pooling the resources of the owners and vendor to assess issues and develop viable resolution alternatives. It also allows the members to share the costs of detailed technical work required to support the resolution of these issues. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 62: For the 1987 thru 1992 time period, has Florida Power justified $135,490 ($144,000 system) of expenses associated with the Motor Operated Valve Testing System in excess of the 1992 Nuclear O&M benchmark? **(Beard)**

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear benchmark associated with the Motor Operated Valve Testing System (MOVATS) program. The MOVATS program was initiated in 1989 as a response to NRC Generic Letter 89-10 dealing with inspection and testing of valves. However, the justified amount should be $112,000 ($119,000 System). **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 63: For the 1987 thru 1992 time period, has Florida Power justified $2,861,277 ($3,041,000 system) of expenses associated with the Long Term Maintenance Plan in excess of the 1992 Nuclear O&M benchmark? **(Beard)**

FPC: Yes. Florida Power has justified the expenses over the 1992 Nuclear O&M benchmark associated with the Long Term Maintenance Plan (LTMP). The LTMP is an innovative long-term approach to upgrading existing maintenance of primary side components. It covers a period of ten years which includes five mid-cycle outages and five refueling outages. The LTMP provides Florida Power and its customers with predictable maintenance costs for these components through levelized annual payments and takes advantage of the greater maintenance experience of vendor personnel. Therefore, the LTMP strongly supports the objective of improved reliability, availability, and predictable and levelized costs. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 64: For the 1987 thru 1992 time period, has Florida Power justified $478,918 ($509,000 system) of expenses associated with the Operator Training Simulator in excess of the 1992 Nuclear O&M benchmark? **(Beard)**

FPC: Yes. Florida Power has justified the expenses over the 1992 Nuclear O&M benchmark associated with maintenance of the Operator Training Simulator (and associated building) at the Training Facility in Crystal River. The simulator was evaluated as the most cost effective method to comply with significantly more stringent federal regulations governing Licensed Operator training. Routine corrective and preventive maintenance of the simulator and hardware and software enhancements are required to ensure its availability for use in conducting simulator training programs. However, the justified amount should be $632,000 ($672,000 System) to include the associated building maintenance which was justified but the expense was inadvertently not included in the MFR Schedule C-57b. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 65: For the 1984-87 time period, has FPC justified expenses in excess of the Nuclear O&M Benchmark of $2,537,000 for Wage Differential?

FPC: Yes. Florida Power has justified the expenses in excess of the 1987 Nuclear O&M benchmark associated with the wage differential which was necessary to attract and retain qualified personnel on a parity with peers in the industry. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 66: For the 1984-87 time period, has FPC justified expenses in excess of the Nuclear O&M Benchmark of $1,757,000 for Plant Maintenance?

FPC: Yes. Florida Power has justified the expenses in excess of the 1987 Nuclear O&M benchmark for additional maintenance requirements associated with new plant systems (Emergency Feedwater Initiation and Control System and Emergency Feedwater Upgrade; Expansion of Remote Shutdown Panel and Controls; Reactor Vessel Level Indicating; Post Accident Sampling System; and Automated condenser cleaning system (Amertap)). These expenses also include Pooled Inventory Management Program Membership; Fully Integrated Materials Information System (FIMIS); and added contractor cost to support the establishment of the Fire Protection Program and for implementing portions of the OSHA and EPA regulations concerning hazardous material and waste. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 67: For the 1984-87 time period, has FPC justified expenses in excess of the Nuclear O&M Benchmark of $5,230,000 for Projects and Modifications?

FPC: Yes. Florida Power has justified the expenses in excess of the 1987 Nuclear O&M benchmark associated with Projects and Modifications relating to regulation and licensing requirements. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 68: For the 1987-92 time period, has FPC justified expenses in excess of the Nuclear Production O&M Benchmark of $2,281,000 for Configuration Management?

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with Configuration Management. The project will resolve design basis issues and to construct and maintain an on-line CM Information System. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 69: For the 1987-92 time period, has FPC justified expenses in excess of the Nuclear Production O&M Benchmark of $307,000 for Maintenance Activity Control System?

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with the Maintenance Activity Control System (MACS) which is a computerized work process and control system that allows on-line planning, review, and approval of maintenance activities. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 70: For the 1987-92 time period, has FPC justified expenses in excess of the Nuclear Production O&M Benchmark of $136,000 for Electrical Calculation Program?

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with the Electrical Calculation Program which is an ongoing effort to identify areas of potential non-compliance with the plant design basis. (Beard)

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 71: For the 1987-92 time period, has FPC justified expenses in excess of the Nuclear Production O&M Benchmark of $201,000 for Planning and Scheduling?

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with Planning and Scheduling. Planning precision and schedule accuracy are requirements which must be met in order to achieve higher levels of success in daily maintenance and outage periods as well as cost management. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 72: For the 1987-92 time period, has FPC justified expenses in excess of the Nuclear Production O&M Benchmark of $200,000 for Valve Reliability Program?

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with the Valve Reliability Program which targets critical valves (other than regulatory required) and performs periodic assessment and maintenance prior to failure. This is another initiative aimed at reducing potential causes of plant down time. Upon further review, the Company has determined that the expenses justified for this Program were not in excess of the 1992 Nuclear O&M benchmark for similar expenses incurred in 1987. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 73: For the 1987-92 time period, has FPC justified expenses in excess of the Nuclear Production O&M Benchmark of $135,000 for Technical Specification Improvement?

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with the Technical Specification Improvement which is a multi-utility/NRC effort to refine and upgrade generic Technical Specifications for nuclear plants. **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 74: For the 1987-92 time period, has FPC justified expenses in excess of the Nuclear Production O&M Benchmark of $133,000 for Industry Groups?

FPC: Yes. Florida Power has justified the expenses in excess of the 1992 Nuclear O&M benchmark associated with Industry Groups which are designed to take advantage of the combined operating experience of other nuclear utilities and maintain good standing with regulatory agencies. (Nuclear Backfitting and Reform Group; the Seismic Qualification Utility Group; the Station Blackout Clearinghouse; and the Electrical Distribution System Clearinghouse.) **(Beard)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 75: Is Florida Power's requested level of Total Fossil O&M in the amount of $88,844,000 ($101,071,000 system) for the 1992 current test year and $100,496,000 ($114,336,000 system) for the 1993 projected test year appropriate? **(Hancock)**

FPC: Yes, Florida Power's requested level of Total Fossil O&M is appropriate. The Company has justified O&M expenses of $11,351,000 greater than the total benchmark variance of $29,935,000. **(Hancock)**

OPC: No. Based on a comparison of similar facilities, the OPC supports a minimum disallowance in the level of Fossil O&M expense in the amount of $9,053,963 ($10,300,000 System) for the 1992 current test year and $13,887,460 ($15,800,000 System) for the 1993 projected test year. These disallowances result in Fossil O&M expense levels of $79,790,037 ($90,771,000 System) for the 1992 current test year and $86,608,532 ($98,536,000) for the 1993 projected test year. OPC offers these maximum levels of O&M expense as a recommendation if and only if FPC can adequately justify the Fossil O&M expense that exceeds the Commission established benchmark for the 1992 current test year and the 1993 projected test year. (McGaughy)

OCCIDENTAL: No. FPC's Fossil O&M expense should be reduced by $14,963,000 (jurisdictional) for the 1992 current test year. 1993 projected Fossil O&M expense should be reduced by $18,262,000 (jurisdictional). (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 76: For the 1984 thru 1987 and the 1987 thru 1992 time periods, has Florida Power justified $4,950,000 ($5,281,000 system) of expenses in excess of the 1987 Fossil Production O&M benchmark and $6,676,254 ($7,541,233 system) of expenses in excess of the 1992 Fossil Production O&M benchmark associated with Scheduled Outage Expenses. **(Hancock)**

FPC: Yes, Florida Power has justified its scheduled outage expenses in excess of the 1987 and 1992 benchmarks. These expenses are fully justified in MFR Schedule C-57a and C-57a (Supplemental) starting on page 203 for 1992 and page 26 for 1987. **(Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. The only Scheduled Outage Expenses justified by FPC are the outage costs associated with Crystal River 5 ($3,797,000). (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 77: For the 1987 thru 1992 time period, has Florida Power justified $4,017,892 ($4,538,453 system) of expenses associated with Environmental Changes in excess of the 1992 Fossil Production O&M benchmark? **(Hancock)**

FPC: Yes, Florida Power has justified O&M expenses in excess of the 1992 benchmark associated with Environmental Expenses. Many of these expenses are new scope requirements, as detailed in the Fossil Benchmark Justification, MFR Schedule C-57a. **(Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. FPC has not justified its excess variance on the basis of the Solid Waste Minimization Program ($63,000), the Water Conservation Program ($140,000), the Ongoing Energy Efficiency Program ($216,000), the Crystal River Hazardous Waste ($209,000), or Other Hazardous Waste ($220,000). (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 78: For the 1987 thru 1992 and the 1992 thru 1993 time periods, has Florida Power justified $703,672 ($794,840 system) of expense in excess of the 1992 Fossil Production O&M benchmark and $183,803 ($207,617 system) of expenses in excess of the 1993 Fossil Production O&M benchmark associated with Increased Painting Costs? **(Hancock)**

FPC: Yes, Florida Power has justified Increased Painting Expenses in excess of the 1992 and 1993 benchmarks. These justifications are detailed starting on page 198 of the Fossil Benchmark Justification in MFR Schedule C-57a (1992) and on page 131 of MFR Schedule C-57a (1993), and in Late-filed Exhibit No. 11 to Mr. Hancock's deposition by Staff. **(Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 79: For the 1987 thru 1992 and the 1992 thru 1993 time periods, has Florida Power justified $1,987,002 ($2,244,439 system) of expenses in excess of 1992 Fossil Production O&M benchmark and $689,419 ($781,300 system) of expenses in excess of the 1993 Fossil Production O&M benchmark associated with Aging and Maturation Activities at Florida Power's coal, oil, and natural gas plants? (Hancock)

FPC: Yes, Florida Power has justified Aging and Maturation expenses in excess of the 1992 and 1993 benchmark. These expenses are justified starting on page 191 of the Fossil Benchmark Justification in MFR Schedule C-57a (1992) and starting on page 127 of MFR Schedule C-57a (1993), and in Late-filed Exhibit Nos. 7, 9, and 10 to Mr. Hancock's deposition by Staff. (Hancock)

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 80: For the 1992 thru 1993 time period, has Florida Power justified $970,245 ($1,099,552 system) of expenses associated with the Activation of the New Intercession City Peaking Units in excess of the 1993 Fossil Production O&M benchmark? (Hancock)

FPC: Yes, Florida Power has justified O&M expenses associated with the activation of the new Intercession City Peaking Units in Mr. Hancock's direct testimony, starting on page 29. (Hancock)

OPC: No position at this time.

OCCIDENTAL: No expenses associated with 1993 plant additions should be allowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 81: For the 1992 thru 1993 time period, has Florida Power justified $2,406,305 ($2,727,000 system) of expenses associated with the University of Florida Cogeneration Unit in excess of the 1993 Fossil Production O&M benchmark? (Hancock)

FPC: Yes, Florida Power has justified O&M expenses associated with the activation of the University of Florida Cogeneration Unit in Mr. Hancock's direct testimony, starting on page 29. (Hancock)

OPC: No position at this time.

OCCIDENTAL: No expenses associated with 1993 plant additions should be allowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 82: For the 1984-87 time period, has FPC justified expenses in excess of fossil O&M Benchmark of $344,000 associated with Existing Gas Turbines?

FPC: Yes, Florida Power has justified expenses in excess of the 1987 benchmark for Existing Gas Turbines. These expenses are justified starting on page 20 of the Fossil Benchmark Justification in MFR Schedule C-57a (Supplemental). **(Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 83: For the 1984-87 time period, has FPC justified expenses in excess of fossil O&M Benchmark of $202,000 for Predictive Maintenance?

FPC: Yes, Florida Power has justified expenses in excess of the 1987 benchmark for Predictive Maintenance. These expenses are justified on page 21 of the Fossil Benchmark Justification in MFR Schedule C-57a (Supplemental). **(Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 84: For the 1984-87 time period, has FPC justified expenses in excess of fossil O&M Benchmark of $575,000 for Engineering Services?

FPC: Yes, Florida Power has justified expenses in excess of the 1987 benchmark for Engineering Services. These expenses are justified on page 21 of the Fossil Benchmark Justification in MFR Schedule C-57a (Supplemental). **(Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. FPC has provided no justification for the $575,000 related to outage planning. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 85: For the 1984-87 time period, has FPC justified expenses in excess of fossil O&M Benchmark of $398,000 for Non-Fossil Departments?

FPC: Yes, Florida Power has justified expenses in excess of the 1987 benchmark for Non-Fossil Departments. These expenses are justified starting on page 22 of the Fossil Benchmark Justification in MFR Schedule C-57a (Supplemental). **(Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. FPC has provided no justification for the $398,000 portion of the Non-Fossil Departments expense. This portion is related to wages above CPI. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 86: For the 1984-87 time period, has FPC justified expenses in excess of fossil O&M Benchmark of $2,205,000 for Wages above CPI?

FPC: Yes, Florida Power has justified expenses in excess of the 1987 benchmark for Wages Above CPI. These expenses are justified starting on page 56 of the Fossil Benchmark Justification in MFR Schedule C-57a (Supplemental). **(Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. The entire requested amount should be disallowed. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 87: Is FPC's requested level of tree-trimming expense of $8,879,000 for 1992 and $7,320,000 for 1993 appropriate?

FPC: Yes. Florida Power's Transmission and Distribution O&M expenses are well below the O&M benchmark for these two functional areas. The tree trimming component of these expenses is reasonable and appropriate, as justified by the testimony of Mr. Phillips and supporting MFR Schedule C-57c. **(Phillips)**

OPC: No. The 1992 current test year should be reduced by $1,925,978 ($1,934,490 system). OPC does not express an opinion at this time concerning the 1993 projected test year. (Larkin)

OCCIDENTAL: No. FPC's request should be limited to a five-year average of $6,327,000. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 88: Is Florida Power's requested level of Customer Accounts Expense in the amount of $36,456,000 ($36,569,000 system) for the current 1992 test year and $38,845,000 ($38,845,000 system) for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. Florida Power's Customer Accounts Expense for the 1992 and 1993 test years is below the Customer Accounts O&M benchmark. These expenses have been fully justified in the testimony of Mr. Phillips and supporting MFR Schedule C-57c. **(Phillips)**

OPC: No position at this time.

OCCIDENTAL: FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 89: Is Florida Power's requested level of Customer Service Expense in the amount of $7,984,000 ($7,984,000 system) for the 1992 current test year and $8,541,000 ($8,541,000 system) for the 1993 projected test year appropriate? (Scardino)

FPC: Yes. Florida Power's Customer Service Expense for the 1992 and 1993 test years is below the Customer Service O&M benchmark. These expenses have been fully justified in the testimony of Mr. Phillips and supporting MFR Schedule C-57c. (Phillips)

OPC: No. Account 909.30, Other Informational, Instructional, Conservation Advertising, should be reduced by $553,200 ($553,200 system) for the 1992 current test year. OPC does not express an opinion at this time regarding the 1993 projected test year. (Larkin)

OCCIDENTAL: FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No. $1,155,000 for test year 1992 and $1,037,000 for test year 1993 should be disallowed.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 90: Is Florida Power's requested level of Sales Expense in the amount of $942,000, ($942,000 system) for the 1992 current test year and $1,007,000 ($1,007,000 system) for the 1993 projected test year appropriate? (Scardino)

FPC: Yes. Florida Power Corporation's requested level of Sales Expense for the 1992 and 1993 test years is reasonable and the increases above the O & M

Benchmark have been justified in the testimony of Mr. Phillips and supporting MFR Schedule C-57c. **(Phillips)**

OPC: No. For 1992, FPC's requested Sales Expense is $272,000 over the benchmark established using the appropriate base year of 1984. For 1993, the requested expense amount is $275,000 over the benchmark.

OCCIDENTAL: FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 91: Is Florida Power's requested level of Administrative and General Expense in the amount of $103,584,000 ($110,816,000 system) for the current test year and $107,648,000 ($115,093,000 system) for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. Florida Power Corporation's requested level of Administrative and General Expense for test years 1992 and 1993 are reasonable and the increases above the O & M Benchmark have been justified in the testimony of Mr. Scardino and supporting MFR schedules. **(Scardino)**

OPC: No. The following adjustment should be made to the 1992 current test year Administrative and General Expense:

a. Industry Association Dues should be reduced by $363,970 ($380,961 system)
b. Economic Development Activities Expense should be reduced by $455,336 ($487,147 system)
c. Payroll Expense should be reduced by $6,148,671 ($6,578,229 system)
d. Fringe Benefits Expense should be reduced by

$3,020,225 ($3,231,224 system)

e. Incentive Compensation Expense should be reduced by $1,051,538 ($1,125,000 system)

f. Amortization of the pension asset should be reduced by $947,348 ($1,013,526 system) (Larkin)

OCCIDENTAL: No. FPC's administrative and general O&M expense should be reduced by $32.382 million (jurisdictional) for the 1992 test year. If the Commission decides to use the 1993 projected test year, it should also reduce O&M expenses for the 1993 projected test year by $29.288 million (jurisdictional). (Kollen)

FIPUG: No. See Issues 9 and 10.

FCAN: No position at this time.

AHCLG: No. The Company's O&M expenses should be reduced, inter alia, for overhead charges paid to Florida Progress in the amount of $4,762,000 for test year 1992 and $5,024,000 for test year 1993.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 92: For the 1984-87 time period, has FPC justified expenses in excess of the Administrative and General Benchmark of $3,001,000 for Post Retirement Benefits Other than Pensions?

