

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by Occidental Chemical Corporation for reduction of retail electric service rates charged by Florida Power Corporation.)	DOCKET NO. 870220-EI
)	ORDER NO. 20632
)	ISSUED: 1-20-89

The following Commissioners participated in the disposition of this matter:

KATIE NICHOLS, Chairman
 THOMAS M. BEARD
 GERALD L. GUNTER
 JOHN T. HERNDON
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTIONORDER GRANTING INCREASED RATES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

As is more fully explained in Order No. 18627, issued in this docket on January 4, 1988, we approved a stipulated settlement (Stipulation) amongst the parties to this docket which provided for a permanent annual base rate reduction of \$121,500,000, beginning January 1, 1988. Additionally, the Stipulation provided that monthly billing credits were to be applied during 1988 for a total annual amount of \$18,500,000 to flowback to FPC's customers certain "unprotected" excess deferred income taxes. Thus, the total 1988 revenue reduction was \$140,000,000. The Stipulation also addressed the possibility of increasing FPC's 1989 rates based upon adjustments respecting its depreciation rates, nuclear decommissioning costs and deferred income taxes.

As provided for in the Stipulation, FPC, on November 4, 1988, filed its Petition in this docket requesting our approval of revised rate schedules designed to increase its annual revenues by a total of \$17,290,000. Having examined FPC's request, we find that it is consistent with the Stipulation, reasonable and necessary and should, therefore, be approved. A discussion of the several components of the revenue increase follows.

DEPRECIATION AND NUCLEAR DECOMMISSIONING

Paragraph 3 of the Stipulation provides that effective January 1, 1989, FPC's depreciation rates shall be increased by an amount equal to \$6.2 million annually and that the level of funding of its reserve for the cost of nuclear decommissioning shall be increased by \$4.3 million annually. The Stipulation further provides that, to the extent the above adjustments do not cause FPC's earned return on common equity to exceed 13.6%,

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FPSC-RECORDS/REPORTING

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as determined by its September, 1988 Surveillance Report, it would be entitled to a corresponding adjustment in its base rates, effective January 1, 1989.

Pursuant to the Stipulation, FPC prepared and served on all parties its September, 1988 Surveillance Report, which showed that the utility's earned return on equity for the twelve months ended September 30, 1988, prior to any annualizing or pro forma adjustments, was 14.07%. However, when the annualizing and pro forma adjustments shown on Attachment A to this Order are made, the earned return on equity is 12.41%. As per the Stipulation, FPC is entitled to an increase in its annual revenue requirement in the total amount of \$10,669,000 (\$6,300,000 for depreciation + \$4,369,000 for nuclear decommissioning) to the extent that such an increase does not cause its earned return on common equity to exceed 13.6%.

Our analysis (Attachment B) shows that increasing FPC's rates by \$10,669,000 will have the effect of increasing its earned return on common equity to 13.12%. Inasmuch as 13.12% is less than 13.6%, we find that FPC is entitled to increase its base rates so as to recover an additional \$10,669,000 of revenues on an annual basis. Both the additional \$6,200,000 of annual depreciation expense and \$4,300,000 of additional annual nuclear decommissioning expense shall be included in FPC's cost of service for ratemaking purposes.

UNPROTECTED EXCESS DEFERRED TAXES

Paragraph 2(a) of the Stipulation provides for monthly billing credits during 1988 in the total annual amount of \$18.5 million to accomplish an immediate one-year flowthrough of excess deferred income taxes which were "unprotected," i.e., not subject to the normalization requirements in Section 203(e) of the Tax Reform Act of 1986. This base rate adjustment was implemented in conjunction with the permanent reduction of \$121.5 million and will expire after the last billing cycle in December, 1988.

Paragraph 2(b) provides a procedure for implementing a second year of monthly billing credits in 1989 of up to \$16.65 million as a flowthrough of additional excess deferred income taxes, dependent upon the response of the Internal Revenue Service (IRS) to a private letter ruling request from FPC, which was prepared in concert with our Staff and the other parties and approved by us in Order No. 19091.

