

REQUEST TO ESTABLISH DOCKET

Date May 29, 1996

Docket No. 960671-EI

- 1. Division Name/Staff Name AFAD - JOHN SLEMKEWICZ
- 2. OPRAFAD - SLEMKEWICZ
- 3. OCR/LEG
- 4. Suggested Docket Title REQUEST TO ACCELERATE THE AMORTIZATION OF CERTAIN REGULATORY ASSETS BY FLORIDA POWER CORPORATION

5. Suggested Docket Mailing List (attach separate sheet if necessary)

- A. Provide NAMES ONLY for regulated companies or ACRONYMS ONLY regulated industries, as shown in Rule 25-22.104, F.A.C.
- B. Provide COMPLETE name and address for all others. (Match representatives to clients.)

1. Parties and their representatives (if any)

FLORIDA POWER CORPORATION \_\_\_\_\_

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2. Interested Persons and their representatives (if any)

OFFICE OF PUBLIC COUNSEL \_\_\_\_\_

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6. Check one:

- Documentation is attached.
- Documentation will be provided with the recommendation.



**Florida  
Power**

CORPORATION

**John Scardino, Jr.**  
VICE PRESIDENT AND  
CONTROLLER

April 10, 1996

Mr. Tim Devlin  
Director of Auditing and Financial Analysis  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

96 APR 12 AM 10:46  
RECEIVED

Dear Mr. Devlin:

Florida Power Corporation (Company) requests authorization from the Florida Public Service Commission (Commission) to accelerate the amortization of certain regulatory assets currently outstanding on its balance sheet as of December 31, 1995. The Company's request to record increased amortization expense originates from similar action taken by this Commission in Docket No. 9500270-EI, Order No. PSC-95-1230-FOF-EI, dated October 3, 1995. The Company was authorized in that Order to record additional amortization of the remaining regulatory asset associated with the canceled 500KV Lake Tarpon-Kathleen transmission line project above the annual amounts calculated using a four year amortization period as long as the Company's earnings are sufficient to absorb the increased expense.

**Regulatory Assets that would qualify for accelerated amortization:**

**Sebring Going Concern Value:**

The Company is continuing to amortize the Sebring "Going Concern" value as authorized in Docket No. 931150-EI, Order No. PSC-94-0152-FOF-EI, dated February 8, 1994. This regulatory asset has a net book value of \$1.8 million at the end of December 31, 1995 and is expected to be fully amortized by the end of March 1997. If you recall, in 1994 as part of our agreement with Staff, the Company agreed to accelerate the write-off of this asset in the event our FPSC adjusted return on equity exceeded 12.50%. In the discussions leading up to our agreement, Staff expressed the position that this asset was of little significance and should be written off as quickly as possible, preferably in one year.

### **Unamortized Accumulated Carrying Costs - Extended Cold Shutdown Units**

The Company is currently amortizing the AFUDC equivalent accumulated on the net book value of certain peaking units that were placed in extended cold shutdown in 1984 and returned to service beginning in 1988. The accumulation of the AFUDC carrying cost on these units was in accordance with state and federal regulatory decisions from 1984. The annual amortization is calculated based on the remaining life of the associated peaking unit. As of December 31, 1995, the unamortized balance related to these costs is \$6.7million. The Company recorded \$.7 million in amortization expense for the twelve months ended December 31, 1995.

### **Interest on Tax Deficiencies:**

The Company is currently amortizing interest on tax deficiencies over a three year period as authorized in Docket No. 910890-EI, Order No. PSC-92-1197-FOF-EI, dated October 22, 1992. The unamortized balance as of December 31, 1995 is \$4.4 million. This interest expense arises from the accrual and amortization of interest for actual and potential tax deficiencies. After reviewing a cost/benefit analysis prepared by the Company in our last base rate proceeding, the Commission concluded that interest on tax deficiencies was an appropriate cost of service item because it benefited our ratepayers through the avoidance of cost-based external financing. The Company's proposal affects only the \$4.4 million unamortized balance at December 31, 1995 and does not include any adjustments to the \$4.4 million or new items giving rise to income tax deficiencies in subsequent years.

### **Company's commitment is to remain competitive and financially strong:**

The Company believes this request in no way harms its ratepayers but quite the contrary, assures them that their utility will remain competitive and financially healthy in a rapidly changing environment. It is for this reason that the Company desires to have this request placed before the Commission with support by the Staff. If the Staff cannot support this request as presented here, then please notify the Company and we will withdraw it without prejudice. If the Staff would like to offer alternative suggestions for our consideration, I would be available to meet with you or other members of Staff at your earliest possible convenience.