FPC: Yes. In December 1985, the Company began the transition of recognizing the liability for post-employment benefits other than pensions (OPEB's) for current retirees from a pay-as-you-go basis to an accrual basis. The Company views the obligation for post-employment benefits other than pensions similar to the pension liability in that both forms of benefits represent a form of deferred compensation that should be recognized in cost of service during the employee's years of active service rather than in the post-employment period. (Scardino)

OPC: No. The Commission should limit the level of OPEB expenses to the 1992 pay-as-you-go level of

$3,825,000 and order FPC to defer the timing difference between this level of OPEB expense and SFAS No. 106 level of pension expense as a non-rate base regulatory asset. See Occidental's Position on Issues 69 and 70. (Kollen)

OCCIDENTAL: No. The Commission should limit the level of OPEB expenses to the 1992 pay-as-you-go level of $3,825,000 and order FPC to defer the timing difference between this level of OPEB expense and SFAS No. 106 level of pension expense as a non-rate base regulatory asset. See Occidental's Position on Issues 69 and 70. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 93: For the 1984-87 time period, has FPC justified expenses in excess of the Administrative and General Benchmark of $600,000 for Management Incentive Compensation Plan?

FPC: Yes. Beginning in 1985, the Company recognized the need for improving overall corporate performance based on the performance of Florida Power against a nationwide group of investor owned electric utilities who were designated as "peer group" companies. The Company's plan places a portion of the total compensation of specific key employees at risk by requiring the achievement of certain goals and objectives established at the beginning of each year. **(Greene, Scardino)**

OPC: No. The benchmark appropriately calculated using the 1984 base year, provided sufficient expenses to cover safe, efficient and reliable service for the 1992 test year.

OCCIDENTAL: No. See Occidental's Positions on Issues 9, 10, 46 and 47. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 94: For the 1987-92 time period, has FPC justified expenses in excess of the Administrative and General Benchmark of $5,794,000 for Pension Expense?

FPC: Yes. The gross pension expense of $4,561,000 included in the 1992 test year reflects a scope change from the test year benchmark. In 1986, the Company adopted the actuarial cost method required by FAS 87, "Employer's Accounting for Pensions." This substantially reduced pension costs in 1986 and resulted in zero pension expense in the 1987 test year cost of service. In addition to the $4,561,000 shown above, the 1992 test year pension expense also includes $1,233,000 related to the amortization of a regulatory pension asset resultant from the deferral of pension expense based on FAS 71. **(Scardino)**

OPC: No. The benchmark appropriately calculated using the 1984 base year, provided sufficient expenses to cover safe, efficient and reliable service for the 1992 test year.

OCCIDENTAL: No. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 95: For the 1987-92 time period, has FPC justified expenses in excess of the Administrative and General Benchmark of $18,287,000 for Post Retirement Benefits Other than Pensions?

FPC: Yes. FAS 106, "Employer's Accounting for Post-retirement Benefits Other than Pensions" (OPEB's) requires an employer to accrue the costs of postretirement benefits over the career of an employee rather than the pay-as-you-go method. The catalyst for change to accrual accounting is due to the fact that the cost of these benefits are similar to pension benefits and should be recognized during the working life of the employee. The 1987 cost of service included approximately $5,316,000 of OPEB expense for current retirees. The gross amount included in the 1992 test year is approximately $25,887,000 and recognizes the costs for both active employees and retirees. **(Scardino)**

OPC: No. The benchmark appropriately calculated using the 1984 base year, provided sufficient expenses to cover safe, efficient and reliable service for the 1992 test year.

OCCIDENTAL: No. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 96: Is Florida Power's requested Depreciation Expense of $210,428,000 ($231,898,000 system) for the 1992 current test year and $226,109,000 ($251,178,000 system) for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. The estimated depreciation expense computed based on the budget process and other known adjustments (nuclear decommissioning, annualizations, Sebring purchase, etc.) to depreciation expense produce the $231,898,000 for 1992 and $251,178,000 for 1993 as filed in MFR C3-a. The budget process is briefly defined below.

The basis for computing depreciation expense for the corporate budget is the estimated Electric Plant in Service balances. Electric Plant in Service is estimated based on the projected expenditures to Construction Work in Progress and the subsequent closing of those expenditures to Electric Plant. Retirements from Electric Plant are also estimated. The resulting plant balances are then multiplied by the approved depreciation rates per order No. 23957, Docket No. 891335-EI to determine the budgeted depreciation expense. **(Scardino)**

OPC: No. The following adjustments should be made to the 1992 current test year Depreciation Expense:

a. Depreciation Expense should be increased by $524,031 ($577,000 system)

b. Nuclear Decommissioning Expense should be decreased by $4,102,596 ($4,441,000 system)

OPC does not express an opinion at this time regarding the 1993 projected test year. (Larkin)

OCCIDENTAL: Fossil dismantlement expense is overstated. See Issues 98, 99. FPC's nuclear decommissioning expense request should be disallowed as recommended by Mr. Kollen. (Kollen)

FIPUG: No. FPC's requested depreciation expense is overstated because FPC seeks to include a 25% contingency in its estimate of dismantlement costs for fossil fuel plants and ignores the future value of the associated land. Dismantlement expense should be reevaluated to eliminate the 25% contingency factor and to take into consideration the future value of the land. (Carlson)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 97: Is Florida Power's requested adjustment to depreciation expense for 1992 and 1993 associated with Sebring's portion of Crystal River #3 appropriate? **(Scardino)**

FPC: Yes. **(Scardino)**

FPC: With respect to the acquisition of Sebring's interest in Crystal River 3, yes. With respect to the acquisition of Sebring's distribution system, the effects of that acquisition should be removed from further consideration in the case. (See Florida Power's position under Issue 7 above.) **(Keesler, Phillips, Scardino)**

OPC: The prospective purchase should be excluded from Rate Base. The related depreciation expenses should also be removed.

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 98: Is Florida Power's adjustment to increase Fossil Fuel Dismantlement Expense in 1992 by $3,919,000 ($4,643,000 system) and to decrease the expense in 1993 by $3,590,000 ($4,390,000 system) appropriate? **(Scardino)**

FPC: The Company and certain intervenors reached an agreement evidenced by a stipulation approved by the Commission in Docket No. 910154-EI, Order No. 24566, dated May 21, 1991. The stipulation postponed implementation of any additional increase in the Company's depreciation expense related to dismantlement cost until its next base rate proceeding. The adjustment for the 1992 and 1993 test year MFR filing was prepared as an estimate and should be adjusted to the actual amount as determined by this Commission. The Company is proposing the correct amount of Fossil Dismantlement expense in Part O of the exhibits to Mr. Scardino's direct testimony. **(Scardino, Hancock)**

OPC: No position at this time.

OCCIDENTAL: No. For the 1992 current test year FPC's revenue requirement should be reduced by $3,711,0000 (jurisdictional). If the Commission considers the 1993 projected test year, FPC's revenue requirement should be reduced by $3,711,000 (jurisdictional). (Kollen)

FIPUG: No. See Issues 99 and 100. FPC's 25% contingency factor should be eliminated and FPC should be required to consider the future value of the land on which the existing plants are located. FPC has shown no basis for inflating its dismantlement expense by 25%, especially when it updates its dismantlement study every four years. The ongoing 25% contingency adder means either that FPC will overrecover by 25% or that existing ratepayers are subsidizing future reductions in the rate for future ratepayers.

There is a great probability that the value of the 9,733 acres of land underlying the fossil plants to be dismantled far exceeds the estimated dismantlement costs. 4,338 acres is located in urban areas. The value of this land will be credited to customers above the line if they are required to pay the cost of dismantlement. FPC has disregarded this value in the calculation of dismantlement costs. It would be inequitable and result in intergenerational inequity if the utility is not required to appraise the value of the land underlying the plants to be dismantled and account for this value in its dismantlement expense. (Carlson)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 99: Is FPC's practice of increasing fossil plant dismantlement expense by a contingency factor of 25% appropriate?

FPC: Yes. The purpose of the contingency factor is to allow for the costs of high probability program problems occurring in the field where the occurrence, duration, and severity cannot be accurately predicted and have not been included in the basic estimate. Its purpose is not to provide for uncertainties associated with period between the time the estimate is made and the time dismantlement activities will begin (i.e., the contingency factor would be the same if dismantlement were to begin next year). In addition, standard cost estimating practices develop estimates for specific portions of the project (e.g., individual pieces of equipment, major piping, cabling, major concrete structures, labor, etc.) down to a specific level of detail. Minor items below that level of detail (e.g., all pipe under 1 inch diameter) are included as a project contingency. The total contingency is stated as a percentage of the total project cost. Years of industry experience are used to set the level of the percentage contingency. (Hancock) Yes.

OPC: No. No contingency factor should be allowed.

OCCIDENTAL: No. There is no need for a contingency as expense assumptions are periodically adjusted. A contingency would provide the Company with little incentive for controlling costs. This would unfairly penalize ratepayers. (Kollen)

FIPUG: No. The 25% contingency factor unnecessarily inflates FPC's dismantlement expense. The dismantlement study is revised every 4 years. In view of the ongoing revisions over time, the 25% factor simply insures either overcollection by the utility or subsidization by present ratepayers of a future reduction in the rate for future ratepayers. Any changes can be factored into the study as it is updated. (Carlson)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 100: Should FPC consider the future value of the land on which the plants to be dismantled are located in calculating the appropriate fossil fuel dismantlement expense?

FPC: No. Dismantlement costs properly include only the estimated cost of removal. (Scardino)

OPC: Yes.

OCCIDENTAL: Yes.

FIPUG: Yes. The estimated gain in the value of the land in the future should be considered in the dismantlement study to reduce dismantlement costs. If this is not done, estimated dismantlement costs will be higher than they should be. (Carlson)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 101: Is Florida Power's requested level of Taxes Other Than Income Taxes in the amount of $63,617,000 ($69,969,000 system) for the 1992 current test year and $72,911,000 ($80,785,000 system) for the 1993 projected test year appropriate? (Scardino)

FPC: No. The Company recognizes that its forecasted data for both the 1992 and 1993 test years includes expenses for Regulatory Assessment Fees at the rate in effect at the time its filing was prepared.

This rate was .125%. Subsequently, the Regulatory Assessment rate was changed to .083% for the period of January 1992 and beyond (Docket No. 911130-EI Order No. 25585 dated 1/8/92). The Company agrees that the Regulatory Assessment Fees should be revised along with the revenue expansion factor. All other taxes have been computed based on current federal, state or local tax laws. The Company has prepared its filing excluding Gross Receipts Tax from base rates. Due to current litigation (United States vs. State of Delware) the Company may propose to include Gross Receipts Tax in Base Rates. **(Scardino)**

OPC: No. To correspond with OPC's adjustment to Payroll Expense, a $583,692 adjustment should be made to the 1992 current test year Taxes Other Than Income Taxes Expense. OPC does not express an opinion at this time regarding the 1993 projected test year. (Larkin)

OCCIDENTAL: Agree with Public Counsel. FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 102: Are Florida Power's requested Income Tax expenses in the amount of $58,597,000 ($63,234,000 system) for the 1992 current test year and $49,316,000 ($51,587,000 system) for the 1993 projected test year appropriate? (Scardino)

FPC: Yes. The calculation of current and deferred income taxes was based on the Company's operating and construction forecasts and the statutory tax rates in effect for both federal and state jurisdictions. The method of calculating deferred income taxes followed the guidelines in Accounting Principles Bulletin No. 11 " Acccunting for Income

Taxes". **(Scardino)**

OPC: No. OPC's proposed adjustments to Net Operating Income will result in a decrease to Income Tax expenses. (Larkin)

OCCIDENTAL: Agree with Public Counsel. FPC should be allowed to recover only just and reasonable expenses.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 103: Are consolidating tax adjustments appropriate, and if so, what are the appropriate amounts for the 1992 current test year and for the 1993 projected test year? **(Scardino)**

FPC: No. CTA's are inappropriate ratemaking adjustments because they: 1) may violate the normalization rules, 2) violate the stand alone approach which has worked well for many years, 3) complicate the ratemaking process, 4) may create volatility in the tax expense included in the cost of service, and 5) are unfair and inequitable. (Scardino)

OPC: Yes, consolidating tax adjustments are appropriate. OPC has no position at this time as to the appropriate amounts.

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 104: Is Florida Power's requested Net Operating Income of $216,611,000 ($236,658,000 system) for the 1992 current test year and $214,144,000 ($233,455,000 system) for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. The following table identifies the major components of the Company's test year NOI. **(Scardino)**

	<----In Thousands---->	
	System	Juris.
1992 Current Test Year NOI		
Operating Revenues:		
Sales of Electric Energy	$989,876	$915,054
Other Operating Revenues	57,137	43,408
Total Operating Revenues	1,047,013	958,462
Operating Expenses:		
Operation & Maintenance	445,335	409,492
Depreciation & Amortization	231,898	210,428
Taxes Other Than Income Taxes	69,969	63,617
Income Taxes Currently Payable	96,137	89,061
Deferred Income Taxes (Net)	(24,868)	(23,230)
Amortization of Investment Tax Credit	(8,035)	(7,234)
Gain/Loss on Disposition of Property	(81)	(84)
Regulatory Practices Reconciliation	0	(199)
Total Operating Expenses	810,355	741,851
1992 Net Operating Income	**$236,658**	**$216,611**
1993 Projected Test Year NOI		
Operating Revenues:		
Sales of Electric Energy	$1,036,369	$951,042
Other Operating Revenues	60,150	46,252
Total Operating Revenues	1,096,519	997,294
Operating Expenses:		
Operation and Maintenance	479,570	435,083
Depreciation and Amortization	251,178	226,109
Taxes Other Than Income Taxes	80,785	72,911
Current Income Taxes	89,647	84,644
Deferred Income Taxes	(30,025)	(28,160)
Amortization of Investment Tax Credit	(8,035)	(7,168)
Gain/Loss on Disposition of Property	(56)	(65)
Regulatory Practices Reconciliation	0	(204)
Total Operating Expenses	863,064	783,150
1993 Net Operating Income	$233,455	$214,144

OPC: No. FPC's projection of the 1992 current test year net operating income should be increased by at least $41,189,000 ($44,770,650 system), jurisdictional. OPC does not express an opinion at this time regarding the 1993 projected test year. (Larkin)

OCCIDENTAL: No. The appropriate adjustments to FPC's requested Net Operating Income for the 1992 current test year and revenue requirement effects are as follows (Kollen):

TABLE VI:

SUMMARY OF OPERATING INCOME ADJUSTMENTS
AND RELATED REVENUE REQUIREMENT EFFECT

	INCREASE TO OPERATING INC. JURISDICTION ($000)	REDUCTION TO REV. REQ. ($000)
Performance Reward	$ 9,642	$ 9,669
Less: Income Tax Effect	(3,628)	
Jurisdiction Allocation	1,471	1,475
Less: Income Tax Effect	(554)	
Operating and Maint. Exp.	77,126	77,341
Less: Income Tax Effect	(29,023)	
Avon Park 2 Amortization	262	262
Less: Income Tax Effect	(99)	
Fossil Dismantlement	3,700	3,711
Less: Income Tax Effect	(1,392)	
Nuclear Decommissioning	8,976	9,000
Less: Income Tax Effect	(3,378)	
Total	$63,103	$101,459

If the Commission decides to use the 1993 projected test year, the appropriate adjustments to FPC's Net Operating Income for the 1993 projected test year and revenue requirement effects are as follows:

TABLE VII:

SUMMARY OF OPERATING INCOME ADJUSTMENTS
AND RELATED REVENUE REQUIREMENT EFFECT

	INCREASE TO OPERATING INC. JURISDICTION ($000)	REDUCTION TO REV. REQ. ($000)
Performance Reward	$ 9,962	$ 9,990
Less: Income Tax Effect	(3,748)	
Jurisdiction Allocation	1,471	1,475
Less: Income Tax Effect	(554)	
Operating and Maint. Exp.	82,052	82,282
Less: Income Tax Effect	(30,876)	
Avon Park 2 Amortization	299	300
Less: Income Tax Effect	(113)	
Fossil Dismantlement	3,700	3,711
Less: Income Tax Effect	(1,392)	
Nuclear Decommissioning	8,976	9,000
Less: Income Tax Effect	(3,378)	
Total	$66,399	$106,758

FIPUG: No. Adjustments must be made to pension expense, OPEB expense and fossil dismantlement expense. See Issue Nos. 9, 10, 48, 98-100. FIPUG's "no position" on other net operating income issues is not an endorsement of the company's position.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 105: Should the Commission direct FPC to undergo a management audit focused upon the achievement of operating efficiencies and cost reductions?

FPC: No. **(Greene, Scardino)**

OPC: No.

OCCIDENTAL: Yes. FPC has not undergone a comprehensive management audit since 1984 and has allowed its O&M expenses to grow substantially in excess of inflation. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

REVENUE REQUIREMENTS

ISSUE 106: In determining whether any portion of the $31,208,000 interim increase granted by Order No. PSC-92-0208-FOF-EI should be refunded, how should the refund be calculated, and what is the amount of the refund, if any? **(Scardino)**

FPC: No. The Company's achieved jurisdictional rate of return and return on equity have continued to deteriorate. The April 1992 FPSC proforma adjusted return on common equity including full annualization of $31.6 million in interim rate relief was only 12.10% as compared to the authorized floor on return on common equity of 12.60% **(Scardino)**

OPC: Yes. The full amount of the interim increase should be refunded.

