

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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**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 16, 2001

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**RESPONSE TO CITIZENS' FIFTH SET OF REQUESTS  
FOR PRODUCTION OF DOCUMENTS TO FPC**

Pursuant to § 350.0611(1), Fla. Stat. (2000), Fla. Admin. Code R. 28-106.206, and Fla. R. Civ. P. 1.350, Florida Power Corporation, ("**FPC**") responds to Florida's Citizens ("**Citizens**") Fifth Set of Requests for Production of Documents and states as follows:

**GENERAL OBJECTIONS**

FPC objects to the request that documents be produced at the Office of Public Counsel, Claude Pepper Building, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400. FPC is required only to produce documents at a reasonable time, place and manner.

FPC objects to any request that calls for the production of documents 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 requests 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 documents that respond to certain requests to which objections are not otherwise asserted are

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confidential and proprietary and should be produced only under an appropriate confidentiality agreement and protective order, if at all. By agreeing to produce documents in response to this request, FPC is not waiving its right to insist upon appropriate protection of 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 further objects to these requests and any definitions or instructions that purport to expand FPC's obligations under applicable law.

FPC objects to any request that requires the production of "all" or "each" as it cannot give assurances, even after a good faith and reasonably diligent attempt, that "all" or "each" responsive document will be found. Indeed, it may well be impossible to assure compliance with the exercise of reasonable diligence.

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

Moreover, to the extent documents responsive to the requests have been previously produced, FPC will not be reproducing these documents but will attempt to make appropriate cross-references between and amongst the various requests.

### **SPECIFIC OBJECTIONS**

#### **Definitions**

FPC objects to the definition of "FPC", "you", "your" or the "Company" as including Florida Progress Corporation, Progress Energy, Inc., and Progress Energy Service Company, LLC. FPC does not have an obligation under the rules to produce materials in the hands of these companies, but FPC agrees to do so in any event to expedite discovery, to the extent such

documents are relevant to the issues in this case. FPC reserves the right to decline to produce any materials that are not pertinent to the issues in the case. FPC further objects to the definition of “FPC” , “you”, “your” or the “Company” to the extent it includes third parties whose documents are not within its possession, custody, or control.

FPC objects to the definition of the term “management” or “manager” as overbroad and ambiguous. FPC will attribute the usual and customary meaning of this word to its use in these requests.

### **Instructions**

FPC objects to the instructions calling upon FPC to provide designated information regarding any documents withheld from production to the extent it purports to expand FPC’s obligations. FPC will comply with its obligations under applicable rules of procedure.

FPC objects to the instruction to produce “originals” to the extent it purports to expand FPC’s obligations under the Uniform Rules and Florida Rule of Civil Procedure 1.350. FPC will comply with all applicable rules.

### **DOCUMENTS REQUESTED**

- 81. Budgets. Provide a copy of the 2002 budget in the most detailed format available. This should be the 2002 budget that was used in the preparation of the MFRs.**

See response to Citizens First Set of Requests for Production of Documents to FPC Question #2.

- 82. Budget. Provide all workpapers used by managers, cost centers, etc. in preparing the 2002 budget that was used in the preparation of the MFRs.**

FPC will make documents responsive to this request available for review at the offices of Carlton Fields in Tallahassee, Florida at a time convenient to the parties or, upon request will provide copies in Tallahassee as soon as practicable thereafter.

- 83. Budgets. If any revisions have been made to the 2002 budget since the version used in preparing the MFRs, provide a copy of the most recent 2002 budget in the most detailed format available.**

See response to Citizens Fourth Set of Interrogatories to FPC # 59.

- 84. Last Core Nuclear Fuel. Refer to Schedule C-3c, page 1. Provide a copy of the detailed study, analysis, etc. used by the Company to determine the projected unamortized nuclear fuel balance at end of plant life. Include any associated workpapers, assumptions and analysis.**

Detailed analyses have not been performed. There are no new technologies on the horizon for effectively using all fuel partially burned in a unit's last cycle of operation. However, flexibility in operating designs can be effectively used to prepare for and lessen the impact of this end of plant life effect. Generally viewed as beneficial for the last cycle is to design with a shorter cycle length and with a coast down. A cycle with a coast down uses lower enriched fuel that reduces fuel cost. The coast down length would be determined relative to replacement power cost. In terms of a reduced cycle length, a shorter cycle needs less fuel. In addition, if the prior cycle is shorter and at equilibrium enrichment, there is greater carryover of energy into the last cycle and allows an even lower enrichment and cost for the last cycle.

