



Public Service Commission

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RECORDS AND REPORTING
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DATE: MAY 20, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (B...)

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (SLEMKEWICZ)
DIVISION OF ELECTRIC AND GAS (KUMMER)
DIVISION OF LEGAL SERVICES (C. KEATING)

RE: DOCKET NO. 981635-EI - REQUEST FOR AUTHORITY TO ESTABLISH A REGULATORY LIABILITY TO DEFER 1998 EARNINGS FOR DISPOSITION IN 1999 BY FLORIDA POWER CORPORATION.

AGENDA: 06/01/99 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\AFA\WP\981635.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed. (Slemkewicz, C. Keating)

STAFF ANALYSIS: By Order No. PSC-97-0652-S-EQ, issued June 9, 1997, the Commission approved a stipulation regarding the treatment of Florida Power Corporation's (FPC) purchase of the Tiger Bay Limited Partnership cogeneration facility and the termination of the related purchased power contracts. The termination of the contracts resulted in the creation of a \$370 million regulatory asset that is being amortized by using the savings realized from the early termination of the contracts. However, FPC has the discretion to accelerate the amortization if and when earnings permit. FPC's ratepayers do not receive any of the savings until the regulatory asset is fully amortized.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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In November 1998, FPC informed the Commission that its anticipated earnings would reach a sufficient level to allow it to increase the amortization of the regulatory asset. However, FPC stated that it was considering several possible unspecified alternatives that might allow its ratepayers to receive the benefit of 1998 earnings sooner than if additional amortization was booked. To allow it time to more thoroughly explore and develop such alternatives, FPC requested authority to defer an unspecified amount of 1998 earnings to be disposed of in the future. Pursuant to Order No. PSC-98-1750-FOF-EI, issued December 22, 1998, the Commission approved FPC's request to establish a regulatory liability to defer an amount of 1998 earnings for disposition in 1999. In addition, FPC was ordered to file a proposal concerning the disposition of any 1998 deferred earnings by May 1, 1999. If no such proposal was filed by May 1, 1999, FPC would be required to immediately apply all 1998 deferred earnings, plus interest, toward the amortization of the regulatory asset.

FPC did not file any proposal regarding the disposition of the deferred 1998 earnings by May 1, 1999. As a result, the 1998 deferred earnings of \$10,106,105, plus interest of \$164,291, will be applied as additional Tiger Bay regulatory asset amortization in May 1999. Because a final disposition of the 1998 deferred earnings has been completed, this docket should be closed.