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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's Earnings, Including Effects of Proposed Acquisition of Florida Power Corporation by Carolina Power & Light

DOCKET NO. 000824-EI

Submitted for Filing: November 30, 2001

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FLORIDA POWER CORPORATION'S OBJECTIONS TO STAFF'S SIXTH SET OF INTERROGATORIES TO FLORIDA POWER CORPORATION

Pursuant to § 350.0611(1), Fla. Stat. (2000), Fla. Admin. Code R. 28-106.206, and Fla. R. Civ. P.1.340, Florida Power Corporation ("FPC") serves its objections to the Staff of the Florida Public Service Commission's ("Staff") Sixth Set of Interrogatories and states as follows:

GENERAL OBJECTIONS

FPC objects to any interrogatory that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time the response is first made to these interrogatories or is later determined to be applicable based on the discovery of documents, investigation or analysis. FPC in no way intends to waive any such privilege or protection.

In certain circumstances, FPC may determine upon investigation and analysis that information responsive to certain interrogatories to which objections are not otherwise asserted are confidential and proprietary and should be produced only under an appropriate confidentiality agreement and protective order, if at all. By agreeing to provide such information in response to such interrogatory, FPC is not waiving its right to insist upon appropriate protection of

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confidentiality by means of a confidentiality agreement and protective order. FPC hereby asserts its right to require such protection of any and all documents that may qualify for protection under the Florida Rules of Civil Procedure and other applicable statutes, rules and legal principles.

FPC objects to these interrogatories and any definitions and instructions that purport to expand FPC's obligations under applicable law.

FPC objects to these interrogatories to the extent they are intended to require any expert/consultant retained by FPC in connection with this proceeding to provide a response, except those interrogatories that are expressly permitted to be directed at an expert/consultant as set forth in Florida Rule of Civil Procedure 1.280(b)(4). Rule 1.340 permits interrogatories to be directed only to parties, and FPC is not obligated to have experts/consultants respond to interrogatories other than those limited interrogatories that are specifically authorized as stated above. However, in the spirit of cooperation, FPC will agree at this point to have its experts/consultants provide responses to this set of interrogatories, but preserves its right to refuse to continue to do so at any point should it so choose. FPC in no way intends to waive this objection.

FPC also objects to these interrogatories to the extent they purport to require FPC to prepare information or perform calculations not previously prepared or performed as an attempt to expand FPC's obligations under applicable law. FPC will comply with its obligations under the applicable rules of procedure.

FPC incorporates by reference all of the foregoing general objections into each of its specific objections set forth below as though pleaded therein.

In addition, FPC reserves its right to count interrogatories and their sub-parts (as permitted under the applicable rules of procedure) in determining whether it is obligated to respond to additional interrogatories served by any party.

INTERROGATORIES

172. In a recent news release, the Company stated that it expected to fully amortize the Tiger Bay regulatory asset by the end of 2003. Please provide the following data related to the Tiger Bay regulatory asset for the years 2000 through 2003 on an annual basis:

A. Beginning of the year balance;

B. Amount recovered through the fuel adjustment clause;

C. Amount of accelerated amortization;

D. Other adjustments (specify); and

E. End of the year balance. (Revell)

173. According to a recent newspaper article, FPC is offering a service plan called "Appliance Service Plus" to its residential customers.

A. Please explain how the revenues and expenses related to this program will be treated, and provide FERC accounts where these revenues and expenses will be recorded. (Revell)

B. What is the utilities' estimated revenues for this program for the remainder of 2001 and calendar year 2002? (Revell)

C. How many customers does FPC expect to join this program for the remainder of 2001 and calendar year 2002? (Revell)

D. Will FPC employees perform the service work, or will it be performed by an affiliated company? (Revell)

E. If the services will be provided by an affiliated company, will the affiliated company employees identify themselves as employees of the affiliate at the time the repairs or service are provided to the customers? (Revell)

F. If these services will be provided by service personnel of the regulated utility, please provide the method by which the employees' hours will be split between the regulated utility and the service work performed for the affiliate, and the approximate percentage split between the regulated utility and the affiliated company. (Revell)

G. If the employees will be from the regulated utility, please provide the estimated salary and fringe benefits expense for the remainder of 2001 and calendar year 2002. (Revell)

H. If this plan will be implemented using an affiliated company, please provide any FPC guidelines or standards which will be used to insure that there is no cross-subsidization with the use of FPC employees by the affiliate. (Revell)

174. Please provide a chart detailing all economic development-related expenses listed on line 22 of MFR Schedule C-3a. These expenses should be grouped into categories of labor; advertising; outside organizations; economic development conventions, symposiums, or conferences; and other miscellaneous expenses.

As a separate item, please list by date, the total expenses for any trade shows, exhibitions, or conferences, as well as a short explanation of the purpose of the event. (These expenses would also be included in the above request.) (Revell)

FPC objects to this interrogatory as unduly burdensome to the extent it requires FPC to provide information by categories other than those that are prepared by Florida Power in the normal course of business. Florida Power will provide responsive information in the manner in which Florida Power prepares that information in the normal course of its business.