On August 3, 1988, the IRS issued the requested private letter ruling, which was filed with the Commission and served on all parties August 29, 1988. Based on the IRS ruling and the calculation methodology specified in paragraph 2(b) of the Stipulation, the total amount of the billing credit related to the flowthrough of additional unprotected deferred income taxes in 1989 is \$11.879 million. The development of this amount is shown in Attachment C to this Order. Specifically, the IRS found that the two items in question, the repair allowance and nuclear decommissioning expense, were both "unprotected". The \$16.65 million maximum billing credits would have resulted from a finding that only the repair allowance was unprotected.

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Any difference between the total billing credit of \$30.379 million (18.5 + \$11.879) and the amount actually provided to FPC's customers in 1988 and 1989 is subject to true-up in the fuel adjustment proceedings pursuant to Paragraph 2(c) of the Stipulation. This provision is necessary to prevent the possibility of flowing through any more than the "unprotected" amount of excess deferred taxes, which would violate IRS normalization requirements applicable to "unprotected" amounts. FPC shall include a true-up reconciliation of the total billing credit in its 1990 fuel adjustment filings.

SUMMARY

The combined net effect of the adjustments to base rates pursuant to the Stipulation shows an increase during 1989 of \$6,621,000 from the credit for the flowthrough of deferred taxes, and a permanent increase of \$10,669,000 from increased depreciation and decommissioning expense, for a total base rate increase of \$17,290,000, or 2.4% over 1988 base rates.

Allocation of Rate Increase

We have determined that, pursuant to the terms of the Stipulation approved in Order No. 18627, the 1989 increase (which in reality is merely a reduction in the \$121.5 million rate decrease imposed by the Stipulation for 1988) shall be allocated through the application of a uniform percentage factor to FPC's currently authorized permanent base rate charge under each of its rate schedules. Accordingly, FPC shall file rate schedules allocating the authorized increase on a uniform percentage factor of 2.4% to all base rate charges under each of its rate schedules.

The new rate schedules shall be effective beginning with Cycle 1 billings for January, 1989. The increase in rates shall be collected subject to refund until either the time to protest this Order has expired, or if the Order is protested, until the protest is resolved.

Based on the above, it is

ORDERED by the Florida Public Service Commission that the petition of Florida Power Corporation for authority to increase its rates and charges is granted to the extent delineated herein. It is further

ORDERED that Florida Power Corporation is hereby authorized to submit revised rate schedules consistent herewith designed to generate \$17,290,000 in additional gross revenues annually. The Company shall include with the revised rate schedules all calculations and workpapers used in deriving the revised rates and charges. It is further

ORDERED that the revised schedules authorized herein for the revenue increase shall be effective on January 1, 1989. It is further

ORDERED that the Company provide to each of its customers a bill stuffer describing the nature of the base rate increase. A copy of the bill stuffer shall be provided to the

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Commission's Electric and Gas Department for review prior to its use. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final unless an appropriate petition in the form prescribed in Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, at his office located at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 9, 1988.

By ORDER of the Florida Public Service Commission,
this 20th day of JANUARY, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MBT

by: Kay Felton
Chief, Bureau of Records

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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 9, 1989. In the absence of such a petition, this order shall become effective February 10, 1989, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

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If this order becomes final and effective on February 10, 1989, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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FLORIDA POWER CORPORATION
 AVERAGE RATE OF RETURN
 RATE BASE
 SEPTEMBER 1988

