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090079-EI

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Subject: OPC's Preliminary List of Issues Dkt No. 090079
Attachments: OPC's Preliminary List of Issues.docx

Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 090079-EI

In re: Petition for increase in rates by Progress Energy Florida, Inc.

c. Document being filed on behalf of Office of Public Counsel

d. There are a total of 14 pages.

e. The document attached for electronic filing is OPC'S PRELIMINARY LIST OF ISSUES. Thank you for your attention and cooperation to this request.

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8/13/2009

DOCUMENT NUMBER-DATE
08424 AUG 13 8
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Petition for increase in rates by)
Progress Energy Florida, Inc.)
_____)

Docket No.090079-EI

Filed: August 13, 2009

OPC'S PRELIMINARY LIST OF ISSUES

2010 PROPOSED TEST PERIOD

ISSUE 1: Does the Commission have the legal authority to approve a base rate increase using a 2010 projected test year?

ISSUE 2: Is PEF's projected test period of the 12 months ending December 31, 2010, appropriate?

ISSUE 3: Are PEF's forecasts of customers, kWh, and kW by rate classes for the 2010 projected test year appropriate?

ISSUE 4: Are PEF's forecasts of customers, kWh, and kW by rate classes for the 2011 projected test year appropriate?

JURISDICTIONAL SEPARATION

ISSUE 5: What is the appropriate jurisdictional separation of costs and revenues between the wholesale and retail jurisdictions?

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

QUALITY OF SERVICE

ISSUE 6: Is the quality and reliability of electric service provided by PEF adequate?

DEPRECIATION STUDY

ISSUE 7: Should the current-approved depreciation rates, capital recovery schedules, and amortization schedules be revised?

ISSUE 8: What are the appropriate depreciation rates, capital recovery schedules, and amortization schedules?

ISSUE 9: What life spans should be used for PEF's coal plants?

ISSUE 10: What life spans should be used for PEF's combined cycle plants?

ISSUE 11: What are the appropriate depreciation rates?

ISSUE 12: Has PEF applied appropriate life spans to categories of production plant when developing its proposed depreciation rates?

ISSUE 13: Has PEF applied the appropriate methodology to calculate the remaining life of production units?

ISSUE 14: Has PEF appropriately quantified the level of interim retirements associated with production units? If not, what is the appropriate level, and what is the related impact on depreciation expense for generating facilities?

ISSUE 15: Has PEF appropriately calculated the remaining life of its plant?

ISSUE 16: Has PEF incorporated the appropriate level of net salvage associated with the interim retirements that are estimated to transpire prior to the final termination of a generating station or unit? If not, what is the appropriate level?

ISSUE 17: Has PEF quantified the appropriate level of terminal net salvage in its request for dismantlement costs? If not, what is the appropriate level?

ISSUE 18: Has PEF applied appropriate life characteristics (*curve and life*) to each mass property account (transmission, distribution, and general plant) when developing its proposed depreciation rates?

ISSUE 19: Has PEF applied appropriate net salvage levels to each mass property (transmission, distribution, and general plant) account when developing its proposed depreciation rates?

ISSUE 20: What are the appropriate depreciation rates for PEF, and what amount of annual depreciation expense should the Commission include for ratemaking purposes?

ISSUE 21: Based on the application of the depreciation parameters that the Commission has deemed appropriate to PEF's data, and a comparison of the theoretical reserves to the book reserves, what are PEF's theoretical reserve imbalances?

ISSUE 22: What, if any, corrective reserve measures should be taken with respect to the theoretical reserve imbalances identified in the prior issue?

ISSUE 23: What steps should the Commission take to restore generational equity?

ISSUE 24: What considerations and criteria should the Commission take into account when evaluating the time frame over which it should require PEF to amortize the depreciation reserve imbalances that it determines in this proceeding?

ISSUE 25: What would be the impact, if any, of the parties' respective proposals with respect to the treatment of the depreciation reserve imbalances on PEF's financial integrity?