OCCIDENTAL: Yes. The full amount of the interim increase should be refunded with interest. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: Fixture rental charges under Rate Schedules SL and OL-1 were increased on an interim basis, despite the fact that FPC appropriately proposed a permanent rate decrease for this service. This interim increase should be refunded to SL and OL customers.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 107: Are Florida Power's proposed revenue expansion factors appropriate? **(Scardino)**

FPC: No. The Company recognizes that its revenue expansion factors forecasted for both the 1992 and 1993 test years include the Regulatory Assessment Fees at the rate in effect at the time its filing was prepared. This rate was .125%. Subsequently the rate in effect for the period of January 1992 and beyond was changed to .083% (Docket No. 911130-EI, Order No. 25585, dated 1/8/92). In addition, the Company has prepared its filing excluding Gross Receipts Tax from base rates. Depending on the outcome of pending litigation (United States vs. Delaware), the Company may propose to include Gross Receipts Tax in Base Rates. The following tables show the revenue expansion factor calculated with the current Regulatory Assessment Fee and with and without Gross Receipts Tax. (Scardino)

REVENUE EXPANSION FACTOR
INCLUDING GROSS RECEIPTS TAX

	1992	1993
Revenue Requirement	100.0000	100.0000
Gross Receipts Tax Rate[1]	2.3713	2.4961
Regulatory Assessment Rate[2]	0.0830	0.0830
Uncollectible Accounts	0.1545	0.1545
Net Before Income Taxes	97.3912	97.2664
State Income Tax Rate	5.50	5.50
State Income Tax	5.3565	5.3497
Net Before Federal Income Tax	92.0347	91.9167
Federal Income Tax Rate	34.00	34.00
Federal Income Tax	31.2918	31.2517
Revenue Expansion Factor	60.7429	60.6650
Net Operating Income Multiplier	1.646283	1.648397

REVENUE EXPANSION FACTOR
EXCLUDING GROSS RECEIPTS TAX

	1992	1993
Revenue Requirement	100.0000	100.0000
Gross Receipts Tax Rate	0.0000	0.0000
Regulatory Assessment Rate[2]	0.0830	0.0830
Uncollectible Accounts	0.1545	0.1545
Net Before Income Taxes	99.7625	99.7625
State Income Tax Rate	5.50	5.50
State Income Tax	5.4869	5.4869
Net Before Federal Income Tax	94.2756	94.2756
Federal Income Tax Rate	34.00	34.00
Federal Income Tax	32.0537	32.0537
Revenue Expansion Factor	62.2219	62.2219
Net Operating Income Multiplier	1.607151	1.607151

[1] Net of uncollectibles. The 1992 rate assumes an average of 2.25% effective through 6/30/92 and 2.50% effective after 6/30/92.

[2] As currently in effect per Commission Rule 25-6.0131.

OPC: Yes.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 108: Is Florida Power's requested annual operating revenue increase of $108,096,000 for the 1992 current test year and an additional $37,757,000 for the 1993 projected test year appropriate? **(Scardino)**

FPC: Yes. The testimony, exhibits, MFR schedules and responses to discovery filed in this proceeding demonstrate that the requested revenues are appropriate. **(Scardino)**

OPC: No. FPC's requested operating revenue increase is overstated and should be adjusted. OPC does not express an opinion at this time concerning the 1993 projected test year. (Larkin)

OCCIDENTAL: No. FPC has a revenue requirement surplus of $65,007,000 for the 1992 current test year. Consequently, its rates should be decreased. If the Commission decides to use the 1993 projected test year, the adjusted revenue requirement for the 1993 projected test year is a $41,043,000 surplus. (Kollen)

FIPUG: No. See Issues 9, 10, 98-100. FIPUG's "no position" on other issues does not mean that it endorses the company's other proposed increases.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 109: Should Florida Power's requested performance reward based on superior management in the amount of $9,669,000 for the 1992 current test year and $321,000 for the 1993 projected test year be granted? **(Scardino, Keesler, McCoy, Phillips, Barron, Nixon, Greene)**

FPC: Yes. This request is based on established Commission precedent for adjusting ROE within a narrow band of reasonableness to reward or penalize management performance. FPC has demonstrated superior performance which the Commission should reward as a matter of sound regulatory policy. **(Keesler, Greene, McCoy, Phillips, Hancock, Beard, Barron, Scardino)**

OPC: No. The performance reward is inappropriate; $9,669,000 should be removed from the 1992 current test year. (Larkin)

OCCIDENTAL: No. FPC does not quantify the benefits of performance and relies on subjective, ad hoc determinations of performance quality. Many of the activities FPC claims are examples of "excellent performance" are nothing more than prudent management. There is no clearly defined nexus between the level of performance and the level of reward. Further, FPC's proposal is one-sided and provides no corresponding penalty for poor performance. **(Falkenberg)**

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No. There is no basis in fact or in law for such a performance reward. Florida Power's performance, particularly with regard to its operation of the Crystal River nuclear plant, has not been superior, but has been among the worst performance in the nation, and Florida Power has blatantly discriminated against nuclear workers at the plant in retaliation for their nuclear safety related activities. **(Mariotte) (Sosland) (Gunter) (Simmons) (Simmons) (Wollesen) (Belote)**

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 110: Should Florida Power be rewarded/penalized based on the level of its rates as compared to other utilities? **(Greene)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the Company. Rates as compared to other utilities are presented as but one of Florida Power's strengths. This request is based on no one standard or strength. **(Greene, McCoy)**

OPC: No.

OCCIDENTAL: FPC should not be rewarded. Rate comparisons reflect supply and demand factors outside of the utility's control, and have very little to do with performance. See Occidental's position on Issue

No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 111: Should Florida Power be rewarded/penalized because of the diversity of its fuel mix? **(Greene)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the Company. The diversity of its fuel mix is presented as but one of Florida Power's strengths. This request is based on no one standard or strength. **(Greene, McCoy)**

OPC: No.

OCCIDENTAL: FPC should not be rewarded. The choice of fuel for various units was made long ago and was based on a different set of circumstances and concerns than decisions made today. Attaining a desirable and economic fuel mix is merely what FPC is expected to do. See Occidental's position on Issue No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 112: Should Florida Power be rewarded/penalized because of its management of the operation and maintenance expenses of its generating facilities? **(Greene)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the Company. Efficient resource management is presented as but one of Florida Power's strengths. This request is based on no one standard or strength. **(Hancock, Beard, Greene, McCoy)**

OPC: No.

OCCIDENTAL: FPC should not be rewarded. A major reason for FPC's rate increase is its failure to control O&M costs compared to the O&M benchmark. See Occidental's position on Issue No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 113: Should FPC be rewarded/penalized for its generating unit performance in both fossil and nuclear plants? **(Hancock, Greene, McCoy, Keesler)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the Company. Generating unit performance in both fossil and nuclear plants is presented as but one of Florida Power's strengths. This request is based on no one standard or strength. **(Hancock, Beard, Greene, McCoy)**

OPC: No.

OCCIDENTAL: FPC should not be rewarded. See Occidental's position on Issue No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 114: **Should Florida Power be rewarded/penalized because of its energy efficiency program achievements in light of current regulatory requirements? (Greene)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the Company. Energy efficiency program achievements are presented as but one of Florida Power's strengths. This request is based on no one standard or strength. **(Barron, Greene, McCoy)**

OPC: No.

OCCIDENTAL: FPC should not be rewarded. See Occidental's position on Issue No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 115: **Should Florida Power be rewarded/penalized because of its environmental awareness and actions affecting environmental quality? (Greene)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the

Company. Environmental awareness is presented as but one of Florida Power's strengths. This request is based on no one standard or strength. **(Hancock, Greene, McCoy)**

OPC: No.

OCCIDENTAL: FPC should not be rewarded. See Occidental's position to Issue No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 116: Should Florida Power be rewarded/penalized for its efforts in customer service? **(Greene)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the Company. Customer service is presented as but one of Florida Power's strengths. This request is based on no one standard or strength. (Phillips, **Greene, McCoy)**

OPC: No.

OCCIDENTAL: FPC should not be rewarded. FPC provides no more customer service than is necessary to deliver reliable, economical service to its customers. It is expected to do this. For example, while FPC considers the mere presence of interruptible load on its system to be an example of "excellent performance," it is merely offering a service widely available to customers of other utilities, especially in light of PURPA's requirement to offer interruptible standby power. See Occidental's position on Issue No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 117: Should FPC be rewarded/penalized for its transmission and distribution reliability performance? **(Greene, McCoy, Keesler)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the Company. This request is based on no one standard or strength. **(Phillips, Greene, McCoy)**

OPC: No.

OCCIDENTAL: FPC should not be rewarded. Interconnection with neighboring utilities is not an "excellent" idea originated by FPC, but has been a routine facet of the industry for quite some time. See Occidental's position on Issue No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 118: Should Florida Power be rewarded/penalized because of its bond ratings? **(Greene)**

FPC: Florida Power requests a reward for building and maintaining key strengths in many areas across the

Company. This request is based on no one standard or strength. **(Greene, McCoy)**

OPC: OPC feels it is inappropriate for FPC to select the criteria on which its performance reward is based. (Larkin)

OCCIDENTAL: FPC should not be rewarded. See Occidental's position on Issue No. 109. (Falkenberg)

FIPUG: No. FPC should not be rewarded for carrying out the functions of a utility. FPC has not demonstrated a basis for the reward it seeks.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 119: Is Florida Power's request that permanent new rates become effective on November, 1992 for the 1992 current test year, April, 1993 to reflect the cooling tower additions at Crystal River, and November, 1993 to reflect the addition of the Intercession City peaking units and the University of Florida Cogeneration project appropriate? **(Scardino)**

FPC: Yes. Florida Power's proposal attempts to lessen the confusion to the customer caused by 8 adjustments to the price of electricity during an 18 month period. Such a proposal if considered workable by the Commission would also reduce the administrative burden on the Commission and the Company of trying to implement these price adjustments. **(Scardino)**

OPC: No.

OCCIDENTAL: No. These property additions are not significant enough to support a multi-step, multi-year rate increase. (Kollen)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

COST OF SERVICE & RATE DESIGN

ISSUE 120: Are Florida Power's separation of amounts for wholesale and retail jurisdictions appropriate? **(Slusser)**

FPC: Yes. The Company's separation of joint system costs between the wholesale and retail jurisdictions is appropriate. **(Slusser)**

OPC: No position at this time.

OCCIDENTAL: No. FPC should exclude the entire amount of interruptible loads from the allocation factors and use the same methodology for both retail and wholesale costing. This reduces FPC's revenue requirement by $1,475,000 for 1992 and 1993. (Falkenberg)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 121: Should the interruptible and curtailable service rate classes be treated in the cost of service study based on the class' load characteristics and be provided a credit based on the avoided cost? **(Slusser, Nixon)**

FPC: Yes. The assignment of costs among the retail rate classes should be based on the usage characteristics of each rate class, without adjustment to the coincident demands of the interruptible class. The determination of the credit for interruptible service should be based on the Commission's cost effective methodology. This treatment ensures that the assignment of embedded costs to all rate classes and the determination of credits for all types of non-firm service will be consistent and non-discriminatory, as well as ensuring that overall system costs will be less with conservation and DSM than without. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: The Company should exclude the demands of IS customers in computing allocation factors. Interruptible service should be costed and priced based on cost-of-service not avoided cost. (Falkenberg)

FIPUG: The interruptible and curtailable classes should be treated in the cost of service study based on their load characteristics. However, this service should be costed and priced using embedded costs. Specifically, the Interruptible class should provide a margin over and above the out-of-pocket costs to serve identified by the embedded cost study. FPC by contrast is proposing to price interruptible service based on avoided cost. Reference to the avoided unit should be as one "sanity check" of the reasonableness of the relationship between firm and non-firm rates. When that is done, the reference should be to full avoided costs, not partial avoided cost as FPC has done. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 122: What is the appropriate cost of service methodology to be used in designing the rates of Florida Power?

(Slusser)

FPC: If the Commission adopts the treatment of interruptible/curtailable service proposed by the Company's position under Issue 121 above, the 12 CP and 1/13 Average Demand cost of service methodology is appropriate for determining the class revenue requirements and unit costs to be used in designing the Company's rates. However, if the Commission adopts a treatment of the interruptible/curtailable class which allows for adjustments to the class's coincident demand, a 12 CP and 1/4 Average Demand cost of service methodology should be used to determine class revenue requirements and unit costs. **(Slusser)**

OPC: No position at this time.

OCCIDENTAL: A 12-CP allocation methodology which removes the 1/13 energy factor from the MFR allocation should be used. (Falkenberg)

FIPUG: The utility must size its production and transmission system to meet its highest peaks. FPC has high seasonal winter and summer peaks. Classes' relative contributions to the winter and summer peaks appropriately measure their responsibility for causing these costs (investment in production and transmission) to be incurred. Incorporating contributions to the peaks of all 12 months is inappropriate given the seasonal nature of FPC's customer demand; it would dilute the effort to identify cost responsibility. FPC's proposed use of a measurement of relative annual energy consumption (1/13 average demand) in the calculation is inappropriate because it purports to assign more responsibility for base load plants to customers having high consumption without crediting them with a correspondingly higher share of the lower fuel costs associated with those units.

The average of summer and winter coincident peak (SWCP) method should also be used to allocate transmission costs for the reasons outlined above. Additionally, because load duration is not a factor in transmission system planning, it is illogical to allocate part of transmission capital costs based on average demand. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 123: Is the company's proposed general service rate structure which allows general service customers to opt for the rate schedule which is most cost effective for them and eliminates the minimum billing demand appropriate? **(Nixon)**

FPC: Yes. The Company's proposed General Service rate structure consists of a non-demand rate (GS-1) and a demand rate (GSD-1). The elimination of mandatory demand billing allows customers with an annual consumption of 24,000 kWh or greater to opt for the rate schedule which is most cost effective for them. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: The Company assumes migration will occur, though most customers are not even aware that they have the option of switching rate schedules or of the terms of different tariffs. The revenue effects of the Company's assumptions need to be addressed. See Issues 144, 145. (Falkenberg)

FIPUG: There are significant problems resulting from the proposed consolidation of the GSD class. Because of its different load and service characteristics, the curtailable class would provide a higher rate of return than the GSD and GSLD classes under FPC's proposed flat Demand and Energy charge. This problem can be corrected by costing and pricing the curtailable class separately. At a minimum, the delivery voltage adjustments and metering voltage credits should be increased to reflect the actual cost differential by voltage. (Pollock)

FCAN: No position at this time.

AHCLG: Yes, provided that each of the general service rates are appropriately defined and based on cost of service.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 124: Should Florida Power be required to offer an opportunity sales tariff for non-firm customers?

FPC: No. However, if the Commission elects to require Florida Power to offer an opportunity sales rate, such as recommended by Occidental witness Falkenberg, the Company should be allowed to keep 20% of the revenue above marginal costs and establish a level of contribution above marginal costs at least equal to the average contribution received from economy sales on the Florida Broker. It would also be necessary for the Commission to resolve other issues associated with opportunity sales which are not addressed by Mr. Falkenberg, such as the effect of existing customer migration on revenues under proposed rates, as well as the terms and conditions under which such service will be offered. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: Yes. FPC should offer a variety of interruptible tariffs which reflect differing levels of service quality. By directing FPC to offer this type of rate, the Commission can create incentives for FPC to better utilize existing capacity, thereby offering lower rates for its other customers and enhancing the area's economy. Under an "opportunity sales" tariff, customers would order service twenty-four hours in advance. Opportunity sales customers would pay the short-term avoided energy cost rates paid to cogenerators plus a mark-up. (Falkenberg)

FIPUG: FPC should offer a menu of nonfirm rates which can better meet the needs of its nonfirm customers.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 125: Should the transition rate provision on the general service demand and general service large demand rate schedules (GSD, GSDT, GSLD, and GSLDT) be eliminated? **(Nixon)**

FPC: Yes. There will be no necessity for a transition rate provision under the Company's proposed GSD-1 rate schedule, unlike the current General Service demand rates. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: See Issue 123.

FIPUG: See Issue 127.

FCAN: No position at this time.

AHCLG: If the flexibility proposed by FPC for general service customers is adopted, AHCLG would not oppose elimination of the transition rate provision. See Issue 123.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 126: Should the municipal service transition rate schedule (MS) be eliminated? **(Nixon)**

FPC: Yes. There is no cost justification to support a different rate level for municipal service customers than for other General Service customers. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: If the flexibility proposed by FPC for general service customers is adopted, AHCLG would not oppose elimination of the transition rate. See Issue 123.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 127: Should the general service large demand rate schedules (GSLD and GSLDT) be eliminated? (Nixon)

FPC: Yes. There is no cost justification to support a different rate level for customers with demands above 500 kW than other General Service customers with lower demands. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: Agree with Public Counsel.

FIPUG: Eliminating the GSLD rate schedule would be appropriate only if the rate design accurately reflects the differences in the cost of service as a function of customers' load characteristics and delivery voltages. In any event, the curtailable rate should be treated separately for costing and pricing purposes. (Pollock)

FCAN: No position at this time.

AHCLG: If the flexibility proposed by FPC for general service customers is adopted, AHCLG would not oppose elimination of these rate schedules. See Issue 123.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 128: If the Commission approves a rate increase, how should it be allocated among the classes? (Nixon)

FPC: The allocation of a rate increase among the classes should be determined by a compliance cost of service study which incorporates all Commission decisions on issues affecting the Company's revenue requirements and cost allocation methods used in this proceeding. The rate increase for each rate class should be determined by comparing the revenues under present rates to the revenues established by the compliance cost of service study for each rate class. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: If a rate increase were granted (which Occidental does not support) then the IS, IST and SS-2 classes rates should be reduced 8% assuming the full rate increase request; the reduction will increase proportionately as FPC's revenue request is reduced. (Falkenberg)

FIPUG: The revenue increase distribution, if any, should be cost based. Each customer should pay what it costs the utility to serve him. The revenue distribution proposed by FPC creates a wide disparity in base rate percentage increases and fails to move the curtailable class toward cost. FIPUG's proposed revenue distribution is presented in Exhibit JP-12. It was derived by moving all classes closer to cost, with deference to gradualism. For the interruptible class, the increase should maintain a percentage margin above "out-of-pocket" costs. (Pollock)

FCAN: No position at this time.

