

**Steel Hector & Davis**  
Tallahassee, Florida

Charles A. Guyton  
(904) 222-3423

**ORIGINAL  
FILE COPY**

**MEMORANDUM**

**TO: All Parties of Record, Docket No. 890148-EI**  
**FROM: Charles A. Guyton**  
**RE: Recent Communication with the IRS**  
**DATED: December 7, 1990**

Enclosed is a copy of the letter responding to the request for information made by the IRS. As you can see, the response is consistent with the draft sent to you on November 20, 1990.

cc: Steve Tribble

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DOCUMENT NUMBER-DATE

10904 DEC 10 1990

PSC-RECORDS/REPORTING

December 4, 1990

**HAND-DELIVER**

Mr. Robert R. Robbins  
Attorney  
Internal Revenue Service  
1111 Constitution Avenue, N.W.  
Room 5109  
Washington, D.C. 20224

Re: Florida Power & Light Company  
EIN#59-0247775  
Request for Ruling dated July 23, 1990

Dear Mr. Robbins:

In accordance with your request made on November 7, 1990 in a phone conversation with our authorized representatives at Reid & Priest, the following supplements the request for a ruling submitted July 23, 1990 by Florida Power & Light Company (Company). You requested information as to the Company's computation of deferred taxes with respect to property that was the subject of the ruling request.


Pursuant to section 167 and 168 of the Internal Revenue Code of 1986, as amended, and the Internal Revenue Code of 1954, as amended, the Company maintains a deferred tax reserve to reflect the deferral of taxes resulting from the difference between depreciation used to compute tax expense for ratemaking purposes and to reflect operating results in its regulated books of account and depreciation used to compute deductions for federal income tax purposes.

As described at pages 2 - 7 of the July 23, 1990 ruling request, the Oil-Backout Cost Recovery Factor Rule (OBO Rule) promulgated by the Florida Public Service Commission (FPSC) has operated to allow the Company to recover in rates and reflect in the Company's regulated books of account additional amounts deemed to be depreciation expense associated with a 500 Kilovolt transmission line project (KTL Project) which is subject of the ruling request. The depreciation expense recorded on the Company's regulatory books and records related to the KTL Project therefore, reflects both the straight line and the additional depreciation allowed by the FPSC under the OBO Rule. This regulatory book depreciation expense is then compared to the allowed tax depreciation computed on the KTL project property. Deferred taxes are provided on the difference.

Mr. Robert R. Robbins  
December 4, 1990  
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If, after reviewing this submission, you have any additional questions, please contact me at (305) 552-4327, or the Company's authorized representatives, Raymond F. Dacek, David E. Jacobson, or Randall V. Griffin at (202) 508-4000.

Very truly yours,



K. M. Davis  
Comptroller

**DECLARATION**

I, K. M. Davis, declare as follows: I am the Comptroller of Florida Power & Light Company. Under penalties of perjury, I declare that I have examined the foregoing letter dated December 4, 1990 and to the best of my knowledge and belief, the facts presented in support of the letter are true, correct and complete.



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K. M. Davis  
Comptroller  
Florida Power & Light Company