ISSUE 26: What is the appropriate disposition of PEF's depreciation reserve imbalances?

ISSUE 27: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

FOSSIL DISMANTLEMENT COST STUDY

ISSUE 28: Should the current-approved annual dismantlement provision be revised?

ISSUE 29: What, if any, corrective reserve measures should be approved?

ISSUE 30: What is the appropriate annual provision for dismantlement?

ISSUE 31: Does PEF employ reasonable depreciation parameters and costs when it assumes that it must restore all generation sites to "greenfield" status upon their retirement?

ISSUE 32: In future dismantlement studies filed with the Commission, should PEF consider alternative demolition approaches?

RATE BASE

ISSUE 33: Has the Company removed all non-utility activities from rate base?

ISSUE 34: Should the net over-recovery/under-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses be included in the calculation of working capital allowance for PEF?

ISSUE 35: Are the costs associated with Advanced Metering Infrastructure (AMI) meters appropriately included in rate base?

ISSUE 36: Are PEF's requested levels of Plant in Service appropriate?

ISSUE 37: Are PEF's requested levels of accumulated depreciation appropriate?

ISSUE 38: Has PEF removed any Environmental Cost Recovery Clause (ECRC) capital cost recovery items from the ECRC and placed them into rate base?

ISSUE 39: Should PEF be permitted to record in rate base the incremental difference between Allowance for Funds Used During Construction (AFUDC)

permitted by Section 366.93, F.S. for nuclear construction and PEF's most currently approved AFUDC for recovery when the nuclear plants enter commercial operation?

ISSUE 40: Are PEF's requested levels of Construction Work in Progress (CWIP) appropriate?

ISSUE 41: Are PEF's requested levels of Property Held for Future Use appropriate?

ISSUE 42: Should any adjustments be made to PEF's fuel inventories?

ISSUE 43: Is PEF's proposed accrual of Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel appropriate?

ISSUE 44: Are PEF's requested levels of Nuclear Fuel appropriate?

ISSUE 45: Has PEF appropriately reflected the impact of SFAS 143 (Asset Retirement Obligations) in its proposed working capital calculation?

ISSUE 46: Are PEF's requested levels of Working Capital appropriate?

ISSUE 47: Is PEF's requested rate base appropriate?

- ISSUE 48:** What is the appropriate amount of accumulated deferred taxes to include in the capital structure?
- ISSUE 49:** What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?
- ISSUE 50:** What is the appropriate cost rate for short-term debt?
- ISSUE 51:** What is the appropriate cost rate for long-term debt?
- ISSUE 52:** Have rate base and capital structure been reconciled appropriately?
- ISSUE 53:** What is the appropriate equity ratio that should be used for PEF for ratemaking purposes in this case?
- ISSUE 54:** What is the appropriate capital structure for PEF for the purpose of setting rates in this docket?
- ISSUE 55:** Is it appropriate to adjust the equity cost rate for flotation costs?
- ISSUE 56:** What return on common equity should the Commission authorize in this case?

- ISSUE 57:** What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure?
- ISSUE 58:** What are the appropriate inflation, customer growth, and other trend factors for use in forecasting?
- ISSUE 59:** Has PEF made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?
- ISSUE 60:** Has PEF made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?
- ISSUE 61:** Has PEF made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?
- ISSUE 62:** Has PEF made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?
- ISSUE 63:** Are any adjustments necessary to PEF's Revenue Forecast?
- ISSUE 64:** Are PEF's projected levels of Total Operating Revenues appropriate?

- ISSUE 65:** Has PEF made the appropriate adjustments to remove charitable contributions?
- ISSUE 66:** Should an adjustment be made for PEF's Aviation cost for the test year?
- ISSUE 67:** Are any adjustments necessary to reflect the cost savings associated with AMI meters in net operating income?
- ISSUE 68:** What is the appropriate level of Bad Debt Expense?
- ISSUE 69:** Should an adjustment be made to advertising expenses?
- ISSUE 70:** Has PEF made the appropriate adjustments to remove lobbying expenses?
- ISSUE 71:** Are any adjustments necessary to PEF's payroll to reflect the historical average level of unfilled positions and jurisdictional overtime?
- ISSUE 72:** Should PEF reduce expenses for productivity improvements given the Company's lower historical rate of growth in payroll costs?
- ISSUE 73:** Is it appropriate for PEF to increase its forecasted Operating and Maintenance Expenses due to estimated needs for nuclear production staffing?