AHCLG: The revenue increase distribution, if any, should be cost based.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 129: Is the method used by the utility for calculating the increase in unbilled revenues by rate class appropriate? **(Nixon)**

FPC: Yes. The Company's method is supported by MFR Schedule E-15. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 130: What are the appropriate service charge levels? **(Nixon)**

FPC: The appropriate service charges are those shown in the Company's proposed Rate Schedule SC-1, contained in MFR Schedule E-17. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 131: What is the appropriate time-of-use rate design? **(Nixon)**

FPC: The appropriate time of use rate design is one which sets the off-peak energy rates at approximately the energy component from the cost of service study (0.580¢/kWh). The on-peak charge is then the result of a break even calculation with the standard rate, based on each classes on-peak and off-peak energy consumption. Further, similar classes' on-peak and off-peak energy consumptions should be used to develop consistent TOU rates. For example, the RS and GS classes should be combined, as should the GSD, GSLD, and CS classes. Within a demand rate, the TOU demand charge should be set identical to the standard rate, except that it should apply only to the maximum on-peak billing demand. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: Agree with FIPUG.

FIPUG: FIPUG agrees with FPC's position on this issue as stated in FPC's Revised Prehearing Statement, Issue 175, filed on June 19, 1992 and believes this may be a stipulated issue.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 132: What are the appropriate customer charges? **(Nixon)**

FPC: The appropriate customer charges are contained in the Company's rate schedules shown in MFR Schedule E-17. The following are representative customer charges for 1992: Residential service - $8.50; Residential TOU service - $16.00; GS-1, Unmetered - $6.25; Secondary delivery - $11.50; Primary delivery - $145.00; and Transmission delivery - $720.00. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: See Issues 131, 134, 135.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 133: What are the appropriate contributions-in-aid-of-construction for time-of-use customers opting to make a lump sum payment for a time-of-use meter in lieu of the higher time-of-use customer charge? **(Nixon)**

FPC: The appropriate contribution in aid of construction for TOU customers opting to make a lump sum TOU meter payment is $258 for single phase service and $393 for three phase service. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 134: How should the general service demand and energy charges be set? **(Nixon)**

FPC: The General Service demand and energy charges should be set such that the combination of the two charges closely tracks the General Service cost curve and produces the revenue requirements established for that class by the cost of service study. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: Rates should be cost based.

FIPUG: The method proposed by FPC should not be used because FPC's design has failed to demonstrate that there is a linear relationship between load factor and coincidence factors.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 135: What are the appropriate Demand and Energy charges for the non-time of use Curtailable Service and Interruptible Service rates?

FPC: The Demand and Energy charges for curtailable service should be set equivalent to those charges contained in the General Service demand rate (GSD-1). The Demand and Energy charges for interruptible service should be set such that the combination of the two charges track the interruptible class's cost curve and produce the revenue requirements established for the class by the cost of service study. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: The IS and IST rates should be calculated based upon a cost-of-service allocation as recommended by Mr. Falkenberg. For example, the IS and IST rates would be reduced 8% assuming the Commission approved FPC's entire rate increase request. The reduction in the IS and IST will increase proportionately in accordance with adjustments in FPC's revenue requirements. (Falkenberg)

FIPUG: In this case, FPC has proposed to recover a portion of demand-related fixed costs through the energy charge instead of the demand charge. FPC's sole basis for the proposal is the claim that customers having high load factors also have greater responsibility for the system coincident peak. However, the statistical basis offered by FPC is flawed and fails to support its proposal. All fixed demand-related costs should be recovered through the appropriate demand charge; energy-related costs - those that vary with the level of consumption - should be recovered through the energy charge. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 136: Should the curtailable class be costed and priced separately from the general service demand class?

FPC: No. The curtailable class and the General Service Demand class should be costed and priced as one class. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: Yes. See Issue 127.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 137: What are the appropriate delivery voltage credits? **(Nixon)**

FPC: The appropriate delivery voltage credits are 30 cents per kW of billing demand for primary delivery voltage, and 69 cents per kW of demand for transmission delivery voltage. **(Slusser, Nixon)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: First, the CS class should remain separate for costing and pricing proposals. Second, the delivery voltage credit should be raised to a more cost-based level of $1.44 per kw for transmission and $0.46 for primary distribution. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 138: What are the appropriate metering voltage adjustments?

FPC: The appropriate metering voltage credit is 1% for distribution primary delivery and 2% for transmission delivery. **(Slusser, Nixon)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: Customers metered at distribution primary should receive a 3.0% credit and customers metered at transmission voltage should receive a 4.2% credit. These credits more accurately reflect differences in losses incurred at various delivery levels. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 139: Should the general service nondemand service rate schedules (GS and GST) provide for a distribution voltage credit and a metering voltage adjustment? **(Nixon)**

FPC: The GS non-demand rate schedules (GS-1 and GST-1) should provide for only a metering voltage adjustment of 1% for distribution primary delivery and 2% for transmission delivery. (Nixon)

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 140: What are the appropriate lighting rate schedule charges? **(Nixon)**

FPC: The appropriate lighting rate schedule charges are those shown in the Company's proposed lighting service rate schedule, LS-1, contained in MFR Schedule E-17. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: The LS-1 charges consist of five basic components: (1) a customer charge; (2) a non-fuel energy charge; (3) a fixture rental charge; (4) a fixture maintenance charge; and (5) a pole rental charge. At this time, AHCLG believes that the energy charge, the fixture rental and maintenance charges, and the pole charges are overstated. In particular with respect to the fixture charges, AHCLG supports FPC's "bottom-up" approach to determining lighting investment; however, FPC's proposed implementation of that approach in this case still overstates the amount of Account 373 costs allocated to the lighting class. AHCLG will address these issues through examination of FPC witnesses Slusser and Nixon.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 141: Are the changes proposed by the company to the terms and conditions on the lighting schedules appropriate? **(Nixon)**

FPC: The proposed terms and conditions contained in the rate schedule for lighting service LS-1 are appropriate, with one exception. After reviewing the testimony of Mr. Wells, the Company believes it would be appropriate to modify its proposed requirement to replace lamps of Company maintained fixtures within 72 hours after written customer notification that a lamp is burned out. Instead, the Company proposes to strike the requirement of written notification by the customer. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: FPC has agreed to eliminate the requirement of written notification in Special Provision No. 7. Proposed Special Provision No. 9 should be rejected. Proposed Special Provision No. 5 should be clarified to limit the Company's right to require metering of customer-owned fixtures.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 142: What is the appropriate monthly fixed carrying charge for poles of a type not listed on rate schedule LS-1, and for distribution equipment that the company may optionally provide to a customer under any rate schedule? **(Nixon)**

FPC: The appropriate monthly fixed carrying charge is 1.82% of the installed cost. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: A cost based rate should be established. The proposed 1.82% rate should be rejected.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 143: What is the appropriate fixed carrying charge for lighting fixtures of a type not listed on rate schedule LS-1? **(Nixon)**

FPC: The appropriate monthly fixed carrying charge is 1.57% of the Company's average installed cost. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: A cost based rate should be established.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 144: Is the company's estimate of customer migration due to rate structure changes reasonable? **(Nixon, Slusser)**

FPC: Yes. The Company's estimate of customer migration due to rate structure changes, as reflected in Late-filed Exhibits 8 and 9 (Supplemental) to Staff's deposition of Mr. Nixon, is reasonable for establishing rates and revenues in this proceeding. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: No. The Company has redesigned rate schedules GS-1 and GSD-1 and expects that these customers will move to the most advantageous rates. Yet most customers are not even aware they have the option to switch rate schedules or of the terms of different tariffs. (Falkenberg)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 145: If there is a revenue shortfall resulting from migration, how should it be recovered?

FPC: A revenue shortfall resulting from customer migration should be recovered in the development of the base rates designed to produce the revenue requirements for each rate class, taking into account the transfer of billing determinants between rate schedules associated with customers migration to the most advantageous rate. (Nixon, Slusser)

OPC: No position at this time.

OCCIDENTAL: If no migration occurs, FPC's proposed rates would produce $18.7 million in additional revenues. A negative surcharge of $18.7 million should be flowed through to ratepayers through an appropriate mechanism, such amount to be reduced as actual migration occurs. (Falkenberg)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 146: Should the Commission approve FPC's proposal to treat Interruptible and Curtailable service as demand-side management programs and authorize recovery of "program costs" through the ECCR? **(Nixon)**

FPC: Yes. Adoption of the Company's proposed treatment of interruptible and curtailable service would provide consistency between the treatment of these two types of non-firm service and the Company's third type of non-firm service, load management service. See the Company's position under Issue 121 above. **(Nixon, Slusser)**

OPC: No position at this time.

OCCIDENTAL: No. The IS and IST rates should be maintained as a standard tariff. The credit rate structure is inappropriate. (Falkenberg)

FIPUG: No. Unlike DSM, FPC is providing a fundamentally lower quality of service with Interruptible and Curtailable rates. These rates should remain a standard tariff option, as they have been for at least the last 40 years. Further, FPC has failed to demonstrate that it is not recovering the cost of providing the cost of nonfirm service through base rates. If it ain't broke, don't fix it. (Pollock)

FCAN: No position at this time.

AHCLG: No, if IS and CS credits are adopted, the costs should not be recovered through the ECCR.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 147: Is the company's proposed methodology for determining cost effective levels of non-firm load appropriate? **(Nixon)**

FPC: Yes. The methodology proposed by the Company for determining the effectiveness of non-firm load is the cost effectiveness methodology adopted by the Commission for conservation and DSM programs, which is currently used to determine the cost effectiveness of the Company's load management non-firm service. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: No. If the IS and IST rates are to be analyzed for cost effectiveness the analysis should be based on 100% avoided cost. (Falkenberg)

FIPUG: No. The methodology FPC proposes does not accurately measure the avoided cost of capacity, which is the only benefit it attempts to include. Further, FPC's planning criterion of a 15% reserve margin should be used in determining the cost-effectiveness of nonfirm load. Additionally, in calculating the cost-effectiveness of the Interruptible rate, the time frame of measured costs should be identical to the time frame of applied credits. By not doing this, FPC has created a mismatch between benefits and costs of nonfirm load, and therefore has understated the benefits-to-costs ratios. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 148: What is the appropriate level of credit per coincident KW for interruptible service (IS-1)? **(Nixon)**

FPC: The appropriate credit is $6.00 per coincident kW. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: Occidental has no position at this time with respect to specific issues concerning the level and recovery of FPC's proposed interruptible "credit;" Occidental supports retention of the current structure of the interruptible tariff.

FIPUG: FIPUG does not endorse the approach recommended by FPC to apply a credit per coincident kw for interruptible service. However, correcting FPC's proposal to recognize that there is more interruptible coincident demand (202 MW) than it assumed (174 MW), results in a credit of $5.15 per coincident kw ($3.19 per kw of billing demand). (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 149: What is the appropriate level of credit per coincident KW for curtailable service (CS-1)? **(Nixon)**

FPC: The appropriate credit is $3.00 per coincident kW. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: At a minimum, FPC's proposal to set the curtailable credit at 50% of the corresponding interruptible credit per coincident kw should be implemented. This would result in a $2.58 per kw curtailable demand credit. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 150: Should the level of interruptible credit for IS and CS increase over time? **(Nixon)**

FPC: If the interruptible and curtailable credits are based on the levelized present worth value of the avoidance of a combustion turbine for 20 years, then the IS credit should not increase over time. The CS credit should be allowed to change based on changes in the effectiveness of the terms and conditions requiring curtailment. (Nixon)

OPC: No position at this time.

OCCIDENTAL: Occidental supports retention of the current structure of the interruptible tariff. If there is a "credit," it should reflect increases in avoided cost over time.

FIPUG: Yes. The credit should increase over time to provide a continued incentive for current customers to remain on the rate and to encourage new customers to sign up for the rate. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 151: If the Commission approves FPC's methodology for treating the Interruptible class within the cost of service study, what is the appropriate total dollar amount of credit which should be associated with the interruptability feature of the Interruptible rate?

FPC: The appropriate dollar amount is $12,336,098 for 1992 and $12,912,957 for 1993. (Nixon, Slusser)

OPC: No position at this time.

OCCIDENTAL: Occidental opposes FPC's methodology and favors retention of the current IS tariff structure. FPC's methodology of "cost-effectiveness" is incorrect because it is not based upon 100% of avoided cost.

FIPUG: The amount of credit should be that required to maintain a reasonable margin above out-of-pocket costs, rather than an amount associated with the partial avoided cost of a generating unit. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 152: How should the credits for interruptible and curtailable service be distributed to IS-1 and CS-1 customers? **(Nixon)**

FPC: The $6 per coincident kW credit for the interruptible rate and the $3 per coincident kW credit for the curtailable rate should be distributed to the respective customers based on a kW value which is established by the product of the customer's billing demand times the customer's billing load factor. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: Agree with FIPUG.

FIPUG: The credits for interruptible and curtailable service should be distributed on a per kw of billing demand basis rather than by multiplying the credit by individual customer load factor to drive the amount of the credit as proposed by FPC. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 153: How should the credits for interruptible and curtailable service be recovered from the ratepayers? **(Nixon)**

FPC: The credits for these two types of non-firm service should be recovered through the Energy Conservation Cost Recovery (ECCR) clause, as is currently the case with the Company's third type of non-firm service, Load Management. See the Company's position under Issue 146 above. (Nixon)

OPC: No position at this time.

OCCIDENTAL: Agree with FIPUG.

FIPUG: If a credit mechanism is adopted, credits should be recovered in base rates from all firm ratepayers. It should not be recovered through the ECCR. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 154: Should the statement of the interruptible rate at primary voltage be changed to secondary voltage? **(Nixon)**

FPC: Yes. The interruptible rate should be stated at secondary voltage in order to make this rate consistent with the statement of the Company's other rate schedules. (Nixon)

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: FIPUG has no objection to this as long as the delivery voltage adjustments and metering voltage credits are increased to reflect the actual cost differentials by voltage.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 155: Should the company's proposal to make the emergency purchase power provision of the interruptible service rate schedule mandatory be approved? **(Nixon)**

FPC: Yes. Converting the emergency power "buy through" provision to a mandatory feature does not remove, and actually enhances, the interruptible customers' option to avoid incurring the higher emergency power costs. Under the Company's proposal, an interruptible customer will have the flexibility to decide on a case-by-case basis whether to receive the emergency power or interrupt itself and avoid receiving the power, without the formality of the requirement for written notification by the customer. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: No. An optional buy-through provision is appropriate; "mandatory" buy-through defeats the purpose of interruptible rates. (Falkenberg)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 156: Should the company's proposal to make the purchase power costs an additional charge in lieu of the otherwise applicable fuel charge plus 3.0 mills on IS and CS schedules be approved? (Nixon)

FPC: Yes. The additional charge associated with emergency power costs should be in lieu of the otherwise applicable fuel charge plus 3.0 mills for both the IS and CS rate schedules. Customers receiving emergency power under these rate schedules should not be exempt from the applicable non-fuel energy charge. If the Company's proposal is not adopted, an adjustment to test year revenues for the IS and CS rate classes must be made. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: Agree with FIPUG.

FIPUG: No. It would be inequitable to levy the non-fuel energy charge on buy-through transactions because nonfirm customers are not utilizing FPC generating facilities. Since the non-fuel energy charge is designed to recover variable costs of generating, nonfirm customers are not causing the utility to incur the costs that the non-fuel energy charge is designed to recover. FPC's proposal is nothing more than an attempt to mark up the transaction a second time. Recovery of costs is appropriately provided for in the existing rate design. (Pollock)

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 157: What is the appropriate design and level of charges for firm standby service (SS-1)? (Nixon)

FPC: The standby service rates (SS-1, SS-2, and SS-3) should be developed from the Company's cost of service study consistent with the methodology presented in the Commission's standby rate order (Order No. 17159 in Docket No. 850673-EU). The appropriate level of charges based on this methodology is contained in the Company's rate schedules in MFR Schedule E-17. (Slusser, Nixon)

OPC: No position at this time.

OCCIDENTAL: No position.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 158: What is the appropriate design and level of charges and credit for interruptible standby (SS-2) and curtailable standby (SS-3)? **(Nixon)**

FPC: See the Company's position under Issue 157 above. **(Slusser, Nixon)**

OPC: No position at this time.

OCCIDENTAL: The SS-2 rate should be calculated based upon a cost-of-service allocation as recommended by Mr. Falkenberg. For example, the SS-2 rate would be reduced by 8% assuming the Commission were to approve FPC's entire rate increase request. The reduction in the SS-2 rate will increase proportionately in accordance with adjustments in FPC's revenue requirements. (Falkenberg)

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 159: If the company's proposed performance reward is approved, how should it be recovered? (Nixon)

FPC: The performance reward should be recovered from each rate class through the billing adjustment provision contained in Rate Schedule BA-1 in MFR Schedule E-17. **(Nixon)**

OPC: No position at this time.

OCCIDENTAL: Agree with FIPUG.

FIPUG: If the performance award is approved, the base revenue requirement of non-firm customers is not the firm base revenue requirement imputed in the cost of service study. If the award is allocated, the non-firm base revenue is the difference between firm revenues and non-firm credits.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

OTHER ISSUES

ISSUE 160: Should adjustments be made for the rate base effects of transactions with affiliated companies? **(Scardino)**

FPC: Florida Power objects to this issue as being overly broad and lacking in specificity regarding the transactions, if any, in question. As presently worded, the issue could encompass all of the Company's coal purchases (from its affiliated fuel supplier, Electric Fuels Corporation). In the absence of greater specificity, Florida Power's general position is that only transactions found to be imprudent should be adjusted out of the Company's rates. **(Scardino)**

OPC: No position at this time.

