

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed Repeal of 25- ) DOCKET NO. 950955-PU  
14.008, F.A.C., Method of ) ORDER NO. PSC-95-1359-FOF-PU  
Accounting; Cost of Service and ) ISSUED: November 2, 1995  
25-14.009, F.A.C., Investment )  
Tax Credit Elections )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

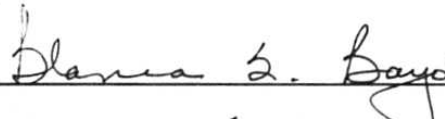
NOTICE OF REPEAL

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has repealed Rules 25-14.008 and 25-14.009, Florida Administrative Code, relating to method of accounting; cost of service and investment of tax credit elections without changes.

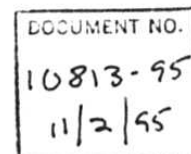
The rules were filed with the Department of State on October 31, 1995 and will be effective on November 20, 1995. A copy of the rule as filed with the Secretary of State is attached to this Notice.

This docket is closed upon issuance of this notice.

By ORDER of the Florida Public Service Commission, this 2nd day of November, 1995.

  
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BLANCA S. BAYÓ, Director  
Division of Records & Reporting

( S E A L )



**25-14.008 Method of Accounting; Cost of Service.**

~~(1) Each utility seeking to qualify its public utility property as recovery property under the Economic Recovery Tax Act of 1981 shall follow a normalization method of accounting with respect to differences in ratemaking and tax lives, ratemaking and tax depreciation methods, averaging conventions, and salvage.~~

~~(2) If a utility qualifies its public utility property as recovery property under the Economic Recovery Tax Act of 1981 through the use of a normalization method of accounting, the effect of such use shall be recognized in determining cost of service.~~

~~(3) For the purpose of this rule, the following shall apply:~~

~~(a) Recovery property is public utility property for which the accelerated cost recovery system of depreciation and a normalization method of accounting is used.~~

~~(b) A normalization method of accounting is used for both recovery property and property for which the investment tax credit is allowed.~~

~~1. For depreciable property, adjustments are made to a reserve to reflect ratemaking and tax differences in salvage and depreciation rates, lines and starting points.~~

~~2. For investment tax credits where an election was made under section 46(f)(1) of the Code, restorations to rate base are allocated ratably in proportion to the~~

~~ratemaking life used in the calculation of the regulated depreciation expense.~~

~~3. For investment tax credits where an election was made under section 46(f)(2) of the Code, reductions to cost of service are made on the basis of ratable allocations of the credit in proportion to the regulated depreciation expense.~~

~~(e) Ratemaking life is the period of time actually used in computing the regulated depreciation expense.~~

~~(d) Tax life is the period of time over which the company may and does depreciate property under Sections 168(b)(3) and 168(c)(2) of the Code.~~

~~(e) Ratemaking depreciation is the regulated depreciation expense actually used by the Commission for the purpose of establishing the utility's cost of service for ratemaking purposes.~~

~~(f) Tax depreciation expense is the depreciation expense allowed by Section 168 of the Code and used by the utility.~~

~~(g) The averaging convention is use of one half of one year's depreciation for the first year that the asset is placed in service for tax purpose as required by Section 168 of the Code.~~

~~(h) Salvage is not recognized under the accelerated cost recovery system although for ratemaking purposes it may be recognized.~~

**Specific Authority: 350.127(2), F.S.**

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Law Implemented: 364.03, 364.035, 366.05(1), 367.121(1)(a), F.S.

History: New 12/29/82, formerly 25-14.08, Repealed 11/20/95.

**25-14.009 Investment Tax Credit Elections.**

~~(1) Taxpayers (utilities and companies subject to the Commission's ratemaking jurisdiction) utilizing IRC s.46(f)(1) shall be treated for ratemaking purposes as if they had elected to reduce asset basis for tax purposes as described in IRC s.48 (q) (1) and the Tax Equity and Fiscal Responsibility Act of 1982 s.205(a)(1).~~

~~(2) Taxpayers utilizing IRC s.46(f)(2) shall be treated for ratemaking purposes as if they had elected to reduce the applicable investment tax credit two percentage points as described in IRC s.48(q)(4) and the Tax Equity and Fiscal Responsibility Act of 1982 s.205(a)(1).~~

~~(3) If an affected utility desires to use the alternative method on its book and tax return for the current vintage year, it shall petition the Commission, which shall issue a ruling, by order as to the ratemaking and/or accounting treatment to be afforded qualified current vintage year property. If the Commission finds that the alternative method reduces the revenue requirement, the Commission may allow its use for ratemaking purposes, rather than the method specified. Once the Commission has prescribed the election treatment for a particular vintage year, that treatment shall be applicable in any subsequent ratemaking proceeding.~~

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~~(4) Subsections (1) or (2) of this rule shall apply absent a petition filed by the utility requesting use of the alternative method.~~

Specific Authority: 350.127(2), F.S.

Law Implemented: 366.05(1), 364.03, 364.035, 367.121(1)(a), F.S.

History: New 5/17/83, Amended 6/25/84, formerly 25-14.09, Amended 10/22/86, Repealed 11/20/95.