Finally, if the Staff concurs with the Company's request, Florida Power agrees to practice good judgment in determining the amount of increased amortization and the order by which each asset will be affected. In an effort to keep the Staff apprised of our actions, Florida Power Corporation will footnote each occurrence of accelerated amortization in the cover letter accompanying our monthly surveillance report.

Sincerely,

JS:kf

cc: Office of Public Counsel

Case Assignment and Scheduling Record

Section 1 - Division of Records and Reporting (RAR) Complete

Docket No. 940672-TC Date Docketed: 05/29/1996 Title: Request to reinstate Pay Telephone Certificate No. 3403 issued to Yvanne Mesidor. Company: Yvanne Mesidor

Official Filing Date: Last Day to Suspend: Expiration:

Referred to: ADM APA APP CAP (CHU) EAG GCL LBG RAR RRR MAM (\*()) indicates OPR

Section 2 - OPR Complete and returns to RAR in 10 workdays.

Time Schedule

Program/Module B1(g)

Staff Assignments

Table with columns for Staff Assignments, OPR Staff, Staff Counsel, and OPR ( )

WARNING: THIS SCHEDULE IS TENTATIVE AND SUBJECT TO REVISION FOR UPDATES CONTACT THE RECORDS SECTION: (904) 413-6770

Table with columns for Current CASE revision level, Due Dates (Previous, Current), and numbered rows 1-40

Recommended assignments for hearing and/or deciding this case:

Full Commission Commission Panel Hearing Examiner Staff

Date filed with RAR:

Initials: OPR Staff Counsel

Section 3 - Chairman Complete

Assignments are as follows:

Hearing Officer(s)

Table for Hearing Officer(s) assignments with columns for Commissioners (ALL, CL, DS, JN, KS, GR), Hrg. Exam., and Staff

Prehearing Officer

Table for Prehearing Officer assignments with columns for Commissioners (CL, DS, JN, KS, GR) and ADM

Where panels are assigned the senior Commissioner is Panel Chairman; the identical panel decides the case. Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved:

Date:

**Requisition for Photocopying and Mailing**

Date 2 / 19 / 96

Number of Originals \_\_\_\_\_ Copies Per Original \_\_\_\_\_  
 Requested By WUSTA

**Item Presented**

\_\_\_\_\_ Agenda For (Date) \_\_\_\_\_ Order No. 10-5-011 In Docket No. 70  
 \_\_\_\_\_ Notice of \_\_\_\_\_ For (Date) \_\_\_\_\_ In Docket No. \_\_\_\_\_  
 \_\_\_\_\_ Other \_\_\_\_\_

**Special Handling Instructions**

\_\_\_\_\_

**Distribution/Mailing**

Number	Distributed/Mailed To	Number	Distribution/Mailed To
<u>1</u>	<u>Commission Offices</u>		
<u>1</u>	<u>Docket Mailing List - Mailed</u>		
<u>1</u>	<u>Docket Mailing List - Faxed</u>		

Note: Items must be mailed and/or returned within one working day after issue unless specified here:

\_\_\_\_\_

**Print Shop Verification**

Job Number 1054 Verified By WJL  
 Date and Time Completed 7-32 Job Checked For Correctness and Quality (Initial) \_\_\_\_\_

**Mail Room Verification**

Date Mailed \_\_\_\_\_ Verified By \_\_\_\_\_

MEMORANDUM

RECEIVED

12:30

July 18, 1996

TO: DIVISION OF RECORDS AND REPORTING  
FROM: DIVISION OF LEGAL SERVICES (~~CROSBY~~) *MB*  
RE: DOCKET NO. 960672-TC - REQUEST FOR REINSTATEMENT OF PAY  
TELEPHONE CERTIFICATE NO. 3403 ISSUED TO YVIANNE MESIDOR

*0941-FVF*

Attached is an Notice of Proposed Agency Action/Order Reinstating Pay Telephone Certificate No. 3403 to be issued in the above-referenced Docket. (Number of pages in order - 3) (Document No. 960672A.ALC)

alc

Attachment

cc: Division of Communications  
(Hawkins)

*Mailed.  
12 TL'S*