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 161: Should adjustments be made for the capital structure effects of transactions with affiliated companies? **(Scardino)**

FPC: No. See the Company's position under Issue 160 above. **(Scardino)**

OPC: Yes. Investment in Non Utility properties should be removed from Common Equity. (Cicchetti)

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 162: Should adjustments be made for the net operating income effects of transactions with affiliated companies? **(Scardino)**

FPC: No. See the Company's position under Issue 160 above. **(Scardino)**

OPC: Yes.

OCCIDENTAL: Agree with Public Counsel.

FIPUG: No position at this time.

FCAN: No position at this time.

AHCLG: No position at this time.

LEAF: No position at this time.

STAFF: No position at this time.

ISSUE 163: Should Florida Power implement revenue and sales decoupling? And, if so, how?

FPC: Florida Power believes it would be premature to determine in this proceeding the type of decoupling mechanisms which might appropriate for the Company to implement. Through the rebuttal testimony of Mr. Wieland, the Company has offered to submit a proposal for revenue decoupling and possible conservation incentives within 60 days after the conclusion of this proceeding. (Wieland, Barron)

OPC: No position at this time.

OCCIDENTAL: Agree with FIPUG.

FIPUG: No. Revenue and sales decoupling should not be instituted because 1) it runs counter to proper regulatory principles; 2) it could lead to higher prices for FPC's customers; 3) it could discourage economic development; 4) it is unnecessary; and 5) it is untested. (Rosenberg)

FCAN: No position was provided.

AHCLG: No position at this time.

LEAF: Yes. For the following reasons, the Commission should adopt a rate adjustment mechanism that eliminates ("decouples") the current regulatory connection between FPC's level of sales and the amount of revenue the company is authorized to keep.

Decoupling Would Remove Disincentives to FPC's Provision of Energy Services at Least Cost Through Integrated Resource Planning
The only way the company can determine if it is providing services at lowest cost to customers is to fairly evaluate and compare the costs and benefits of all potential resources options and then plan to acquire those options on a least cost basis--that is, to engage in what the industry

calls Integrated Resource Planning. Thus, the development and use of an Integrated Resource Plan is an essential element of FPC's providing electric services to customers at least cost. Rates established to reimburse a utility for resource acquisitions that are not shown to be the least cost options under an Integrated Resource Plan cannot be considered just and reasonable because there may be lower cost resources available to provide reliable power supply that would reduce utility revenue requirements and cut customer costs over the planning period.

The current connection between utility sales and revenues creates a disincentive to FPC's provision of energy services at least cost through Integrated Resource Planning. The connection creates a disincentive for FPC to include in its planning process resource options that will reduce sales, even if those options would reduce total revenue requirements and customer costs. In order to remove this disincentive, the Commission should adopt a revenue adjustment mechanism for FPC that ends the connection between the FPC's level of sales and the amount of revenue it is permitted to keep.

<u>Decoupling would Remove Disincentives to FPC's Implementation of Energy Efficiency Programs that Reduce Energy Usage</u>

The current connection between utility sales and revenues is an economic disincentive to FPC's investing in energy efficiency programs that reduce energy usage. This disincentive applies even to low cost energy efficiency programs--not only programs that would reduce revenue requirements and total customer costs, but also those programs that would reduce average rates--since all such programs would reduce the company's profits. Because, under current regulatory policy, every additional kWh FPC sells between rate cases <u>increases profits</u> and every kWh customers do not buy due to conservation <u>reduces FPC's bottom line</u>, the Commission should adopt, for FPC, a revenue adjustment mechanism that ends the connection between the company's level of sales and revenues.

<u>Decoupling would improve FPC's achievements</u>

pursuant to the Legislature's directive to increase the efficiency of energy use.
A decoupling mechanism would improve FPC's achievements in programs (under Section 366.82, Florida Statutes) to increase the efficiency of energy use. The legislature considers the use of the energy conservation systems "critical" to the "health, prosperity, and general welfare of the state and its citizens." Section 366.81, F.S. Decoupling would remove the most important economic barrier (disincentive) to FPC's implementation of programs that increase the efficiency of energy use.

HOW SHOULD FPC IMPLEMENT DECOUPLING?
POSITION: The Commission should adopt a Revenue per Customer decoupling mechanism for FPC. Revenue per Customer decoupling is likely to be the most effective for FPC in light of other relevant regulatory policies and practices applicable to the company. Both the Revenue Per Customer and ERAM decoupling mechanisms would effectively end FPC's current disincentive to provide energy services at least cost through Integrated Resource Planning and to invest in energy efficiency resources. However, Revenue per Customer decoupling--with or without annual adjustments--is administratively simpler to implement and may provide the strongest incentives to minimize the costs of providing reliable electric services.

STAFF: No position at this time.

ISSUE 164: Should Florida Power implement Demand Side Management incentives? And, if so, how?

FPC: See the Company's position under Issue 163 above. **(Wieland, Barron)**

OPC: No position at this time.

OCCIDENTAL: Agree with FIPUG.

FIPUG: No. Additional financial incentives are unnecessary if proper ratemaking treatment is given to all utility investments. Further, a utility may lose business if it does not pursue DSM. Thus, it makes good business sense for utilities to pursue DSM. They should not be rewarded for doing so. (Rosenberg)

FCAN: No position was provided.

AHCLG: No position at this time.

LEAF: Yes. For the following reasons, the Commission should approve a DSM incentive mechanism for FPC that allows the company to share in the financial rewards from cost-effective efficiency programs which reduce electricity usage and average customer bills:

1) In order to provide the proper economic signals, the Commission's regulatory policies should assure that FPC is able to profit most from actions that reduce customer costs. An incentive mechanism for FPC that is based on energy savings and bill reductions would provide the right incentives for FPC and should be adopted by the Commission.

2) Commission adoption of a DSM incentive mechanism would improve FPC's achievements in programs (under Section 366.82, F.S.) to increase the efficiency of energy use. Reasonable economic incentives for DSM will help FPC overcome institutional biases against programs that reduce energy use, perceptions of risk related to the size and persistence of DSM savings, and the numerous problems to be resolved in changing the nature of utility services.

HOW SHOULD FPC IMPLEMENT DSM INCENTIVES?
POSITION: The Commission should adopt a DSM incentive mechanism for FPC that includes the following features:

1) Financial rewards to FPC should be limited to a percentage of the financial savings achieved by FPC's customers as a result of the company's efficiency program efforts. An incentive mechanism that rewards FPC on the basis of its success in reducing customer bills is easy for interested parties to

understand and, from a regulatory perspective, reasonable for providing economic encouragement for the utility to act in the public interest. However, to balance any inclination on the utility's part to limit DSM implementation only to the lowest cost and highest yield programs, FPC's percentage of energy cost savings should be higher if it captures a larger proportion of the energy savings potential identified.

2) The DSM incentive mechanism should include kWh saving targets and rewards for exceeding and penalties for failing to meet the targets. Targets, rewards and penalties are very important to an incentive mechanism. Although some parties would likely be more comfortable with an upper limit on the rewards available to FPC, and the company may prefer a limit on how much of a penalty it could incur for not attaining the targets, a cap on incentives could limit the company's interest in adding energy conservation programs that would reduce customer costs and is, therefore, not recommended.

3) The DSM incentive mechanism should be designed both to provide rewards for maximizing the acquisition of energy savings and, at the same time, minimizing the cost of acquiring it. Both types of incentive are necessary to avoid problems such as cream skimming, on the one hand, and spending more than is necessary, on the other.

STAFF: No position at this time.

VIII. EXHIBIT LIST

Witness	Proffered By	I.D. No.	Description
Keesler	FPC	(AJK-1)	Minimum Filing Requirement Schedules
Seligson	FPC	(CHS-1)	Standard & Poor's Benchmarks for AA and A Rated Electric Utilities

Witness	Proffered By	I.D. No.	Description
Seligson	FPC	(CHS-2)	Standard & Poor's Benchmarks for AA Rated Electrics vs. Florida Power for Test Years 1991, 1992 and 1993
Seligson	FPC	(CHS-3)	Pre-Tax Interest Coverage for Test Years 1991, 1992 and 1993
Seligson	FPC	(CHS-4)	Total Debt/Total Capital for Test Years 1991, 1992 and 1993
Seligson	FPC	(CHS-5)	Net Cash Flow/Capital Expenditures for Test Years 1991, 1992 and 1993
Seligson	FPC	(CHS-6)	Funds Flow Interest Coverage for Test Years 1991, 1992 and 1993
Seligson	FPC	(CHS-7)	Funds from Operations/Average Total Debt for Test Years 1991, 1992 and 1993
Seligson	FPC	(CHS-8)	Standard & Poor's Benchmarks for Aa Rated Electrics vs. Florida Power Corp. for Test Years 1991, 1992 and 1993
Seligson	FPC	(CHS-9)	Pre-Tax Interest Coverage for Test Years 1992 and 1993
Seligson	FPC	(CHS-10)	Total Debt/Total Capital for Test Years 1992 and 1993
Seligson	FPC	(CHS-11)	Net Cash Flow/Capital Expenditures for Test Years 1992 and 1993

Witness	Proffered By	I.D. No.	Description
Seligson	FPC	(CHS-12)	Funds Flow Interest Coverage for Test Years 1992 and 1993
Seligson	FPC	(CHS-13)	Funds from Operations/Average Total Debt for Test Years 1992 and 1993
Seligson	FPC	(CHS-14)	Return on Equity Recommendation Using Risk Premium Methodology
Seligson	FPC	(CHS-15)	Standard & Poor's Benchmarks for AA Rated Electrics vs. Florida Power Corp. for Test Years 1992 and 1993
Seligson	FPC	(CHS-16)	Pre-Tax Interest Coverage for Test Years 1992 and 1993
Seligson	FPC	(CHS-17)	Total Debt/Total Capital for Test Years 1992 and 1993
Seligson	FPC	(CHS-18)	Net Cash Flow/Capital Expenditures for Test Years 1992 and 1993
Seligson	FPC	(CHS-19)	Funds Flow Interest Coverage Test Years 1992 and 1993
Seligson	FPC	(CHS-20)	Funds from Operations/Average Total Debt for Test Years 1992 and 1993
Cicchetti	OPC	(MAC-1-11)	Cost of Capital Schedules (Composite)
Baudino	Occidental	(RAB-1)	Resume of Richard A. Baudino

Witness	Proffered By	I.D. No.	Description
Baudino	Occidental	(RAB-2)	Florida Power Corporation, Selected Financial Data
Baudino	Occidental	(RAB-3)	Florida Progress Corporation, Average Price, Dividend, and Dividend Yield
Baudino	Occidental	(RAB-4)	Florida Power Corporation, Growth Rate Calculation
Baudino	Occidental	(RAB-5)	Average Price, Dividend, and Dividend Yield, Comparison Group
Baudino	Occidental	(RAB-6)	Growth Rate Calculation, Comparison Group
Baudino	Occidental	(RAB-7)	Florida Power Corporation, SBBI Risk Premium Data
Baudino	Occidental	(RAB-8)	Florida Power Corporation, Revised SBBI Risk Premium Analysis
Baudino	Occidental	(RAB-9)	Milton Schlein, Bonds Versus Utility Common Stocks: An Update, Value Line Selection & Option, May 1, 1992
Baudino	Occidental	(RAB-10)	Florida Power Corporation, Financial Benchmark Ratios
Baudino	Occidental	(RAB-11)	Standard and Poor's Financial Benchmarks for Electric Utility Companies, AA and A Rated Companies

Witness	Proffered By	I.D. No.	Description
Baudino	Occidental	(RAB-12)	Florida Power Corporation, Comparison Between Debt Costs Savings and Increased Equity Return Requirements, AA vs. A Bond Rating
Baudino	Occidental	(RAB-13)	Weighted Cost of Capital/Long-Term Debt Adjustment
Greene	FPC	(GEG-1)	Minimum Filing Requirement Schedules
Greene	FPC	(GEG-2)	Customer Per Employee
Greene	FPC	(GEG-3)	Total O&M Expense per Customer
Greene	FPC	(GEG-4)	Equivalent Availability Factor
Greene	FPC	(GEG-5)	Equivalent Forced Outage Rate
Greene	FPC	(GEG-6)	Service Reliability
Greene	FPC	(GEG-7)	Residential Service Rate
Greene	FPC	(GEG-8)	Justified Commission Complaints
McCoy	FPC	(FLM-1)	Qualifications of Frederick L. McCoy
Phillips	FPC	(MHP-1)	Minimum Filing Requirement Schedules (Chart)
Phillips	FPC	(MHP-2)	Construction/Operations Functional Organization (Chart)

Witness	Proffered By	I.D. No.	Description
Phillips	FPC	(MHP-3)	Comparison of Installed Costs Simple Cycle Combustion Turbines (Chart)
Phillips	FPC	(MHP-4)	Summary of FPC Transmission Lines and Transmission Substation Actual and Projected Closings (Chart)
Phillips	FPC	(MHP-5)	Summary of FPC Distribution Substation Actual and Projected Closings (Chart)
Phillips	FPC	(MHP-6)	Distribution Capital FERC Accounts (Graph)
Phillips	FPC	(MHP-7)	Meter Capital FERC Account (Graph)
Phillips	FPC	(MHP-8)	Construction and Operations (Chart) FERCs-Distribution, Transmission, Customer Accounts, Customer Service, and Information and Sales and Demonstration, 1992
Phillips	FPC	(MHP-9)	Construction and Operations (Chart) FERCs-Distribution, Transmission, Customer Accounts, Customer Service, and Information and Sales and Demonstration, 1993
Phillips	FPC	(MHP-10)	Transmission and Distribution-O&M FERC Accounts (Graph)

Witness	Proffered By	I.D. No.	Description
Phillips	FPC	(MHP-11)	Transmission and Distribution-Service Reliability (Graph)
Phillips	FPC	(MHP-12)	Transmission and Distribution Enhancements (Chart)
Phillips	FPC	(MHP-13)	Transmission and Distribution Enhancements (Chart)
Phillips	FPC	(MHP-14)	Service Employee to Customer Ration (Graph)
Phillips	FPC	(MHP-15)	Electric Utility Comparison Customer Per Employee (Chart)
Phillips	FPC	(MHP-16)	Customer Calls Received (Graph)
Phillips	FPC	(MHP-17)	Calls Received Per Customer (Graph)
Phillips	FPC	(MHP-18)	Calls Per Customer Service Representative (Graph)
Phillips	FPC	(MHP-19)	Cost Per Call (Graph)
Phillips	FPC	(MHP-20)	1990 District Payments (Chart)
Phillips	FPC	(MHP-21)	New Services 1987-1991 (Chart)
Phillips	FPC	(MHP-22)	Special Programs (Chart)
Phillips	FPC	(MHP-23)	Total Customers on Average Billing Plan (Chart)

Witness	Proffered By	I.D. No.	Description
Phillips	FPC	(MHP-24)	1989 Florida Public Service Commission Audit Recommendations
Phillips	FPC	(MHP-25)	1989 Florida Public Service Commission Audit Recommendations
Phillips	FPC	(MHP-26)	Florida Power Total Charges Off Percent (Graph)
Phillips	FPC	(MHP-27)	Charge Off Dollars as a Percent of Sales for Florida Investor-Owned Utilities (Graph)
Phillips	FPC	(MHP-28)	Florida Public Service Commission - Complaints Logged per 1,000 Customers (Graph)
Phillips	FPC	(MHP-29)	Florida Public Service Commission - Complaints Justified per 1,000 Customers (Graph)
Phillips	FPC	(MHP-30)	Customer Opinion Survey Results - Overall Customer Favorability (Graph)
Phillips	FPC	(MHP-31)	Customer Opinion Survey Results - Providing Reliable Electric Service (Graph)
Phillips	FPC	(MHP-32)	Customer Opinion Survey Results - Restoring Service (Graph)
Phillips	FPC	(MHP-33)	Customer Opinion Survey Results - Useful Customer Service Programs (Graph)

Witness	Proffered By	I.D. No.	Description
Phillips	FPC	(MHP-24)	1989 Florida Public Service Commission Audit Recommendations
Phillips	FPC	(MHP-25)	1989 Florida Public Service Commission Audit Recommendations
Phillips	FPC	(MHP-26)	Florida Power Total Charges Off Percent (Graph)
Phillips	FPC	(MHP-27)	Charge Off Dollars as a Percent of Sales for Florida Investor-Owned Utilities (Graph)
Phillips	FPC	(MHP-28)	Florida Public Service Commission - Complaints Logged per 1,000 Customers (Graph)
Phillips	FPC	(MHP-29)	Florida Public Service Commission - Complaints Justified per 1,000 Customers (Graph)
Phillips	FPC	(MHP-30)	Customer Opinion Survey Results - Overall Customer Favorability (Graph)
Phillips	FPC	(MHP-31)	Customer Opinion Survey Results - Providing Reliable Electric Service (Graph)
Phillips	FPC	(MHP-32)	Customer Opinion Survey Results - Restoring Service (Graph)
Phillips	FPC	(MHP-33)	Customer Opinion Survey Results - Useful Customer Service Programs (Graph)