SCHEDULE 2
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	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPR & AMORT	(3) NET PLANT IN SERVICE	(4) PROP HELD FOR FUTURE USE	(5) CONST WORK IN PROGRESS	(6) NUCLEAR FUEL (NET)	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL AVERAGE RATE BASE
SYSTEM PER BOOKS	\$3,816,673,218	1,136,401,274	2,680,271,944	64,742,271	96,962,448	100,213,016	2,942,189,679	120,346,271	\$3,062,535,950
LESS: RECOVERABLE FUEL	0	0	0	0	0	0	4,898,995	4,898,995	4,898,995
RECOVERABLE ECCR	1,509,338	873,036	636,302	0	0	0	636,302	12,629,366	13,265,668
REGULATORY BASE - SYSTEM	\$3,815,163,880	1,135,528,238	2,679,635,642	64,742,271	96,962,448	100,213,016	2,941,553,377	102,817,910	\$3,044,371,287
REGULATORY BASE - RETAIL	\$3,565,248,107	1,052,592,997	2,512,655,110	54,260,498	89,597,620	94,721,343	2,751,234,571	96,936,726	\$2,848,171,297
FPSC ADJUSTMENTS									
EXTENDED COLD SHUTDOWN UNITS		(12,299,774)	12,299,774	(20,536,830)			(8,237,056)		(8,237,056)
GAIN ON SALE OF PLANT								(751,341)	(751,341)
CONSTRUCTION WORK IN PROGRESS					(43,598,922)		(43,598,922)	(43,598,922)	(43,598,922)
NUCLEAR FUEL IN PROCESS						(13,197,753)	(13,197,753)	(13,197,753)	(13,197,753)
REGULATORY PRACTICES								(3,409,000)	(3,409,000)
NON-RECURRING EPA STUDIES								(1,446)	(1,446)
DEFERRED CREDITS - FMPA								1,923,823	1,923,823
NUC. DECOM. UNFUND - WHLSE		(2,115,034)	2,115,034				2,115,034		2,115,034
MARKETING PROGRAMS								(3,180,161)	(3,180,161)
TOTAL FPSC ADJUSTMENTS	0	(14,414,808)	14,414,808	(20,536,830)	(43,598,922)	(13,197,753)	(62,918,697)	(5,418,125)	(68,336,822)
FPSC ADJUSTED	3,565,248,107	1,038,178,189	2,527,069,918	33,723,668	45,998,698	81,523,590	2,688,315,874	91,518,601	2,779,834,475
PRO FORMA ADJUSTMENTS									
ECS UNITS - RETURNED TO R/B		9,235,333	(9,235,333)	15,415,203			6,179,870		6,179,870
- ACCUM. CARRYING CHARGES								7,126,822	7,126,822
REVENUE REDUCTION AGREEMENT								(130,885)	(130,885)
ACCUM. DEPR. - NEW RATES		3,100,000	(3,100,000)				(3,100,000)		(3,100,000)
NUCLEAR REFUEL OUTAGE ACCRUAL								(3,912,504)	(3,912,504)
MEDICAL RESERVE - ACTIVE EMP.								0	0
TOTAL PRO FORMA ADJUSTMENTS	0	12,335,333	(12,335,333)	15,415,203	0	0	3,079,870	3,083,433	6,163,303
PRO FORMA ADJUSTED	\$3,565,248,107	\$1,050,513,522	\$2,514,734,585	\$49,138,871	\$45,998,698	\$81,523,590	\$2,691,395,744	\$94,602,034	\$2,785,997,778

ATTACHMENT A
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FLORIDA POWER CORPORATION
 AVERAGE RATE OF RETURN
 INCOME STATEMENT
 SEPTEMBER 1988

