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October 7, 2002



Ms. Blanca S. Bayo, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Pursuant to Ms. Lee's request for comments on the draft rule regarding FAS 143, Gulf Power Company is responding with the following comments.

Overall, the draft of the new rule related to SFAS 143 looks good.

1. There are a couple of references that say the Asset Retirement cost shall be kept by function as defined for regulatory purposes and recorded in a separate subaccount. Until FERC comes out with some account number guidance, it is Gulf's assumption that we will use Account 303 to record the asset side of the ARO, which appears to be the preference of most utilities.
2. Item 10 at the bottom of the second page states if a utility is not required to establish an Asset Retirement Obligation, the cost of removal will continue to be included in the calculation of the depreciation expense. Gulf's question is what is the Staff's position of whether cost of removal related to non-ARO assets will continue to be maintained in Account 108 or will the utility be required to take it out of Account 108 and reclassify it as a Regulatory Liability in Account 254?
3. Item 4 on the second page states the utility shall capitalize an Asset Retirement Cost by increasing the carrying amount of the related long-lived asset by the same amount as the liability. This will be true for AROs that are recognized subsequent to 1/1/2003. However, for any AROs recognized as part of the transition to SFAS 143 on 1/1/2003, this probably will not be true.

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 OTH \_\_\_\_\_

The workshop held by Staff in September was very useful.

Sincerely,

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire  
Florida Public Service Commission  
Pat Lee, Division of Economic Regulation

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