ISSUE 74: Are PEF's proposed increases to average salaries for 2010 appropriate?

ISSUE 75 : Are PEF'S proposed increases in employee positions for 2010 appropriate?

ISSUE 76 : Has PEF met its burden of demonstrating that the 2010 incentive compensation amounts provided a cost-effective benefit to the customers?

ISSUE 77 : Should the proposed 2010 allowance for incentive compensation be adjusted?

ISSUE 78 : Should the Company's proposed 2010 allowance for employee benefit expense be adjusted?

ISSUE 79: Should an adjustment be made to Pension Expense?

ISSUE 80: Should adjustments be made for the net operating income effects of transactions with affiliated companies for PEF?

ISSUE 81: Has PEF appropriately accounted for affiliated transactions? If not, what adjustment, if any, should be made?

ISSUE 82: What is the total operating income impact of affiliate adjustments, if any, that is necessary for the 2010 test year?

- ISSUE 83:** Should an adjustment be made to PEF's requested storm damage reserve, annual accrual of \$14.9 million, and target level of \$150 million?
- ISSUE 84:** What adjustment, if any, should be made to the fossil dismantlement accrual?
- ISSUE 85:** What is the appropriate amount and amortization period of Rate Case Expense?
- ISSUE 86:** Should PEF's proposed allowance for 2010 line bonding and ground expenses be adjusted?
- ISSUE 87:** Should PEF's proposed allowance for 2010 distribution O&M expense be adjusted?
- ISSUE 88:** Should PEF's proposed 2010 allowance for operations O&M expense be adjusted?
- ISSUE 89:** Has PEF met its burden of demonstrating that the 2010 proposed allowance for directors & officers liability (DOL) insurance expense provides a cost effective benefit to customers?
- ISSUE 90:** Should PEF's proposed 2010 allowance for DOL insurance expense be adjusted?
- ISSUE 91:** Should PEF's proposed allowance for 2010 injuries and damages expense be adjusted?

ISSUE 92 : Should PEF's proposed 2010 allowance for A&G office supplies, and expenses be adjusted?

ISSUE 93 : Should PEF's proposed 2010 allowance for O&M expense be adjusted for unrecognized yet achievable productivity, if any?

ISSUE 94: Is PEF's requested level of O&M Expense appropriate?

ISSUE 95: Should any adjustment be made to Depreciation Expense?

ISSUE 96: Should an adjustment be made to Taxes Other Than Income Taxes for the 2010 projected test year?

ISSUE 97: Should an adjustment be made to reflect any test year or post test year revenue requirement impacts of "The American Recovery and Reinvestment Act" signed into law by the President on February 17, 2009?

ISSUE 98: Should an adjustment be made to Income Tax expense?

ISSUE 99: Is PEF's projected Net Operating Income appropriate?

ISSUE 100: What are the appropriate revenue expansion factors and the appropriate net operating income multipliers, including the appropriate elements and rates, for PEF?

ISSUE 101: Is PEF's requested annual operating revenue increase appropriate?

ISSUE 102: Should PEF be directed to develop a prepayment option in lieu of monthly billing for those customers who can benefit from such an alternative?

ISSUE 103: What is the appropriate effective date for PEF's revised rates and charges?

ISSUE 104: Should PEF be required to file, within 90 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?

ISSUE 105: Should this docket be closed?

DOCKET NO. 090079-EI
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing **OPC'S Preliminary List of Issues** has been furnished by electronic mail and U.S. Mail on this 13th day of August 2009, to the following:

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