Witness	Proffered By	I.D. No.	Description
Phillips	FPC	(MHP-34)	Customer Opinion Survey Results - Customer Service Survey (Graph)
Hancock	FPC	(JAH-1)	Minimum Filing Requirement Schedules
Hancock	FPC	(JAH-2)	Fossil Plant Performance: Equivalent Availability Factor - Forced Outage Rate
Hancock	FPC	(JAH-3)	Fossil Plant Performance: Equivalent Availability Factor - Planned Outage Factor
Hancock	FPC	(JAH-4)	Fossil Plant Performance: Equivalent Availability Factor - Fossil Steam Comparative Costs
Hancock	FPC	(JAH-5)	FERC O&M Dollars Per MWH - Adjusted FERC O&M Dollars per MWH
Hancock	FPC	(JAH-6)	Fossil Production Availability & Efficiency Improvement Programs
Hancock	FPC	(JAH-7)	Fossil Production Environmental Programs
Hancock	FPC	(JAH-8)	1992 O&M Benchmark Variance: Fossil & Other Power Supply; Benchmark Variance Summary
Hancock	FPC	(JAH-9)	1992 O&M Benchmark Variance: Summary - 1992 Benchmark Variance Justification

Witness	Proffered By	I.D. No.	Description
Hancock	FPC	(JAH-10)	1992 O&M Benchmark Variance: Fossil & Other Power Supply; Major Benchmark Variance Factors
Hancock	FPC	(JAH-11)	Fossil Production DeBary Combustion Turbines Manpower Requirements
Hancock	FPC	(JAH-12)	Fossil Production DeBary Combustion Turbines Manpower & Nox Control Costs
Hancock	FPC	(JAH-13)	Fossil Production DeBary Combustion Turbines Maintenance and Operating Costs
Hancock	FPC	(JAH-14)	Fossil Production DeBary Combustion Turbines Comparison of 1992 O&M Budget to 1987-90 Actual O&M Expenses Per Unit
Hancock	FPC	(JAH-14)	Coal Unit Equivalent Forced Outage Rate (EFOR) by Unit Age and Steam Pressure, 1964-1981
Hancock	FPC	(JAH-15)	Equivalent Forced Outage Rate
Hancock	FPC	(JAH-16)	Disposal Cost Per Ton
Hancock	FPC	(JAH-17)	1993 O&M Benchmark Variance: 1993 Fossil & Other Power Supply; Benchmark Variance Summary
Hancock	FPC	(JAH-18)	1993 O&M Benchmark Variance: Summary - 1993 Benchmark Variance Justification

Witness	Proffered By	I.D. No.	Description
Hancock	FPC	(JAH-19)	Fossil Production Intercession City Combustion Turbines Operating & Maintenance Costs 1993
Hancock	FPC	(JAH-20)	Fossil Production University of Florida Project Operating and Maintenance Costs
Hancock	FPC	(JAH-21)	Fossil Production Crystal River Helper Cooling Towers Operating & Maintenance Costs
Hancock	FPC	(JAH-22)	Existing Plant Addition: Existing Plant Improvement Projects by Category
Hancock	FPC	(JAH-23)	Existing Plant Addition: Summary of Fossil Plant Improvements & Outlays
Hancock	FPC	(JAH-24)	Existing Plant Addition: Fossil Plant Improvement Project Descriptions
Hancock	FPC	(JAH-25)	Dismantling Cost Study
Hancock	FPC	(JAH-26)	Fossil (Steam & Other) Production and Other Power Supply 1987 Benchmark Variance Summary
Hancock	FPC	(JAH-27)	Summary 1987 Benchmark Variance Justification
Hancock	FPC	(JAH-28)	Major Factors 1987 Benchmark Variance Justification
Heard	FPC	(PMB-1)	Minimum Filing Requirement Schedules

Witness	Proffered By	I.D. No.	Description
Beard	FPC	(PMB-2)	1992 O&M Benchmark Variance Nuclear Production
Beard	FPC	(PMB-3)	1993 O&M Benchmark Variance Nuclear Production
Beard	FPC	(PMB-4)	Nuclear Plant Outages and O&M Generating Costs
Beard	FPC	(PMB-5)	Production Cost Comparison
Beard	FPC	(PMB-6)	Cost Control and Efficiency Programs: Nuclear Operations: Reliability Centered Maintenance
Beard	FPC	(PMB-7)	Cost Control and Efficiency Programs: Nuclear Operations: Engineering Enhancements
Beard	FPC	(PMB-8)	Cost Control and Efficiency Programs: Nuclear Operations: Health Physics Program
Beard	FPC	(PMB-9)	Cost Control and Efficiency Programs: Nuclear Operations: Nuclear Waste Program
Beard	FPC	(PMB-10)	Cost Control and Efficiency Programs: Nuclear Operations: Nuclear Safety Related Materials
Beard	FPC	(PMB-11)	Cost Control and Efficiency Programs: Nuclear Operations: Training Enhancements

Witness	Proffered By	I.D. No.	Description
Beard	FPC	(PMB-12)	Cost Control and Efficiency Programs: Nuclear Operations: Pooled Inventory Management Program
Beard	FPC	(PMB-13)	Cost Control and Efficiency Programs: Nuclear Operations: Information Resource Management
Beard	FPC	(PMB-14)	Cost Control and Efficiency Programs: Nuclear Operations: Office Automation Study
Beard	FPC	(PMB-15)	Cost Control and Efficiency Programs: Nuclear Operations: Master Schedule
Beard	FPC	(PMB-16)	Cost Control and Efficiency Programs: Nuclear Operations: Activity Management/Nuclear Forecasting Systems
Beard	FPC	(PMB-17)	Cost Control and Efficiency Programs: Nuclear Operations: People Achieving Corporate Excellence (PACE) Teams
Beard	FPC	(PMB-18)	Generation Performance Incentive Factor (GPIF) Reward Summary
Beard	FPC	(PMB-19)	NRC Performance Indicators
Beard	FPC	(PMB-20)	WANO Performance Indicators

Witness	Proffered By	I.D. No.	Description
Beard	FPC	(PMB-21)	CR-3 Capacity Factors/Forced Outage Rates
Beard	FPC	(PMB-22)	Nuclear Waste Disposal Cost
Barron	FPC	(WLB-1)	Minimum Filing Requirement Schedules
Barron	FPC	(WLB-2)	Florida Power's IRP Procedure Block Diagram
Barron	FPC	(WLB-3)	Florida Power's Planning Process for Plant Capital Projects Block Program
Barron	FPC	(WLB-4)	Florida Power's Transmission and Distribution Planning Procedure Block Program
Barron	FPC	(WLB-5)	Transmission and Distribution Reliability Planning Criteria
Barron	FPC	(WLB-6)	Major Florida Power Generating Plant Additions, 1991-1993
Barron	FPC	(WLB-7)	The University of Florida Project Revenue Requirements for Total Project (Including Steam Sales) vs. A Standard Offer Cogeneration Contract
Barron	FPC	(WLB-8)	Summary of Florida Power Transmission Line and Transmission Substation Expenditures, 1991-1993

Witness	Proffered By	I.D. No.	Description
Barron	FPC	(WLB-9)	Statement of Justification of Major Transmission, Transmission Substation and Distribution Substation Projects
Barron	FPC	(WLB-10)	Florida Power Corp.'s Load Management and Energy Efficiency Programs
Barron	FPC	(WLB-11)	Illustration of Comprehensive Coverage of Florida Power's Energy Efficiency Programs
Barron	FPC	(WLB-12)	Florida Power Corp.'s DSM Programs Total Projected Impacts: 1991-1993
Barron	FPC	(WLB-13)	Relative Size of Major Conservation & Load Management Programs
Barron	FPC	(WLB-14)	Success of Florida Power's Energy Efficiency Programs
Wieland	FPC	(KHW-1)	Minimum Filing Requirement Schedules
Wieland	FPC	(KHW-2)	Customer, Energy Sales and Seasonal Demand Forecast
Wieland	FPC	(KHW-3)	Historic and Forecasted Growth Rates
Wieland	FPC	(KHW-4)	Residential Customer Growth
Wieland	FPC	(KHW-5)	Commercial Customer Growth

Witness	Proffered By	I.D. No.	Description
Wieland	FPC	(KHW-6)	Flow Chart - Forecast Methodology
Wieland	FPC	(KHW-7)	Forecast Comparison - Customers Previous Forecast with Actual
Wieland	FPC	(KHW-8)	Forecast Comparison - Sales Previous Forecast with Actual
Wieland	FPC	(KHW-9)	Forecast Assumptions
Wieland	FPC	(KHW-10)	Short Term Econometric Models
Wieland	FPC	(KHW-11)	Forecast Accuracy - Sales
Wieland	FPC	(KHW-12)	Forecast Accuracy - Customers
Wieland	FPC	(KHW-13)	Forecast Accuracy - Annual Peak Demand
Williams	FPC	(DDW-1)	Minimum Filing Requirement Schedules
Williams	FPC	(DDW-2)	Fuel Price Projections Coal - Assumptions & Projections
Williams	FPC	(DDW-3)	Fuel Price Projections Residual Oil & Light Oil
Williams	FPC	(DDW-4)	Oil Price Projections
Williams	FPC	(DDW-5)	Fuel Price Projections Oil Transportation Costs
Williams	FPC	(DDW-6)	Fuel Price Projections Nuclear Fuel Expense - Assumption & Projections
Williams	FPC	(DDW-7)	Fuel Inventory Target Levels

Witness	Proffered By	I.D. No.	Description
Williams	FPC	(DDW-8)	Comparison of Fully Adjusted Fuel Inventory Versus FPSC Guidelines and Resultant Impact on Revenue Requirement
McGaughy	OPC	(JPM-1-8)	Fossil and Nuclear O&M (Composite)
McGaughy	OPC	(JPM-S-1-8)	Fossil and Nuclear O&M (Supplemental Composite)
Wells	AHCLG	(HGW-1)	Return on Equity - Financial Indicators; FPC Financial Ratios
Twery	FPC	(SCT-1)	Nonpension Postretirement Benefits Valuation December 1991
Twery	FPC	(SCT-2)	Selection of Per Capita Medical Costs and Medical Trend Rates Assumption
Twery	FPC	(SCT-3)	Retiree Medical Funding Issues 1991
Peterson	FPC	(SGP-1)	Summary of the Main Plan Provisions of the Employees' Retirement Plan of Florida Progress Corp.
Peterson	FPC	(SGP-2)	Outline of Actuarial Assumptions and Methods for Pension Expense Calculation
Scardino	FPC	(JS-1)	MFR Schedules Sponsored by J. Scardino, Jr.
Scardino	FPC	(JS-2)	1992 Budget Development - Assumption and Guidelines
Scardino	FPC	(JS-3)	1992 Operating Budget and 1993 Forecast

Witness	Proffered By	I.D. No.	Description
Scardino	FPC	(JS-4)	1992 Construction Budget and 1993 Forecast
Scardino	FPC	(JS-5)	1992 and 1993 O&M Benchmark Comparison by Function
Scardino	FPC	(JS-6)	Income Statement and Balance Sheet - Interim
Scardino	FPC	(JS-7)	Comparison of Revenue Requirements - Twelve Months Ended November 30, 1991 to December 31. 1987
Scardino	FPC	(JS-8)	Accounting for Pensions
Scardino	FPC	(JS-9)	Comparative Income Statements - Permanent
Scardino	FPC	(JS-10)	Analysis of Nuclear Decommissioning Accrual and Funding Requirements
Scardino	FPC	(JS-11)	Comparative Balance Sheets - Permanent
Scardino	FPC	(JS-12)	FERC response to Company's request for confirmation concerning elimination of surpluses and deficiencies in depreciation reserves
Scardino	FPC	(JS-13)	Comparison of Revenue Requirements - Twelve Months Ended December 31, 1993 to December 31, 1992 and December 31, 1992 to December 31, 1987
Scardino	FPC	(JS-14)	Annual Dismantlement Accrual
ongers	FPC	(DBB-1)	Report on Examination of the Financial Projections

Witness	Proffered By	I.D. No.	Description
Bongers	FPC	(DBB-2)	Summary of KPMG Peat Marwick Examination Procedures
Bongers	FPC	(DBB-3)	Compliance with the AICPA Guide
Larkin	OPC	(HL-1)	Accounting Schedules (Composite)
Larkin	OPC	(HL-2)	Accounting Schedules (Supplemental Composite)
Montanaro	OPC	(VW-1-9)	FAS 106 Schedules (Composite)
Kollen	Occidental	(LK-1)	Resume of Lane Kollen
Kollen	Occidental	(LK-2)	Florida Power Corporation 1991 Nuclear Decommissioning Study: Comparison of Scenarios
Kollen	Occidental	(LK-3)	Revised O&M Benchmark (1993)
Kollen	Occidental	(LK-4)	Cost Constraint Activities of Other Utilities (List of Utilities Cited in Electric Utility Week 1988 - 1992)
Kollen	Occidental	(LK-5)	Revised O&M Benchmark (1992)
Carlson	FIPUG	(TSC-1)	Other Postretirement Employee Benefits-Cash Payments and Expense
Carlson	FIPUG	(TSC-2)	Revenue Requirements Associated with other Postretirement Benefits if Allowed Expense is Based on SFAS No. 106 Expense

Witness	Proffered By	I.D. No.	Description
Carlson	FIPUG	(TCS-3)	Revenue Requirements)Associated with Other Postretirement Benefits if Allowed Expense is Determined on the Pay-As-You-Go Basis
Carlson	FIPUG	(TCS-4)	Reduction in Revenue Requirements Associated with Other Postretirement Benefits
Carlson	FIPUG	(TCS-5)	Pension Expense
Carlson	FIPUG	(TCS-6)	Status of the Pension Fund
Carlson	FIPUG	(TCS-7)	Pension Expansion and Cash Contributions for 1988-1992
Carlson	FIPUG	(TCS-8)	Revenue Requirements Associated with Pensions if Allowed Expense is Determined on a Pay-As-You-Go Basis
Carlson	FIPUG	(TCS-9)	Revenue Requirements Associated with Pensions if Allowed Expense is Determined on a Pay-As-You-Go Basis
Carlson	FIPUG	(TCS-10)	Reduction in Revenue Requirements Associated with Pensions
Carlson	FIPUG	(TCS-11)	Description of Land Associated with Fossil Fuel Plants
Carlson	FIPUG	(TCS-12)	Original Cost of Land at Generating Plant Site

Witness	Proffered By	I.D. No.	Description
Carlson	FIPUG	(TCS-13)	Calculation of Fossil Fuel Dismantlement Expense Excluding the 25% Contingency Factor
Carlson	FIPUG	(TCS-14)	Revenue Requirements Associated with Fossil Dismantlement Expense
Slusser	FPC	(WCS-1)	Minimum Filing Requirement Schedules
Slusser	FPC	(WCS-2)	Electric Plant In Service by Jurisdiction - 1992 Test Year
Slusser	FPC	(WCS-3)	Production Resources by Jurisdiction - 1992 Test Year
Slusser	FPC	(WCS-4)	Class Annual Revenue Requirements by Cost Study Method - 1992 Test Year
Slusser	FPC	(WCS-5)	Annual Revenue Requirements by Class - 1992 Test Year
Slusser	FPC	(WCS-6)	Annual Revenue Requirements - 1992 Test Year
Slusser	FPC	(WCS-7)	Rate of Return by Class - 1992 Test Year
Slusser	FPC	(WCS-8)	Class Annual Base Revenue Requirements by Cost Component - 1992 Test Year
Slusser	FPC	(WCS-9)	Electric Plant In Service by Jurisdiction - 1993 Test Year

Witness	Proffered By	I.D. No.	Description
Slusser	FPC	(WCS-10)	Production Resources by Jurisdiction - 1993 Test Year
Slusser	FPC	(WCS-11)	Class Annual Revenue Requirements by Cost Study Method - 1993 Test Year
Slusser	FPC	(WCS-12)	Annual Revenue Requirements by Class - 1993 Test Year
Slusser	FPC	(WCS-13)	Annual Revenue Requirements - 1993 Test Year
Slusser	FPC	(WCS-14)	Rate of Return by Class - 1993 Test Year
Slusser	FPC	(WCS-15)	Class Annual Base Revenue Requirements by Cost Component - 1993 Test Year
Nixon	FPC	(SFN-1)	Minimum Filing Requirements Schedules
Nixon	FPC	(SFN-2)	Historical Relationships - Allocators
Nixon	FPC	(SFN-3)	Development of Lighting Fixtures and Lines of Billing
Nixon	FPC	(SFN-4)	Customer Migration Relationships
Nixon	FPC	(SFN-5)	Sebring Billing Determinants
Nixon	FPC	(SFN-6)	1992 and 1993 Sales Revenue Summary Under Present Major Rate Classes Including Wholesale

Witness	Proffered By	I.D. No.	Description
Nixon	FPC	(SFN-7)	General Service Class - Coincident Factor vs. Load Factor
Nixon	FPC	(SFN-8)	1992 and 1993 General Service Cost Curves: 1992 General Service Cost Curves
Nixon	FPC	(SFN-9)	1992 and 1993 General Service Cost Curves: 1992 Cost Curve vs. Present Rates
Nixon	FPC	(SFN-10)	1992 and 1993 General Service Cost Curves: 1992 Cost Curve vs. 1992 Proposed Rates
Nixon	FPC	(SFN-11)	1992 and 1993 General Service Cost Curves: 1992 Cost Curve vs. 1993 Proposed Rates
Nixon	FPC	(SFN-12)	Migration Options - Present and Proposed Rates
Nixon	FPC	(SFN-13)	Interruptible and Curtailable - Cost Effectiveness Test
Nixon	FPC	(SFN-14)	IS-1 Class Coincident Factor vs. Load Factor
Nixon	FPC	(SFN-15)	ECCR Increase due to IS/CS Credits
Nixon	FPC	(SFN-16)	Development of Interim Percentage Rate Increase
Nixon	FPC	(SFN-17)	1993 First Step Revenue Requirements by Major Rate Schedule
Nixon	FPC	(SFN-18)	Performance Reward Factor

