



Public Service Commission

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REC'D BY AGENCY
REPORTING
11/18/98
RVE 27 305

DATE: NOVEMBER 5, 1998

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (CAUSSEAU, HOLROYD, LEE, SLEMKEWICZ, SWAIN) *JS DM*
DIVISION OF ELECTRIC AND GAS (COLSON)
DIVISION OF LEGAL SERVICES (ELIAS) *RVE 27 305*

RE: DOCKET NO. 971570-EI - 1997 DEPRECIATION STUDY BY FLORIDA POWER CORPORATION.

AGENDA: 11/17/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: ATTACHMENTS A & B ARE NOT AVAILABLE

FILE NAME AND LOCATION: S:\PSC\AFA\WP\971570.RCM

CASE BACKGROUND

Rule 25-6.0436, Florida Administrative Code, requires Investor Owned Utilities to file comprehensive depreciation studies at least once every four years. On November 26, 1997, Florida Power Corporation (FPC or the company) filed its regular depreciation study in accordance with this rule. FPC also requested preliminary implementation of its proposed depreciation rates and amortization/recovery schedules as of January 1, 1998, in accordance with Rule 25-6.0436(5), Florida Administrative Code. By Order No. PSC-98-0383-PCO-EI, issued March 19, 1998, this request was approved. The docket remained open pending review and Commission action concerning the appropriate depreciation rates and recovery schedules under consideration.

Staff has completed its review of the depreciation study and presents its recommendation herein.

DISCUSSION OF ISSUES

ISSUE 1: Should the depreciation rates approved for preliminary implementation be revised?

RECOMMENDATION: Yes. At the February 17, 1998 Agenda, and by Order No. PSC-98-0383-PCO-EI, preliminary implementation of depreciation rates, capital recovery schedules, and amortization schedules were ordered. Preliminarily implemented expenses were to be trued-up upon final action by this Commission. Staff has completed its review of the company's study and this is its recommendation for final action. (LEE)

STAFF ANALYSIS: The purpose of this study is to determine and provide for the appropriate depreciation rates, recovery schedules, and amortization schedules for FPC's production, transmission, distribution, and general plant. Staff has completed its analysis and review of the company's depreciation study and is recommending revisions to the preliminary approved rates.

DOCKET NO. 971570-EI
DATE: NOVEMBER 5, 1998

ISSUE 2: What should be the implementation date for the recommended rates and recovery/amortization schedules?

RECOMMENDATION: Staff recommends approval of the company's proposed January 1, 1998 date of implementation for the new depreciation rates and recovery/amortization schedules. (LEE)

STAFF ANALYSIS: Company data and related calculations about the January 1, 1998 date. This is the recommended date of implementation, being the earliest practicable date for utilizing the revised rates and recovery/amortization schedules. Staff therefore recommends approval of the company's proposed January 1, 1998 implementation date.

ISSUE 3: How should the sale of the combustion turbine formerly located at Port St. Joe be recognized?

RECOMMENDATION: Because staff believes that the Port St. Joe combustive turbine unit does not constitute an operating unit, staff therefore believes the net proceeds from the sale should benefit the depreciation reserve, rather than be recognized as a gain. To accomplish this, staff recommends that the net proceeds of \$937,219 be amortized over one year beginning January 1, 1998 with an associated amortization of the same amount of the reserve deficiency associated with the Suwannee Peaking Plant. This action will help correct the \$4.4 million reserve deficiency at Suwannee, and will achieve the same result as treating the "gain" as net salvage. (HOLROYD, LEE, SLEMKEWICZ)

STAFF ANALYSIS: On May 27, 1997, FPC sold the combustion turbine located at Port St. Joe to the Bahamas Electricity Corporation.

FPC wrote to the Federal Energy Regulatory Commission (FERC) indicating the journal entries it had made to record the sale. These journal entries included debiting Electric Plant Sold (Account 102), crediting Electric Plant in Service (Account 101) and crediting the Gain on Disposition of Property (Account 421) with the difference between the net book value and the net sales price (\$937,219). FERC, in a letter dated April 28, 1998, accepted FPC's journal entries as presented, thereby recognizing the transaction as the sale of an operating unit. For FPSC surveillance purposes, FPC is amortizing the amount over five years.