SCHEDULE 2
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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	FUEL & NET INTERCHANGE	O & M OTHER	DEPR. & AMORT	TAXES OTHER THAN INC	INCOME TAXES CURRENT	DEFERRED INCOME TAX (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION & OTHER	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS (a)	\$1,482,115,981	563,754,881	343,209,720	135,708,664	97,339,912	102,225,480	(9,616,791)	(10,964,019)	0	1,221,657,847	\$260,458,134
LESS: RECOVERABLE FUEL	566,199,494	559,519,479	0	0	8,101,109	22,129,088	(22,693,000)	0	0	567,056,676	(857,182)
RECOVERABLE ECCR	36,198,012	0	33,674,111	285,995	573,123	1,194,468	(542,535)	0	0	35,185,162	1,012,850
REGULATORY BASE - SYSTEM	\$879,718,475	4,235,402	309,535,609	135,422,669	88,665,680	78,901,924	13,618,744	(10,964,019)	0	619,416,009	\$260,302,466
REGULATORY BASE - RETAIL	\$824,189,686	3,996,949	294,605,310	127,152,793	85,774,021	71,040,201	12,115,061	(10,234,912)	0	584,449,423	\$239,740,263
FPSC ADJUSTMENTS											
RETAIL RATE CASE EXPENSE			21,623			(8,377)				13,246	(13,246)
GAIN ON SALE OF PLANT						132,942				(278,540)	278,540
GAIN ON REACQUIRED BONDS						248,408			(411,482)	(258,858)	258,858
FRANCHISE TAXES	(29,391,208)				(29,391,208)				(507,266)	(258,858)	258,858
REGULATORY PRACTICES									(117,000)	(29,391,208)	0
NON-RECURRING EPA STUDIES			(18,854)			7,304				(117,000)	117,000
INTEREST SYNCH. DEPR. ADJUST.				(403,500)		156,316				(11,550)	11,550
STORM DAMAGE FUND						(90,602)				(247,184)	247,184
INC. TAX - INT. ON TAX DEF.			233,872							143,270	(143,270)
INST./PROMOTIONAL ADVERTISING			(1,119,592)			433,730	164,219			164,219	(164,219)
MARKETING PROGRAMS (NET)	(1,247,252)		(1,143,042)			(40,371)				(685,862)	685,862
TAX CHECK						(1,879,788)				(1,183,413)	(63,839)
										(1,879,788)	1,879,788
TOTAL FPSC ADJUSTMENTS	(30,638,460)	0	(2,025,993)	(403,500)	(29,391,208)	(1,040,438)	164,219	0	(1,035,748)	(33,732,668)	3,094,208
FPSC ADJUSTED	793,551,226	3,996,949	292,579,317	126,749,293	56,382,813	69,999,763	12,279,280	(10,234,912)	(1,035,748)	550,716,755	242,834,471
PRO FORMA ADJUSTMENTS											
REVENUE REDUCTION AGREEMENT	(20,896,611)				(330,902)	(12,793,239)	(2,573,177)			(15,697,318)	(5,199,293)
INT. ON INC. TAX DEF. - 80/81			2,243,201			(844,117)				1,399,084	(1,399,084)
INT. ON INC. TAX DEF. - 82/83			436,631			(164,304)				272,327	(272,327)
NUCLEAR REFUEL OUTAGE ACCRUAL			503,245			(189,371)				313,874	(313,874)
DEPR. & DECOMM. - NEW RATES				10,500,000		(3,951,150)				6,548,850	(6,548,850)
MEDICAL RESERVE - ACTIVE EMP.			0			0				0	0
TOTAL PRO FORMA ADJUSTMENTS	(20,896,611)	0	3,183,077	10,500,000	(330,902)	(17,942,181)	(2,573,177)	0	0	(7,163,183)	(13,733,428)
PRO FORMA ADJUSTED	\$772,654,615	\$3,996,949	\$295,762,394	\$137,249,293	\$56,051,911	\$52,057,582	\$9,706,103	(\$10,234,912)	(\$1,035,748)	\$543,553,572	\$229,101,043

FOOTNOTES: (a) The addition of earnings from AFUDC charges would increase the system NOI by \$4,546,003 and juris. by \$4,200,507.

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FLORIDA POWER CORPORATION
 AVERAGE RATE OF RETURN
 ADJUSTMENTS
 SEPTEMBER 1988

SCHEDULE 2
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NOTES	RATE BASE ADJUSTMENTS	SYSTEM	RETAIL
(3)	EXTENDED COLD SHUTDOWN UNITS - PHFU	(\$24,504,033)	(\$20,536,830)
(3)	EXTENDED COLD SHUTDOWN UNITS - ACC. DEPR.	14,675,783	12,299,774
(2)	GAIN ON SALE OF PLANT	(900,666)	(751,341)
(2)	CONSTRUCTION WORK IN PROGRESS	(48,635,056)	(43,598,922)
(2)	NUCLEAR FUEL IN PROCESS	(13,962,921)	(13,197,753)
(4)	ECS UNITS RETURNED TO RATE BASE - PHFU	18,393,035	15,415,203
(4)	- ACCUMULATED DEPRECIATION	(11,019,369)	(9,235,333)
(4)	- ACCUMULATED CARRYING CHARGES	8,693,388	7,126,822
(2)	REGULATORY PRACTICES	N/A	(3,409,000)
(4)	ACCUMULATED DEPRECIATION - NEW RATES	(3,346,287)	(3,100,000)
(3)	NON-RECURRING EPA STUDIES	(1,534)	(1,446)
(4)	NUCLEAR REFUEL OUTAGE ACCRUAL	(4,149,877)	(3,912,504)
(4)	REVENUE REDUCTION AGREEMENT	(138,826)	(130,883)
(4)	DEFERRED CREDITS - FMPA	N/A	1,923,823
(4)	NUCLEAR DECOM. UNFUNDED - WHOLESALE	N/A	2,115,034
(4)	MEDICAL RESERVE - ACTIVE EMPLOYEES	0	0
N/A	MARKETING PROGRAMS (A/R & INVENTORY)	(3,373,102)	(3,180,161)
	TOTAL	(\$68,269,465)	(\$62,173,519)

