

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to approve an) DOCKET NO. 931150-EI
amortization period for) ORDER NO. PSC-94-0152-FOF-EI
acquisition adjustment) ISSUED: February 8, 1994
associated with purchase of)
Sebring Utilities Commission)
Electric System by Florida Power)
Corporation.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING THE AMORTIZATION PERIOD FOR
AN ACQUISITION ADJUSTMENT

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

In Order No. PSC-92-1468-FOF-EU, issued December 17, 1992 in Docket No. 920949-EU, we approved Florida Power Corporation's (FPC) proposed acquisition of certain electric utility system components owned by the Sebring Utilities Commission (Sebring). We approved a \$5,741,000 "going concern" value for the purchase of the Sebring system as a positive acquisition adjustment to be included in FPC's rate base. This "going concern" value represented benefits to FPC from Sebring's established customer base, system maps and records, trained and experienced personnel and avoidance of further territorial and annexation disputes.

FPC now requests that the acquisition adjustment be amortized over a 15-year period that coincides with the 15-year period for the recovery of the costs of retiring Sebring's outstanding debt through the collection of the Sebring Rider. The requested

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effective date of May 1, 1993 reflects the closing date of the transaction associated with the acquisition of the Sebring assets.

In accordance with the Uniform System of Accounts, positive acquisition adjustments recorded in Account 114, Electric Plant Acquisition Adjustments, are to be amortized over a period not longer than the estimated remaining life of the properties to which such amounts relate. FPC points out in its petition that the "going concern" value is related primarily to intangible property that is not readily susceptible to remaining life estimation.

Since there is not any definitive time period over which the acquisition adjustment should be amortized, we believe that the adjustment should be amortized as rapidly as practical without significantly distorting the utility's earnings. With a 4-year amortization period, the annual amortization expense would be \$1,435,250. This represents approximately 7 basis points (.07%) on return on equity. A 4-year period is also the same period over which FPC's rate case expenses are currently being amortized, and 4 years is also the filing period for submitting Modified Minimum Filing Requirements. It appears reasonable, therefore, that the \$5,741,000 "going concern" value acquisition adjustment should also be amortized over a 4-year period, effective May 1, 1993. It is therefore

ORDERED that the \$5,741,000 "going concern" value acquisition adjustment shall be amortized over a 4-year period, effective May 1, 1993. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this 8th day of February, 1994.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
MCB:bmi

by: Kay Flynn

Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on March 1, 1994.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.