See also response to Citizens' Fourth Set of Interrogatories to FPC Question #61 for analysis of last core nuclear fuel.

85. **Nuclear Materials & Supplies Inventory.** Refer to Schedule C-3c, page 1. Provide a copy of the detailed study, analysis, etc. used by the Company to determine the projected nuclear M&S inventory balance at end of plant life. Include any associated workpapers, assumptions and analysis.

Detailed analyses have not been performed. The current nuclear materials and supplies inventory is approximately \$37 million. \$7million is in capitalized spare parts and will be fully depreciated by the time the plant is retired from service. Consumables and miscellaneous non-safety related materials are \$5 million, which leaves approximately \$25 million in spare replacement parts and supplies that we must keep in inventory to make certain that we are operating safely and reliably. While this value is subject to some fluctuation over time we can reasonably estimate that the value of M&S that we must maintain in inventory to ensure the safety and reliability of our operation will be approximately \$25 million. Accordingly, we can reasonably conclude that the value of M&S on hand at the end-of-life will be \$25 million.

86. **Actuarial Reports.** Provide copies of the actuarial reports for the historic test year 2000 for pensions and post-retirement benefits other than pensions and any subsequent actuarial reports, to date.

#### **Pensions**

##### 2000

See attached Report on the Actuarial Valuation of the Retirement Plan for Exempt and Nonexempt Employees of Florida Progress Corporation and Report on the Actuarial Valuation of the Retirement Plan for Bargaining Unit Employees of Florida Progress Corporation. from Buck Consultants.

##### 2001 and 2002

See response to Citizens' fifth Set of Requests for Production of Documents to FPC

Question #87.

### **Post-Retirement Benefits**

#### 2000

See attached Actuarial Report – Florida Progress Corporation – FAS 106 Valuation – Hewitt Associates LLC.

#### 2001 and 2002

There are no actuarial reports to date

- 87. Actuarial Reports. Provide copies of any correspondence to and from the Company's actuaries regarding the 2002 projected pension expense. This should include any letters, studies, analysis, etc.**

FPC will make documents responsive to this request available for review at the offices of Carlton Fields in Tallahassee, Florida at a time convenient to the parties or, upon, request will provide copies in Tallahassee as soon as practicable thereafter.

- 88. Pension Expense. Provide all studies, workpapers, and analysis used in preparing the updated Schedule C-66, when available.**

FPC will provide responsive documents, if any, when they become available.

- 89. Advertising expense. Provide a copy of the Company's 2002 Marketing Program, if completed.**

The 2002 Marketing Program is not completed.

- 90. Advertising Expense. If the Company has any specific advertisements supporting the projected 2002 expense in account 93013 – Other General Advertising, provide copies of the anticipated advertisements.**

Development of 2002 advertisements is not complete.

91. **O&M Expense.** If the Company prepared (or had prepared for it) any cost benefit analysis for the new O&M projects that were put on hold in 2000 that are included in the 2002 projected test year costs (See Citizens' Interrogatory 87) provide a copy of the associated cost benefit analysis.

See response to Citizens Fourth Set of Interrogatories to FPC # 88.

92. **Transmission Expense.** Provide a written copy of the Company's Reliability/System Integrity Program. Also, provide a copy of any studies, analysis, cost benefit analysis, etc. associated with these programs.

This program is not in writing and Florida Power does not have such a study. However, please see MFR Schedule C-57 which contains justification of our reliability initiatives and Sarah Rogers' testimony which will contain detailed description of each initiative filed on November 15<sup>th</sup>, 2001.

93. **Depreciation Expense.** Provide all workpapers and calculations used to calculate the depreciation expense on Schedule C-34 for the 2002 projected year. Provide in electronic format.

FPC objects to this request to the extent that it may require the conversion of information that was not previously in electronic format into such form. Without waiving this objection, FPC states that it is seeking an extension of time to respond to this request.

94. **Depreciation.** Provide a copy of the new depreciation study, when available, along with all workpapers underlying the study.

