

STATE OF FLORIDA

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Public Service Commission

M-E-M-O-R-A-N-D-U-M

DATE: November 17, 2000

TO: DIVISION OF APPEALS
 DIVISION OF COMPETITIVE SERVICES
 DIVISION OF ECONOMIC REGULATION
 DIVISION OF LEGAL SERVICES
 DIVISION OF POLICY ANALYSIS & INTERAGENCY LIAISON
 DIVISION OF REGULATORY OVERSIGHT
 DIVISION OF SAFETY & ELECTRIC RELIABILITY

FROM: DIVISION OF RECORDS AND REPORTING (Lockard)

RE: CONFIDENTIALITY OF CERTAIN INFORMATION

DOCUMENT NO: 14201-00

DESCRIPTION: Late-Filed Exhibit No. 16

SOURCE: Florida Power Corporation

DOCKET NO: 001064-EI

The above material was received with a request for confidentiality (attached). Please prepare a recommendation for the attorney assigned to the case by completing the section below and forwarding a copy of this memorandum, together with a brief memorandum supporting your recommendation, to the attorney. Copies of your recommendation should also be provided to the Division of Records and Reporting and to the Division of Appeals.

Please read each of the following and check if applicable.

- The document(s) is (are), in fact, what the utility asserts it (them) to be.
- The utility has provided enough details to perform a reasoned analysis of its request.
- The material has been received incident to an inquiry.

**Accounting of Reservation Fee to Siemens Westinghouse
For Hines Unit 2**

The Reservation Fee (initial payment) of \$2,325,000 made to Siemens Westinghouse Power Corporation was charged to a capital work order (WGO524), included in Florida Power Corporation's Construction Work In Progress (CWIP), FERC account 703.00, where it remains today. FPC accrues an Allowance for Funds Used During Construction (AFUDC) for the amount of the work order, in accordance with Commission Rule 25-6.0141, F.A.C. The reservation fee has not been and will not be included in the Company's rate base calculations until the plant is built and is declared to be in commercial operation, as further outlined below.

If Hines 2 is built, the reservation fee, along with the other costs of constructing Hines 2, will be included in the depreciation cost of Hines 2 over its projected life. If Hines 2 is not built, the reservation fee will be expensed against the Company's earnings at the time the decision is made not to go forward with Hines 2. In either case, the reservation fee ultimately will be included in the Commission's surveillance reporting program, either through the depreciation cost in the Cost of Capital report or as an expense in the Utility Earnings report, but it will not be recovered directly from ratepayers unless there is a rate case that resets the Company's rates.

DECLASSIFIED *MA 6/28/02*