Witness	Proffered By	I.D. No.	Description
Falkenberg	Occidental	(RJF-1)	Qualifications of Randall J. Falkenberg
Falkenberg	Occidental	(RJF-2)	Adjusted Revenue Requirement: Interruptible Load Excluded from Jurisdiction Separation Factor
Falkenberg	Occidental	(RJF-3)	Florida Power Company, Summary of Revenues for GS-1 and GSD-1 Without 100% Migration Assumption
Falkenberg	Occidental	(RJF-4)	Recommended 12-CP Cost of Service Study: Demands of IS Load Removed from Production Demand Allocation Factors
Falkenberg	Occidental	(RJF-5)	Calculation of IS Class Cost Effective Revenue Requirement Based on 12-CP Cost of Service Study
Pollock	FIPUG	(JP-1)	FPC 1989 System Load Duration Curve
Pollock	FIPUG	(JP-2)	FPC Monthly Firm System Peak Demands as a Percent of the Annual System Peak (1987-1991); Summary of Firm Load Characteristics
Pollock	FIPUG	(JP-3)	FPC Monthly Reserve Margins Expressed as a Percent of Firm Peak Demand (1987-1991)
Pollock	FIPUG	(JP-4)	Illustration Showing the Impact of a Load Shift on the 12 CP Allocation Factors

Witness	Proffered By	I.D. No.	Description
Pollock	FIPUG	(JP-5)	Comparison Between FPC's and FIPUG's Recommended Allocation of Non-Firm Credits: Twelve CP and 1/13th Average Demand Method
Pollock	FIPUG	(JP-6)	FIPUG's Revised 1992 Cost of Service Studies at Present Rates (Twelve CP and 1/13th Average Demand Method; Summer/Winter Average CP Method)
Pollock	FIPUG	(JP-7)	1992 Class Cost of Service Study Treating the IS Class as Non-firm
Pollock	FIPUG	(JP-8)	Margins Derived from the Interruptible Class at Present Rates
Pollock	FIPUG	(JP-9)	FPC's Proposed Increases Expressed as a Percent of Base Revenue (1992 Increase; 1992-93 Increases)
Pollock	FIPUG	(JP-10)	Summary of FPC's Cost of Service Study Results at Present and FPC's Proposed Rates (Year Ending December 31, 1992; Year Ending December 31, 1993)
Pollock	FIPUG	(JP-11)	FIPUG's Revised 1992 Cost of Service Studies at Present and FPC's Proposed 1992 Rates (Twelve CP & 1/13th Average Demand Method; Summer/Winter Average CP Method)

Witness	Proffered By	I.D. No.	Description
Pollock	FIPUG	(JP-12)	FIPUG's Recommended 1992 Revenue Distribution (Twelve CP & 1/13th Average Demand Method; Summer/Winter Average CP Method)
Pollock	FIPUG	(JP-13)	Derivation of FIPUG's Recommended 1992 Increase to the IS Class
Pollock	FIPUG	(JP-14)	Revised Cost Effectiveness Analysis for the Interruptible Rate Based on FPC's $6/kW Credit
Pollock	FIPUG	(JP-15)	Interruptible Credit Based on the Revised Cost Effectiveness Analysis and a 1.2 Benefit/Cost Ratio
Pollock	FIPUG	(JP-16)	Anomalies Resulting from FPC's Avoided Cost Approach to Deriving the Non-Firm Credits: 1992
Pollock	FIPUG	(JP-17)	Present vs. FPC's Proposed 1992 Interruptible Rate Design
Pollock	FIPUG	(JP-18)	Impact of Coincidence Factor on Rate Design
Pollock	FIPUG	(JP-19)	Scatter Diagram of FPC's Load Factor/Coincidence Factor Analysis of the IS Class
Pollock	FIPUG	(JP-20)	Present vs FPC's Proposed 1992 Curtailable Rate Design

Witness	Proffered By	I.D. No.	Description
Pollock	FIPUG	(JP-21)	Scatter Diagram of FPC's Load Factor/Coincidence Factor Analysis of the CS Class
Pollock	FIPUG	(JP-22)	Load Factor/Coincidence Factor Analysis of the General Service Demand Classes
Pollock	FIPUG	(JP-23)	Derivation of FIPUG's Recommended Delivery Voltage Credits: 1992
Pollock	FIPUG	(JP-24)	Derivation of FIPUG's Recommended Metering Voltage Adjustments: 1992
Stutz	LEAF	(JS-1)	Dr. Stutz's Testimony Before Regulatory Commissions
Stutz	LEAF	(JS-2)	Differences Between Traditional Planning and Integrated Resource Planning
Stutz	LEAF	(JS-3)	Results of Integrated Resource Planning Survey
Stutz	LEAF	(JS-4)	"Military Briefing" Kicks Off Puget Power's Conservation War
Stutz	LEF	(JS-5)	Load Data on Florida Power DSM Programs
Stutz	LEAF	(JS-6)	Fair Allocation of DSM-Related Costs
Stutz	LEAF	(JS-7)	Figures: Energy Use per Customer

Witness	Proffered By	I.D. No.	Description
Stutz	LEAF	(JS-8)	Characteristics Associated with High DSM Program Participation Rates
Stutz	LEAF	(JS-9)	Utility Perceptions of DSM-Related Risk
Stutz	LEAF	(JS-10)	Electric Utilities with DSM Bonus Mechanisms
Kirshner	LEAF	(DK-1)	Curriculum Vitae
Kirshner	LEAF	(DK-2)	Results Under Current Regulatory Methods
Kirshner	LEAF	(DK-3)	Results Under Revenue per Customer Decoupling
Kirshner	LEAF	(DK-4)	Results Under Revenue per Customer Decoupling with Adjustment for Use per Customer
Kirshner	LEAF	(DK-5)	Results Under ERAM Decoupling
Kirshner	LEAF	(DK-6)	Results of Hypothetical Conservation Program Under Current Regulatory Methods
Kirshner	LEAF	(DK-7)	Results of Hypothetical Conservation Program Under Revenue per Customer Decoupling
Kirshner	LEAF	(DK-8)	Results of Hypothetical Conservation Program Under Revenue Per Customer Decoupling With Adjustment for Use per Customer

Witness	Proffered By	I.D. No.	Description
Kirshner	LEAF	(DK-9)	Results of Hypothetical Conservation Program with Revenue Per Customer Decoupling and Shared Savings
Seligson	Staff		Depos. of Seligson-Late filed Exh., dated 6/9/92
Cicchetti	Staff		Depos. of Cicchetti-Late filed Exh., dated 6/29/92
Baudino	Staff		Depos. of Baudino-Late filed Exh., dated 6/29/92
Greene	Staff		Depos. of Greene-Late filed Exh., dated 6/12/92
Phillips	Staff		Depos. of Phillips-Late filed, Exh. No. 2, pgs. 25-31, dated 5/15/92
Hancock/ Scardino	Staff		FPC's Response to FIPUG's Fourth Request POD, Nos. 79, 82, with exhibits
Hancock	Staff		FPC's Response to Staff's Fourth Set Interr., No. 62, pgs. 1-2
Hancock	Staff		FPC's Response to Staff's Fourth Set Interr., No. 64, pgs. 1-2
Hancock	Staff		FPC's Response to Staff's Fourth Set Interr., No. 60, pgs. 1-13
Hancock	Staff		FPC's Response to Staff's Fourth Set Interr., No. 75
Hancock	Staff		Hancock Depos., Exh. 1-6
Hancock	Staff		Depos., pgs. 7-13.

Witness	Proffered By	I.D. No.	Description
Hancock	Staff		FPC's Response to FIPUG's Fourth Set Interr. Nos. 101-108, 111, with exhibits
Beard	Staff		Depos., pgs. 34-36, 47-50, 54-59
Beard	Staff		Depos. Late Filed, Exhs. 5, 6
Beard	Staff		FPC's Response to Staff's Fourth Set Interr., Nos. 40, 41, 49
Beard	Staff		FPC's Response to Staff's Eighth Set Interr., Nos. 125, 126, 136
Barron	Staff		Depos., pgs. 7-28, 37-40, and 59-72
Barron	Staff		FPC's Response to Staff's Fourth Set Interr., Nos. 76, 81
Barron	Staff		Depos., pgs. 7-72
Barron/ Scardino	Staff		FPC's Response to FIPUG's Third Request POD, Nos. 62, 72-75, with exhibits
Wieland/ Lynch	Staff		Depos. of Wieland/Lynch Late filed Exh., Nos. 1, 2, 3, parts A & B, pgs. 4-8, dated 5/28/92
Twery	Staff		Depos. of Twery-Late filed Exh., No. 2, dated 6/2/92
Twerey, Peterson Scardino,	Staff		Official Notice of FAS 71, Fas87, FAS 106

Witness	Proffered By	I.D. No.	Description
Peterson	Staff		Depos. of Peterson-Late filed Exh., Nos. 1-9, dated 6/1/92
Scardino	Staff		FPC's Response to Staff's First POD, No. 3
Scardino	Staff		FPC's Response to Staff's First Request POD, No. 1
Scardino	Staff		Depos., pgs. 171-174
Scardino	Staff		FPC's Response to OPC's First Set Interr., Nos. 50-52, 54, 57, 62-64, with exhibits
Scardino	Staff		FPC's Response to OPC's Second Set Interr., Nos. 86-87, 145-147, 150-154, with exhibits
Scardino	Staff		FPC's Response to OPC's Fourth Set Interr., Nos. 190-193
Scardino	Staff		FPC's Response to OPC's Fifth Set Interr., Nos. 221-225, 245-262
Scardino	Staff		FPC's Response to OPC's Second Request POD, Nos. 78-79, 82-85
Scardino	Staff		FPC's Response to OPC's Fifth Request POD, Nos. 143-145
Scardino	Staff		FPC's Response to Staff's Fourth Set Interr., Nos. 27-32
Scardino	Staff		FPC's Response to Staff's Fifth Set Interr., Nos. 102, 104, with exhibits

Witness	Proffered By	I.D. No.	Description
Scardino	Staff		FPC's Response to Staff's Sixth Set Interr., No. 105, with exhibits
Scardino	Staff		FPC's Response to Staff's Second Request POD, No. 18, with exhibits
Scardino	Staff		FPC's Response to FIPUG's Second Set Interr., Nos. 16-38
Scardino	Staff		FPC's Response to FIPUG's Third Set Interr., Nos. 81, 86
Scardino	Staff		FPC's Response to FIPUG's Fifth Set Interr., Nos. 113-121
Scardino	Staff		FPC's Response to FIPUG's Second Request POD, Nos. 24-35
Scardino	Staff		FPC's Response to Occidental's First Set Interr., Nos. 1-4, 8, 16-20
Scardino	Staff		FPC's Response to Occidental's Third Set Interr., Nos. 56-64
Scardino	Staff		FPC's Response to Occidental's Eighth Set Interr., Nos. 144-145
Scardino	Staff		FPC's Response to Occidental's Second Request POD, Nos. 52-66
Scardino	Staff		Official Notice of United Telephone rate case order when issued. (Agenda 6/12/92)

Witness	Proffered By	I.D. No.	Description
Scardino	Staff		Depos. of Scardino-Late filed, Exh. Nos. 1-6, 9, 19 and pgs. 9-16, 21-67, 111-117, 145-147, 160-162, 169-174, 180-182, 227-230, 237-256, dated 5/28/92
Scardino	Staff		Depos. of Scardino, Exh. Nos. 16, 17
Scardino	Staff		Excerpt from NARUC Audit Report of EEI (March, 1992)
Scardino	Staff		Letter received from Safe Energy Conservation Council
Scardino	Staff		PSC Audit Report, dated April 29, 1992, and FPC's Responses to Audit Disclosures, filed June 8, 1992
Scardino	Staff		FPC's latest Rate of Return Report, as required by Rule 25-6.024, Florida Administrative Code
Scardino/ Slusser	Staff		Fully adjusted impact of removal of Sebring Distribution System Acquisition for 1992 and 1993 test years
Bongers	Staff		Depos. of Bongers-Late filed Exh., dated 6/4/92
Slusser	Staff		Depos. of Slusser, Exh. No. 2, taken 4/13/92
Slusser	Staff		Depos. of Slusser, Exh. No. 4, taken 4/13/92

Witness	Proffered By	I.D. No.	Description
Slusser	Staff		Depos. of Slusser, Exh. No. 5, taken 4/13/92
Slusser	Staff		Depos. of Slusser, Exh. No. 6, taken 4/13/92
Slusser	Staff		Depos. of Slusser, Exh. No. 7, taken 4/13/92
Slusser	Staff		Depos. of Slusser, Exh. No. 8, taken 4/13/92
Slusser	Staff		FPC's Response to Staff's Eighth Set Interr., No. 108
Slusser	Staff		FPC's Response to Staff's Eleventh Set Interr., No. 179
Slusser	Staff		FPC's Response to Staff's Eleventh Set Interr., No. 180
Slusser	Staff		FPC's Response to Staff's Thirteenth Set Interr., Nos. 183-185
Slusser	Staff		FPC's Response to FIPUG's First Request POD, No. 21
Slusser	Staff		FPC's Response to City of St. Petersburg's First Set of Interr., Nos. 2, 5
Nixon	Staff		Depos. Exh. 11, taken 4/13/92
Nixon	Staff		Depos. of Nixon, Exh. No. 1, taken 4/13/92
Nixon	Staff		Depos. of Nixon, Exh. No. 2, taken 4/13/92
Nixon	Staff		Depos. of Nixon, Exh. No. 3, taken 4/13/92

Witness	Proffered By	I.D. No.	Description
Nixon	Staff		Depos. of Nixon, Exh. No. 5, taken 4/13/92
Nixon	Staff		Depos. of Nixon, Exh. No. 6, taken 4/13/92
Nixon	Staff		Depos. of Nixon, Exh. No. 8, taken 4/13/92
Nixon	Staff		Depos. of Nixon, Exh. No. 9, taken 4/13/92
Nixon	Staff		Depos. of Nixon, Exh. No. 10, taken 4/13/92
Nixon	Staff		FPC's Response to Staff's Thirteenth Set Interr., Nos. 186-188
Nixon	Staff		Depos. of Nixon, Exh. 11, taken 4/13/92
Nixon	Staff		Pet. by FPC in Docket No. 911198-EI initiating change in non-firm cost methodology
Falkenberg	Staff		Occidental's response to Staff's first POD No. 3
Pollock	Staff		Deposition of Pollock, late-filed exhibit 5 & 6, taken June 22, 1992
Pollock	Staff		FIPUG's response to Staff's first set of POD, Nos. 3, 4, & 5

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

IX. PROPOSED STIPULATIONS

A. Sebring Stipulation:

At the request of Staff, Florida Power Corporation has agreed to remove its proposed acquisition of the Sebring Distribution System from consideration in this rate proceeding. As per said agreement, FPC has filed with the Division of Records and Reporting, and served on the parties, schedules reflecting the "Fully Adjusted Impact of Removal of Sebring Acquisition" for the 1992 and 1993 test years (Sebring Removal Schedules).

The parties should note that because of time constraints, the numbers resulting from the removal of Sebring are not reflected in this prehearing order. Many of the numbers found in the issues herein will change as a result of the removal of the Sebring acquisition. Therefore, we hereby incorporate by reference into this prehearing order the Sebring Removal Schedules, as filed and served on the parties by FPC. The parties are hereby put on notice that numbers set forth in this prehearing order will be adjusted to reflect the removal of the Sebring Acquisition and the parties to this proceeding shall govern themselves accordingly.

Because FPC agreed to remove the proposed Sebring Distribution System acquisition from this rate proceeding, the parties stipulated to the following issues related to Sebring:

ISSUE S165: Is the acquisition and inclusion of $12,624,000 ($13,000,000 system) for the electric distribution system of the Sebring Utilities Commission in rate base for the 1992 current test year and $12,847,000 ($13,230,000 system) for the 1993 projected test year appropriate? **(Keesler, Phillips, Scardino)**

Stipulated Position: The proposed Sebring acquisition will not be included in this rate proceeding.

ISSUE S166: What is the appropriate rate base accounting treatment for FPC's acquisition of the electric distribution system of Sebring Utilities? **(Keesler, Phillips, Scardino)**

Stipulated Position: The proposed Sebring acquisition will not be included in this rate proceeding.

ISSUE S167: What is the appropriate net operating income accounting treatment for FPC's acquisition of the electric distribution system of Sebring Utilities? **(Keesler, Phillips, Scardino)**

Stipulated Position: The proposed Sebring acquisition will not be included in this rate proceeding.