175. Please provide a schedule showing the current methodology for the allocation of the not-directly assignable expenses of Progress Energy Service Company, LLC, to Progress Energy's subsidiaries using the following column headings:

A. Department

B. Product/Service

C. Product Code

D. Description

E. Allocation Basis for GL Allocations

F. Progress Energy Holding Co.(%)

G. CP&L (%)

H. Progress Energy Ventures (%)

I. ENCNG (%)

J. NCNG (%)

K. Florida Power Corporation (%)

L. Electric Fuels (%)

M. Progress Telecom (%)

N. SRS (%)

O. Total (%) (Revell)

176. Please provide a definition of each allocation method that is a basis for the allocation of General Ledger Allocations provided in response to Interrogatory No. 175. (Revell)

177. How does the Company determine the accrual for Account 904, Uncollectible Accounts? (L. Romig)

178. Please provide MFR Schedule C-25 Uncollectible Accounts for 1996-1999 and 2001. (L. Romig)

179. Please provide residential/commercial and total jurisdictional revenues for 1996-2002. (L. Romig)

180. Please provide an explanation for the $1,246,000 accrual to uncollectible accounts shown on MFR Schedule C-25, line 3, column c, page 93. (L. Romig)

181. Please provide a calculation of the 0.1332% Uncollectible Accounts factor included in the Revenue Expansion Factor, MFR Schedule C-58, line 8. (L. Romig)

182. Create MFR Schedules B-8a, B-8b, and C-34 for the year ending December 31, 2001, for each account and sub-account which a separate depreciation rate is currently prescribed. (Lee)

183. Note 2 on page 121, MFR Schedule C-34, states that depreciation expense for the projected test year was calculated using composite depreciation rates. Explain in detail how the composite depreciation rates were determined. (Lee)

184. Explain why the remaining lives shown on page 160, MFR Schedule C-36, are noted that they are those per the 1997 depreciation study less three years rather than those currently prescribed by Order No. PSC-98-1723-FOF-EI. (Lee)

185. MFR Schedule C-36, page 167, lists three footnotes that don't seem to match the specific areas of the schedule. For example, footnote 2 indicates that dismantlement is not a component of the depreciation rate, but yet the current dismantling rate column in the body of the schedule refers to footnote 3 that indicates accounts subject to the amortization rule. Please reconcile. (Lee)

186. A. On what date does FPC plan to implement FAS 143?

B. Discuss and quantify the estimated impact of FAS 143 on FPC. The response should include all calculations supporting the calculation of the estimated impact with a discussion of all assumptions used in the analysis. (Lee)

187. On June 29, 2001, the Accounting Standards Executive Committee (AcSEC) of the American Institute of Certified Public Accountants issued a Proposed Statement of Position (SOP) which may affect the capitalization of certain costs. Assuming the AcSEC SOP is adopted as currently written, provide a detailed discussion and quantification of the estimated impact on FPC. The quantification should separately identify all assumptions. (Lee)

188. The nuclear decommissioning accrual FPC proposed in Docket No. 001835-EI is $8.6 million, retail, beginning January 1, 2001. However, MFR Schedule B-8b, page 84, shows a nuclear decommissioning - retail accrual in the amount of $26.3 million for the projected test year. Please reconcile. (Lee)

189. Please provide a reconciliation between the fossil dismantlement expenses shown on MFR Schedule B-8b, pages 83 and 88-89, for the projected test year totaling $7.5 million and FPC's proposed dismantlement accrual of $7.7 million in Docket No. 010031-EI. (Lee)

190. In accord with the Stipulation approved by the Commission by Order No. PSC-97-0840-S-EI, dismantlement accruals were to be suspended during the period of the Stipulation. However, MFR Schedule B-8b, pages 96 and 101, indicate dismantlement expenses being incurred for the year ending December 31, 2000. Please explain. (Lee)

191. MFR Schedule B-4, page 32, line 14, and page 35, line 14, reflects company rate base adjustments of $45.6 million and $35.6 million, respectively, to increase the depreciation reserve to reflect the impact of wholesale depreciation method/stratification on rate base. Please explain the specific reasons supporting these adjustments and include a discussion explaining how each adjustment was calculated. (Lee)

192. Please explain and provide the supporting calculations for the depreciation and amortization expense adjustments for the projected test year for "100% Retail Methodology" and "Accelerate Recovery of Tiger Bay" shown on MFR Schedule C-31, page 6. (Lee)

193. If recovery of the last core of nuclear fuel had begun when CR3 first provided service, how much should have been recovered as of January 1, 2002? (Lee)

194. Can the burn cycles at CR3 be redesigned to reinsert once-burned fuel instead of fresh fuel in the last cycles prior to shutdown? Please explain your answer. (Lee)

195. Describe all factors that will impact the estimated cost of the last core of nuclear fuel. (Lee)

196. Please provide a discussion of the impact on the last core amortization if FPC receives a license extension for CR3. (Lee)

197. Please explain any and all differences between the retail and wholesale methodology for depreciation expense. (Lee)

198. Please provide a discussion, explanation, and supporting documentation for each amortization/recovery amount shown on MFR Schedule C-35. If there are Commission Orders authorizing the amortization periods, please provide the pertinent order numbers. (Lee)

199. Please explain why the CR #2 Precipitator Refurbishment and the CR 1&2 Total Refurbishment projects shown as major capital additions on MFR Schedule B-10 for the test year will not result in any retirement of the existing plant. (Lee)

200. For each of the major additions listed on MFR Schedule B-10, please provide a discussion of the reasons each is needed. (Lee)

201. A. What will be the replacement facility for the Suwannee River Steam Plant shown for 2003 on MFR Schedule B-10?

B. Order No. PSC-98-1723-FOF-EI established a recovery schedule for the unrecovered investments associated with the Suwannee River Steam Plant based on a planned retirement date of 2001. Accordingly, the current capital recovery schedule should be modified to reflect the currently planned retirement date of 2003. Please provide the investment and reserve as of January 1, 2001 associated with the Suwannee River Steam Plant. (Lee)

As to the objections:

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of foregoing has been furnished via U.S. Mail to the following this 30th day of November, 2001.

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