FPC does not anticipate performing a new depreciation study at any time prior to the hearings.

**95. For Progress Energy, Inc. and its subsidiaries or affiliates provide the consolidating financial statement workpapers for the year 2000, showing the combination of unconsolidated financial statements for each subsidiary or affiliate and all required elimination entries. For the year 1999, provide the same information for Florida Progress Corporation and its affiliates. In addition, for 1999 provide the same information for CP&L Energy and its affiliates.**

FPC objects to this request as irrelevant, immaterial, overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. FPC also objects to this request to the extent that that it includes affiliates, subsidiaries, or divisions of Progress Energy, Inc. other than FPC. FPC directs Citizens to the 10k's and 10q's filed by the respective Companies that are available on the SEC's Public Internet Web site. Additionally, documents responsive to this request have previously been provided in response to Request #18.

**96. For Progress Energy, Inc. and each of its subsidiaries or affiliates, for the years 2000 and 2001, provide copies of all information and documents provided to financial rating agencies or brokerage institutions, including but not limited to, news releases, rating agency presentations, wall street transcripts, interviews, correspondence, and data responses. For the years 1998, 1999 and 2000, provide the same information for Florida Progress Corporation and its affiliates. In addition, for the years 1998, 1999 and 2000 provide the same information for CP&L Energy and its affiliates.**

FPC will make documents responsive to this request available for review at the offices of Carlton Fields in Tallahassee, Florida at a time convenient to the parties or, upon, request will provide copies in Tallahassee as soon as practicable thereafter.

**97. For Progress Energy, Inc. and each of its subsidiaries or affiliates, provide copies of the accounting system practices, including but not limited to, charts of accounts, manuals, instructions, bulletins transmittals, changes, updates, revisions, cancellation letters, and lists (descriptions) of reports or data which can be generated from your accounting system.**

FPC objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. FPC also objects to this request to the



extent that that it includes affiliates, subsidiaries, or divisions of Progress Energy, Inc. other than FPC. Without waiving this objection, FPC will produce documents, if any, responsive to this request for FPC by making them available for review at the offices of Carlton Fields in Tallahassee, Florida at a time convenient to the parties or, upon, request will provide copies in Tallahassee as soon as practicable thereafter.

**98. For Progress Energy, Inc. and each of its subsidiaries or affiliates, provide copies of all IRS 1099 forms for the years 2000 and 2001.**

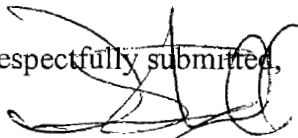
FPC objects to this request to the extent that that it includes affiliates, subsidiaries, or divisions of Progress Energy, Inc. other than FPC. Without waiving this objection, FPC will produce documents, if any, responsive to this request for FPC by making them available for review at the offices of Carlton Fields in Tallahassee, Florida at a time convenient to the parties or, upon, request will provide copies in Tallahassee as soon as practicable thereafter.

**99. For Progress Energy, Inc. and each of its subsidiaries or affiliates, provide copies of the year end adjusting journal entries and copies of the closing journal entries for the year 2000. In addition, provide the workpapers and documents supporting the journal entries.**

FPC objects to this request to the extent that that it includes affiliates, subsidiaries, or divisions of Progress Energy, Inc. other than FPC. Without waiving this objection, FPC will produce documents, if any, responsive to this request for FPC by making them available for review at the offices of Carlton Fields in St. Petersburg, Florida at a time convenient to the parties.

100. For Progress Energy, Inc. and each of its subsidiaries or affiliates, provide copies of the monthly standard recurring journal entries and copies of the nonrecurring journal entries for the years 2000 and 2001. In addition, provide the workpapers and documents supporting the journal entries.

FPC objects to this request to the extent that that it includes affiliates, subsidiaries, or divisions of Progress Energy, Inc. other than FPC. FPC also objects to the terminology "recurring journal entries" and "nonrecurring journal entries" as it is inconsistent with the methodology and terminology utilized by FPC. Without waiving this objection, FPC will make documents responsive to this request for FPC available for review at the offices of Carlton Fields in St. Petersburg, Florida at a time convenient to the parties.

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 counsel of record as listed on the attached service list this 16 day of November, 2001.

  
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