

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|  |   |                      |
|--|---|----------------------|
| In re: Petition of Florida Power & Light Company for approval of "Tax Savings" Refunds for 1988. | ) | DOCKET NO. 890319-EI |
|  | ) | ORDER NO. 21143      |
|  | ) | ISSUED: 4-28-89      |
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The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 JOHN T. HERNDON

ORDER REQUIRING REFUND

BY THE COMMISSION:

On March 1, 1989, Florida Power & Light Company (FPL) filed its petition in this docket according to Rule 25-14.003, Florida Administrative Code, seeking approval of a tax savings refund which it calculated to be in the amount of \$38,221,663, plus interest. FPL proposed that the refund be implemented as a one-time credit on the bills of customers of record as of May, 1989, with the credit to be issued to such customers on the first day of the next billing cycle. Each customer's refund would be determined by dividing the total amount to be refunded by the total KWH usage by all customers of record during the preceeding billing period. The resulting factor, in cents per KWH, would then be multiplied by the KWH usage for each customer of record during the preceeding billing period to quantify the dollar amount of the refund to each of these customers.

The Federal Tax Reform Act of 1986 reduced the maximum federal corporate income tax rate from 46% to 34%, effective July 1, 1987. Rule 25-14.003, Florida Administrative Code, requires refunds of tax savings when a utility earns a rate of return at or above the midpoint of its authorized range of return. In its petition, FPL stated that, in accordance with Order No. 18340, a 13.6% equity midpoint was used for tax savings calculations in lieu of FPL's authorized midpoint of 15.6%.

Pending a complete review and audit of the calculations and underlying data supporting FPL's refund amount, we hereby approve FPL's refund proposal. The refund shall include interest calculated in accordance with Rule 25-6.109(4)(a), Florida Administrative Code, with interest beginning to accrue as of January 1, 1988. In calculating interest due, it shall be assumed that the refundable revenues were earned evenly throughout 1988. Interest should continue accruing on the unrefunded balance until the date the refund is made. The refund shall be indicated to customers through a line item on the bill entitled "Refund Ordered by FPSC for 1988 Tax Savings".

In Order No. 20659, issued in Docket No. 880355-EI, FPL was required to pay additional interest on its 1987 Tax Savings Refund:

DOCUMENT NUMBER-DATE

04275 APR 28 1989

FPSC-RECORDS/REPORTING

ORDER NO. 21143  
 DOCKET NO. 890319-EI  
 PAGE 2

"As a result of this proceeding, we have determined that FPL owes an additional \$1,673,136 in interest through December, 1988, over and above the \$54,771,646 already refunded in 1988. FPL shall continue to accrue interest on the amount until it is refunded in conjunction with its Tax Savings Refund for calendar year 1988."

We find the total amount of such additional interest to be \$1,699,128 through February, 1988. This amount shall be added to the refund amount and shall continue to accrue interest from March 1, 1989, until the refund is made.

Pending completion of Staff's investigation, we will allow this docket to remain open subject to further proceedings and true-up of the tax savings refund amount, if necessary.

Now, therefore, in consideration of the above, it is

ORDERED by the Florida Public Service Commission that the petition of Florida Power & Light Company for authorization to carry out refunds of 1988 tax savings pursuant to Rule 25.0043, Florida Administrative Code, is hereby granted, to be carried out as specified in the body of this Order. It is further

ORDERED that Florida Power & Light Company shall refund additional interest on its 1987 Tax Savings Refund, as described in the body of this Order. It is further

ORDERED that this docket shall remain open pending completion of a Staff audit and possible true-up proceedings.

BY ORDER of the Florida Public Service Commission,  
 this 28th day of April, 1989.

  
 STEVE TRIBBLE, Director  
 Division of Records and Reporting

( S E A L )

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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.

ORDER NO. 21143  
DOCKET NO. 890319-EI  
PAGE 3

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance 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.