B. Stipulations subject to Commission's decision on Issue 1:

Occidental position concerning the 1993 projected test year is that anything related to the 1993 test year should be disallowed. The appropriateness of the 1993 projected test year shall be determined by the Commission in Issue 1. The following issues were stipulated subject to the Commission's decision on Issue 1:

ISSUE S168: Is the inclusion of $60,292,000 ($89,707,000 system) of new peaking generation at the Debary plant site in rate base in the 1992 current test year and an additional $830,000 ($1,301,000 system) in rate base for the 1993 projected test year appropriate? **(Keesler, Barron, Hancock, Phillips, Scardino)**

Stipulated Position: Yes. The annualization of new peaking generation at the DeBary plant site is necessary for the total investment in the 1992 current test year to be representative of conditions that will exist when the peaking units are in service and when the rates established in this proceeding are in place. The following table identifies the components of total annualized rate base amount for the new Debary units. **(Keesler, Barron, Hancock, Phillips, Scardino)**

	13-Month Average	
	Jurisdictional	System
Electric Plant in Service	$61,003,000	$90,765,000
Accum Reserve For Depr.	(1,421,000)	(2,114,000)
Fuel Inventory	1,024,000	1,454,000
Working Cap.-Inc. Tax Payable	(1,898,000)	(2,823,000)
Total Annualized Rate Base	$58,708,000	$87,282,000

ISSUE S169: Is the inclusion of $72,514,000 ($113,623,000 system) of new peaking generation at the Intercession City plant site in rate base for the 1993 projected test year appropriate? **(Keesler, Barron, Hancock, Phillips, Scardino)**

Stipulated Position: Yes. The annualization of new peaking generation at the Intercession City plant site is necessary for the total investment in the 1993 test year to be representative of conditions that will exist when the peaking units are in service and when the rates established in this proceeding are in place. The following table identifies the components of total annualized rate base amount for the new Intercession City units. **(Keesler, Barron, Hancock, Phillips, Scardino)**

	13 Month Average	
	Jurisdictional	System
Electric Plant in Service	$72,511,000	$113,623,000
Accum Reserve For Depr.	(1,693,000)	(2,653,000)
Fuel Inventory	875,000	1,463,000
Working Cap.-Inc. Tax Payable	(2,202,000)	(3,450,000)
Total Annualized Rate Base	$69,491,000	$108,983,000

ISSUE S170: Is the inclusion of $35,532,000 ($42,477,000 system) for the new cogeneration project at the University of Florida in rate base for the 1993 projected test year appropriate? **(Keesler, Barron, Hancock, Phillips, Scardino)**

Stipulated Position: Yes. The annualization of new cogeneration project at the University of Florida is necessary for the total investment in the 1993 test year to be representative of conditions that will exist when the peaking units are in service and when the rates established in this proceeding are in place. The following table identifies the components of total annualized rate base amount for the University of Florida project. **(Keesler, Barron, Hancock, Phillips, Scardino)**

	Fully Adjusted 13-Month Average <-----In Thousands-----> Juris.	System
Electric Plant in Service	$35,535,000	$42,478,000
Accum Reserve For Depr.	(962,000)	(1,150,000)
Fuel Inventory	0	0
Working Cap.-Inc. Tax Payable	(1,385,000)	(1,611,000)
Total Annualized Rate Base	$33,188,000	$39,717,000

ISSUE S171: Is the inclusion of $76,525,956 ($83,054,000 system) for Helper Cooling Towers for Crystal River 1, 2, and 3 in the 1993 projected test year appropriate? **(Scardino, Hancock, Phillips)**

Stipulated Position: Yes. The annualization of the Helper Cooling Towers at Crystal River is necessary for the total investment in the 1993 test year to be representative of conditions that will exist when the cooling towers are in service and when the rates established in this proceeding are in place. **(Scardino, Hancock, Phillips)**

ISSUE S172: Is Florida Power's adjustment to working capital of the 1993 projected test year of $2,594,000 ($2,791,000 system) to annualize Accrued Taxes Payable related to the Intercession City Peakers appropriate? **(Scardino, Slusser)**

Stipulated Position: Yes. (See table in Florida Power's position under Issue 169 above.) **(Scardino, Slusser)**

ISSUE S173: Is Florida Power's adjustment to working capital of the 1993 projected test year of $1,268,000 ($1,365,000 system) to annualize Accrued Taxes Payable related to the University of Florida Project appropriate? **(Scardino, Slusser)**

Stipulated Position: Yes. (See table in Florida Power's position under Issue 170 above.) **(Scardino, Slusser)**

ISSUE S174: Are Florida Power's 1993 Intercession City Peaking Units annualization adjustments to non-fuel O&M expenses, depreciation expense, taxes other than income, and income taxes appropriate? **(Scardino)**

Stipulated Position: Yes. The annualization of new peaking generation at the Intercession City plant site is necessary in order for the expenses in the 1993 test year to be representative of conditions that will exist when the peaking units are in service and when the rates established in this proceeding are in place. **(Scardino)**

ISSUE S175: Are Florida Power's 1993 Crystal River Cooling Towers annualization adjustments to non-fuel O&M expenses, depreciation expense, taxes other than income, and income taxes appropriate? **(Scardino)**

Stipulated Position: Yes. The annualization of Helper Cooling Towers at the Crystal River plant site is necessary in order for the expenses in the 1993 test year to be representative of conditions that will exist when the cooling towers are in service and when the rates established in this proceeding are in place. **(Scardino)**

ISSUE S176: Are Florida Power's 1993 University of Florida Cogeneration Project annualization adjustments to non-fuel O&M expenses, depreciation expense, taxes other than income, and income taxes appropriate? **(Scardino)**

Stipulated Position: Yes. The annualization of the University of Florida Cogeneration Project is necessary in order for the expenses in the 1993 test year to be representative of conditions that will exist when the project is in service and when the rates established in this proceeding are in place. **(Scardino)**

C. The following issues were stipulated:

The parties stipulated to the following issues:

ISSUE S177: Should an adjustment be made to the working capital allowance for any test year to exclude temporary cash investments? **(Scardino, Slusser)**

Stipulated Position: Yes. Through an oversight in preparing the 1991 Interim Test Year, the Company left temporary cash investments and prepaid interest in working capital. As part of their audit of the Interim Test Year, Staff issued Audit Disclosure No. 2, which recommended reducing working capital to correct the clerical error associated with temporary cash investments and prepaid interest by the following amounts:

	Jurisdictional	System
Temporary Cash Investments	$2,559,000	$2,692,000
Prepaid Interest	$ 186,000	$ 196,000

The Company concurs with Staff's audit recommendation. In its response to the audit disclosure, the Company noted that the proforma adjustments made to both the 1992 current test year and the 1993 projected test year correctly removed the effects of temporary cash investments but did not remove prepaid interest. The 13-month average adjustment to remove prepaid interest from the working capital allowance for each of the test years is shown below:

	Jurisdictional	System
1992 Current Test Year	$ 229,000	$ 246,000
1993 Projected Test Year	$ 330,000	$ 355,000

(Scardino, Slusser)

ISSUE S178: Should an adjustment be made to the working capital allowance for 1992 and 1993 to exclude prepaid interest? **(Scardino)**

Stipulated Position: Yes. See FPC's response to Issue 177 above. (Scardino)

ISSUE S179: Are adjustments removing $734,631,000 ($734,631,000 system) in fuel revenues for 1992 and $780,053,000 ($780,053,000 system) for 1993 and the related expenses recoverable through the Fuel Adjustment Clause appropriate? **(Scardino, Slusser)**

Stipulated Position: Yes. Fuel revenues and related recoverable expenses have been removed in the same manner as previously accepted by the Commission in the Company's prior base rate proceedings. **(Scardino, Slusser)**

ISSUE S180: Are adjustments removing conservation revenues of $84,473,000 ($84,473,000 system) for 1992 and $94,622,000 for 1993 and the related expenses recoverable through the Conservation Cost Recovery Clause appropriate? **(Scardino, Slusser)**

Stipulated Position: Yes. ECCR revenues and related recoverable expenses have been removed in the same manner as previously accepted by the Commission in the Company's prior base rate proceedings. **(Scardino, Slusser)**

ISSUE S181: Should an adjustment be made to any test year for the Operation and Maintenance Expense to disallow membership dues in the Chambers of Commerce and the Committee of 100? **(Scardino)**

Stipulated Position: Yes. The Company concurs with Staff's position to reduce 1991 Interim Test Year O&M by $52,390. Florida Power also included dues of this nature in the 1992 and 1993 test year and agrees that past Commission practice removes these types of expenses from cost of service. Please see the Company's response to the Staff's Audit Report, Audit Disclosure No. 22. Shown below is a table that summarizes the jurisdictional and system amounts in the 1992 current and 1993 projected test year amounts. **(Scardino)**

	Jurisdictional	System
1992 Current Test Year	$ 71,654	$75,000
1993 Projected Test Year	$ 75,827	$79,500

ISSUE S182: Are Florida Power's 1992 Debary Peaking Units annualization adjustments to non-fuel O&M expenses, depreciation expense, taxes other than income, and income taxes appropriate? **(Scardino)**

Stipulated Position: Yes. The annualization of new peaking generation at the Debary plant site is necessary in order for the expenses in the 1992 test year to be representative of conditions that will exist when the peaking units are in service and when the rates established in this proceeding are in place. **(Scardino)**

ISSUE S183: Is the company's proposal to lower the minimum amount of load subject to curtailment from 200 to 25 KW and eliminate the 500 KW requirement for interruptible general service(IS) reasonable? **(Nixon)**

Stipulated Position: Yes, the Company's proposal to lower the minimum load subject to curtailment from 200 kW to 25 kW and eliminate the 500 kW requirement for interruptible general service is reasonable. Further, since there has been no objection by the parties to this proposal, this issue should be stipulated. **(Nixon)**

ISSUE S184: Should the outdoor lighting (OL) and street lighting (SL) rate schedules be combined into a single rate schedule LS-1? **(Nixon)**

Stipulated Position: Yes. There is no cost justification to support a different rate level for private outdoor lighting service than for street lighting service. **(Nixon, Slusser)**

ISSUE S185: Should the Commission approve FPC's proposal to eliminate the time-of-use feature of the Interruptible rate schedule?

Stipulated Position: No. After consideration of FIPUG witness Pollock's testimony, the Company believes it is appropriate to continue to offer an interruptible TOU rate schedule, designed in the manner described in the Company's position under Issue 175 above. **(Nixon)**

D. Stipulations between FPC and Staff:

The following issues were stipulated between FPC and Staff. The other parties took no position on these issues, and, therefore, they did not participate in these stipulations:

ISSUE S186: Are Florida Power's forecasted fuel prices for 1992 and 1993 reasonable? **(Williams)**

Stipulated Position: Yes. **(Williams)**

ISSUE S187: Is Florida Power's requested level of heavy oil inventory in the amount of $14,477,194 ($16,608,000 system) for the 1992 current test year and $15,169,323 ($17,402,000 system) for the 1993 projected test year appropriate? **(Williams)**

Stipulated Position: Yes. **(Williams)**

ISSUE S188: Is Florida Power's requested level of coal inventory in the amount of $31,036,007 ($35,604,000 system) for the 1992 current test year and $30,870,384 ($35,414,000 system) for the 1993 projected test year appropriate? **(Williams)**

Stipulated Position: Yes. **(Williams)**

<u>ISSUE S189:</u> For the 1987 thru 1992 time period, has Florida Power justified $942,311 ($1,064,397 system) of expenses associated with the Activation of the New Debary units in excess of the 1992 Fossil Production O&M benchmark? **(Hancock)**

<u>Stipulated Position:</u> Yes, Florida Power has justified new scope O&M expenses for the activation of the new DeBary units, as detailed in the direct testimony of Mr. Hancock, beginning on page 13. **(Hancock)**

<u>ISSUE S190:</u> For the 1987 thru 1992 time period, has Florida Power justified $2,446,966 ($2,763,996 system) of expenses associated with the Reactivation of Existing Peaking Units in excess of the 1992 Fossil Production O&M benchmark? **(Hancock)**

<u>Stipulated Position:</u> Yes, Florida Power has justified O&M expenses exceeding the 1992 benchmark associated with the Reactivation of Existing Peaking Units. These new scope expenses are justified starting on page 186 of the Fossil Benchmark Justification in MFR Schedule C-57a. **(Hancock)**

<u>ISSUE S191:</u> For the 1987 thru 1992 time period, has Florida Power justified $652,556 ($737,101 system) of expense associated with Material Technology (Plant Life Extension) Programs in excess of the 1992 Fossil Production O&M benchmark? **(Hancock)**

<u>Stipulated Position:</u> Yes, Florida Power has justified O&M expenses exceeding the 1992 benchmark associated with Material Technology Programs. These programs are justified starting on page 195 of the Fossil Benchmark Justification in MFR Schedule C-57a. **(Hancock)**

ISSUE S192: Should FPC be required to file, within 60 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case? **(Scardino)**

Stipulated Position: Yes.

E. Depreciation reserve stipulation:

The following issues deal with FPC's proposed reversal of depreciation reserve transfers. The parties stipulated that what happens in Docket No. 920096-EI will also happen in Docket No. 910890-EI:

ISSUE S193: Are Florida Power's requested adjustments to accumulated depreciation for 1992 and 1993 to reflect the reversal of reserve transfers appropriate? **(Scardino)**

Stipulated Position: The Commission's decision in Docket No. 920096-EI will determine the adjustment to be made in Docket No. 910890-EI.

ISSUE S194: Are Florida Power's requested adjustments to depreciation expense for 1992 and 1993 to reflect the reversal of reserve transfers appropriate? **(Scardino)**

Stipulated Position: The Commission's decision in Docket No. 920096-EI will determine the adjustment to be made in Docket No. 910890-EI.

F. Nuclear Decommissioning Expense Stipulation:

FPC's motion to consolidate the Company's nuclear decommissioning study and supporting testimony in Docket No. 910981-EI was denied. Based on this decision, the parties stipulated to the following issue:

<u>ISSUE S26</u>: Are FPC's requested adjustments to accumulated depreciation for 1992 and 1993 to reflect its adjustment to nuclear decommissioning expense appropriate? **(Scardino)**

<u>Stipulated Position:</u> The adjustments made to accumulated depreciation based on the Company's nuclear decommissioning study shall be reversed

X. <u>PENDING MOTIONS</u>

The following motions were ruled on at the prehearing conference:

1. <u>FPC's Motion in Limine</u>.

On June 17, 1992, FPC filed a Motion in Limine seeking to exclude from the hearing in this docket the testimony of all witnesses named in the prehearing statement of the Florida Consumer Action Network. The ground offered by FPC for excluding FCAN's witnesses is that FCAN had not prefiled testimony as required in the Order on Prehearing Procedure, and had filed no motion seeking to be excluded from the requirements of the Order, or requesting an extension of time to file testimony.

We agree with FPC, and grant the Motion in Limine. Order No. PSC-92-0290-PCO-EI requires the filing of testimony by scheduled dates. FCAN has had ample opportunity since the issuance of that order to either comply, or to request relief from the requirements of the Order had there been problems complying. FCAN has done neither. We therefore grant FPC's Motion in Limine to the extent that the testimony of the witnesses named in FCAN's prehearing statement shall be excluded from the hearing in this docket. FCAN shall be permitted to participate in this proceeding in all other respects, to include cross examination of witnesses, and briefing the issues.

2. <u>FIPUG's Motion for Extension of Time to File Rebuttal Testimony</u>.

On June 16, 1992, FIPUG filed a Motion for Extension of Time to File Rebuttal Testimony. In its motion FIPUG stated that the reason it needed an extension was due to the unavailability of its expert witness because of a scheduling conflict.

We believe the ground stated by FIPUG for requiring an extension is reasonable and therefore grant FIPUG's motion to the extent that FIPUG will be allowed an additional five (5) days, until Wednesday, June 24, 1992, to file its rebuttal testimony.

3. FPC's Motion for Leave to File Supplemental Rebuttal Testimony.

On June 19, 1992, FPC filed a Motion for Leave to File Supplemental Rebuttal Testimony. The basis for FPC's motion is that Order No. PSC-92-0439-PCO-EI provided parties an opportunity to supplement their direct testimony, and that FPC should be given an opportunity to prepare rebuttal testimony responding to the supplemental testimony.

We agree. In Order No. PSC-92-0439-PCO-EI, we afforded parties receiving late discovery materials on opportunity to file supplemental testimony on matters directly related to the late discovery. It is reasonable to afford FPC an opportunity to respond to this testimony and therefore grant FPC leave to file supplemental rebuttal testimony addressing the intervenor witnesses' supplemental testimony on or before June 26, 1992.

4. FPC's Motion to File Supplemental Direct Testimony.

On April 6, 1992, FPC filed a Motion to File Supplemental Direct Testimony, with attached testimony. The ground for FPC's Motion was that the Commission has rejected FPC's MFRs, and had required supplemental MFRs to be filed containing benchmark information relating to O&M expense for the period between 1984 and 1987. FPC's Motion requests leave to file supplemental testimony related to the supplemental MFRs.

FPC's request is reasonable. We therefore grant FPC's Motion to File Supplemental Direct Testimony, and accept for filing the Supplemental Direct Testimony filed by FPC with its motion on April 6, 1992.

XI. RULINGS

A. Commissioner Easley ruled that there were certain issues that were not part of this docket, and that the adjustments related to these issues will be reversed by the Company. These issues are:

ISSUE R195: Is Florida Power's requested adjustment to its Nuclear Decommissioning Accrual of $4,103,000 ($4,441,000 system) for 1992 and $4,092,000 ($4,441,000) for 1993 appropriate? **(Scardino, Beard)**

ISSUE R196: Is FPC's selection of a nuclear decommissioning funding rate of 4.41% appropriate? **(Scardino)**

ISSUE R197: Is FPC's proposal to use a contingency factor in its nuclear decommissioning fund appropriate?

B. The following issues are eliminated as issues in this docket. However, LEAF will be allowed to present its testimony at the hearing on these issues:

ISSUE R198: Is the current connection between utility sales and profits an economic disincentive to Florida Power's investing in energy efficiency programs that reduce electricity usage? If so, should the Commission adopt a decoupling mechanism that removes the disincentive?

ISSUE R199: Should the Commission require Florida Power to employ Integrated Resource Planning as the basis for least-cost resource acquisition and resource investment cost recovery in order to fix just, reasonable and compensatory rates pursuant to Section 366.041, Florida Statutes?

ISSUE R200: Is the development and use of an Integrated Resource Plan an essential element of FPC's providing electric services to customers at least cost over the planning period?

C. Commissioner Easley ruled that the following issue should be addressed in the ECCR docket, and not FPC's rate proceeding:

ISSUE R201: Should interruptible customers of Florida Power be charged the ECCR?

It is therefore,

ORDERED by Commissioner Betty Easley, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Betty Easley, as Prehearing Officer, this ________ day of ________________________, ________.

Betty Easley
BETTY EASLEY, Commissioner and
Prehearing Officer

MAB/MAP:bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.