NOTES	INCOME STATEMENT ADJUSTMENTS (TO NOI)	AMOUNT	INCOME TAX EFFECT	AMOUNT	INCOME TAX EFFECT
(2)	RETAIL RATE CASE EXPENSE	(\$23,250)	(\$9,007)	(\$21,623)	(\$8,377)
(2)	GAIN ON SALE OF PLANT	468,150	151,419	411,482	132,942
(2)	GAIN ON REACQUIRED BONDS	543,402	266,104	507,266	248,408
N/A	FRANCHISE TAXES	0	0	0	0
(2)	REGULATORY PRACTICES	N/A	N/A	117,000	N/A
(3)	NON-RECURRING EPA STUDIES	19,947	7,727	18,854	7,304
(3)	INTEREST SYNCH. DEPR. ADJUST.	403,500	156,316	403,500	156,316
(4)	REVENUE REDUCTION AGREEMENT - REVENUES	(20,896,611)	(15,490,934)	(20,896,611)	(15,490,934)
(4)	- TAXES OTHER THAN INCOME TAX	330,902	124,518	330,902	124,518
(4)	STORM DAMAGE FUND	(246,000)	(95,300)	(233,872)	(90,602)
(3)	INCOME TAX - INTEREST ON TAX DEFICIENCY	(176,580)	N/A	(164,219)	N/A
(4)	INTEREST ON 1980/1981 INC. TAX DEF.	(2,403,000)	(904,249)	(2,243,201)	(844,117)
(4)	INTEREST ON 1982/1983 INC. TAX DEF.	(467,735)	(176,009)	(436,631)	(164,304)
(4)	NUCLEAR REFUEL OUTAGE ACCRUAL	(532,422)	(200,350)	(503,245)	(189,371)
(1)	INST. & PROMOTIONAL ADVERTISING	1,167,794	452,403	1,119,592	433,711
(4)	DEPRECIATION & DECOM. - NEW RATES	(11,191,644)	(4,211,416)	(10,500,000)	(3,951,000)
(2)	TAX CHECK	2,008,056	N/A	1,879,788	N/A
(4)	MEDICAL RESERVE - ACTIVE EMPLOYEES	0	0	0	0
N/A	MARKETING PROGRAMS (NET)	(104,210)	(40,371)	(104,210)	(40,371)
	TOTAL	(\$31,099,701)	(\$19,969,149)	(\$30,315,228)	(\$19,676,008)

NOTES: (1) DOCKET NO. 800119-EU, ORDER NO. 9864
 (2) DOCKET NO. 820100-EU, ORDER NO. 11628
 (3) DOCKET NO. 830470-EI, ORDER NO. 13771
 (4) DOCKET NO. 870220-EI, ORDER NO. 18627

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FLORIDA POWER CORPORATION
FINANCIAL INTEGRITY INDICATORS
SEPTEMBER 1988

SCHEDULE 5
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E. LONG TERM DEBT AS PERCENT OF TOTAL INVESTOR FUNDS

F. SHORT TERM DEBT AS PERCENT OF TOTAL INVESTOR FUNDS

COMMON EQUITY	8938,518,672
PREFERRED STOCK	203,727,676
LONG TERM DEBT	
FIXED RATE	670,836,576
VARIABLE RATE	220,720,114
SHORT TERM DEBT	69,950,215

TOTAL	\$2,103,753,253

% LONG TERM DEBT	
FIXED RATE	31.89%
VARIABLE RATE	10.49%
% SHORT TERM DEBT	3.33%

G. FPSC ADJUSTED AVERAGE JURISDICTIONAL AND PRO FORMA RETURN ON COMMON EQUITY

	PRO FORMA	FPSC
	-----	-----
AVERAGE EARNED RATE OF RETURN	8.22%	8.74%

LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES FOR:		
PREFERRED STOCK	0.58%	0.55%
LONG TERM DEBT		
FIXED RATE	1.98%	1.99%
VARIABLE RATE	0.58%	0.58%
SHORT TERM DEBT	0.19%	0.19%
CUSTOMER DEPOSITS	0.16%	0.16%
INVESTMENT TAX CR (@ MID POINT)-EQUITY	0.37%	0.37%
- DEBT	0.18%	0.18%

SUB TOTAL	4.04%	4.02%

TOTAL	4.18%	4.72%
DIVIDED BY COMMON EQUITY RATIO	33.69%	33.55%

JURISDICTIONAL RETURN ON COMMON EQUITY	12.41%	14.07%

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FLORIDA POWER CORPORATION
 CALCULATION OF RETURN ON EQUITY WITH
 REVENUE ADJUSTMENT TO OFFSET INCREASED DEPR. & DECOM. EXPENSE
 (PRO FORMA ADJUSTED BASIS - RETAIL JURISDICTION)

EXHIBIT D

	(A) AMOUNT *	(B) PRO FORMA ADJ: REVENUE OFFSET FOR DEPR & DEC	(C) ADJUSTED AMOUNT
NET OPERATING INCOME			
1 Total Operating Revenues	\$772,654,615	\$10,669,000	\$783,323,615
2			
3 Operating Expenses:			
4 Fuel and Net Interchange (Fuel Handling Exp)	3,996,949		3,996,949
5 O&M and Other	295,762,394		295,762,394
6 Depreciation & Amortization	137,249,293		137,249,293
7 Taxes Other Than Income	56,051,911	169,000	56,220,911
8 Income Taxes - Current & Deferred	51,528,773	3,951,150	55,479,923
9 Gain/(Loss) on Disposition of Property	(1,035,748)		(1,035,748)
10			
11	543,553,572	4,120,150	547,673,722
12			
13 Net Operating Income	\$229,101,043	\$6,548,850	\$235,649,893
14			
15 13 MONTH AVERAGE RATE BASE			
16			
17 Plant in Service	\$3,565,248,107	\$0	\$3,565,248,107
18 Accumulated Provision for Depreciation	1,050,513,522		1,050,513,522
19			
20 Net Plant in Service	2,514,734,585	0	2,514,734,585
21 Property Held for Future Use	49,138,871		49,138,871
22 Construction Work in Progress	45,998,698		45,998,698
23 Nuclear Fuel (Net)	81,523,590		81,523,590
24			
25 Net Utility Plant	2,691,395,744	0	2,691,395,744
26 Working Capital	94,602,034		94,602,034
27			
28 13 Month Average Rate Base	\$2,785,997,778	\$0	\$2,785,997,778
29			
30 Proforma Adjusted Rate of Return	8.22%		8.46%
31			
32 FPSC PROFORMA ADJUSTED RETURN ON EQUITY			
33			
34 Proforma Adjusted Rate of Return	8.22%		8.46%
35			
36 LESS: Reconciled Retail Weighted			
37 Cost Rates For:			
38 Preferred Stock	0.58%		0.58%
39 Long term Debt - Fixed Rate	1.98%		1.98%
40 - Variable Rate	0.58%		0.58%
41 Short Term Debt	0.19%		0.19%
42 Customer deposits	0.16%		0.16%
43 Investment Tax Cr. - Equity	0.37%		0.37%
44 - Debt	0.18%		0.18%
45			
46 Total	4.18%		4.42%
47 Divided by Common Equity Ratio	33.69%		33.69%
48			
49 Jurisdictional Return on Common Equity	12.41%		13.12%

* SOURCE: September 1988 Surveillance Report, Schedule 2, Page 1 of 3, (Rate Base) Schedule Schedule 2, Page 2 of 3 (Net Operating Income) and Schedule 5 Page 2 of 2, (Financial Integrity Indicators).