In an attempt to determine what defines an operating unit, staff requested clarification from both FERC and the company. The company provided the following statement which had been made in a previous FERC docket:

The term "operating unit or system" is a term of art. The principal considerations are whether customers are attached, amount of investment, character of the property, and continuity of operation. It is unnecessary, however, that an operating system embrace a complete transmission or distribution system or that it serve completely an incorporated or unincorporated area.

This definition was also supported in a telephone conversation between FPSC staff and FERC staff.

Normal treatment for assets no longer useful to a company is to retire them and to recognize the net of removal costs and any monies received for the assets as net salvage. In this particular case, staff finds no reason for a deviation in this treatment. Staff does not agree with FERC that the Port St. Joe turbine unit constitutes an operating unit.

In the sales agreement between FPC and Bahamas Electricity Corporation, there is recognition of the transformer at Port St. Joe as one component being transferred. The sales agreement also states that the transformer will be rewound from 69kv to 33kv and that the seller will share in the cost of the rewind. Further, there is no accompanying transfer of land associated with the combustive unit. The unit will require removal from its foundation, shipment, and, upon arrival at its destination, the unit will require the addition of some supporting structure in order to become operational. Accordingly, there are no Port St. Joe customers attached to this unit and no continuity of operation.

Regarding the amount of investment involved, the original cost of the unit was \$2,049,144, net book value at the time of the sale was \$756,991, and the net sales price was \$1,694,209. With total plant investment of almost \$6 billion, the investment associated with the Port St. Joe unit does not appear to be material.

Staff believes that FERC's criteria for what constitutes an operating unit is overly broad. Conceivably, the sale of a motor vehicle or any asset could be considered an operating unit in which case any proceeds from sale or trade-in would be reported as a gain under FERC's criteria.

In the telecommunications industry, gains are recognized when plant is sold with traffic or with customers. Plant sold without traffic is accounted for in the normal treatment as net salvage credited to the reserve.

The Commission normally amortizes gains from sales over five years. In this case, however, staff believes that the net proceeds from the sale of the turbine unit should have been recognized as a credit to the depreciation reserve rather than as a gain. Any surplus in the reserve could then be transferred to help offset a reserve deficiency existing at another peaking plant. Staff has calculated an existing reserve deficiency for the Suwannee Peaking Plant of \$4,443,092. In an effort for the sale proceeds to achieve the same reserve benefit that staff supports, staff recommends that the Port St. Joe gain be amortized over one year beginning January 1, 1998 with an associated amortization of the same amount in the

DOCKET NO. 971570-EI
DATE: NOVEMBER 5, 1998

reserve for the Suwannee Peaking Plant. This will help correct the reserve deficiency at Suwannee and will have the same result as treating the "gain" as net salvage.

ISSUE 4: What are the appropriate depreciation rates and recovery/amortization schedules?

RECOMMENDATION: The staff recommended lives, net salvages, reserves, and resultant depreciation rates are shown on Attachment A, pages 18-21. Recommended recovery schedules are shown on Attachment A, page 21. Attachment B, pages 22-25, shows the estimated resultant annual expenses of about \$272.2 million, based on actual January 1, 1998 investments. This represents an increase of about \$1.1 million as compared to the effect from rates preliminarily ordered. Expenses should be trued-up accordingly. For information, the preliminary implementation resulted in an annual increase in expense of about \$2.6 million. (HOLROYD, LEE, SWAIN)

STAFF ANALYSIS: Staff's recommendations are the result of a comprehensive review of the company's submitted study. Attachment A, pages 18-21, shows a comparison of rate components (lives, salvages, and reserves) between those approved on a preliminary basis and those recommended by the company and staff for final action. Attachment B, pages 22-25, shows the estimated resultant annual expenses. Investments and reserves reflect actual amounts as of January 1, 1998 rather than estimates as originally submitted by the company. In addition, the reserve position for the Suwannee Peaking Plant has been restated to reflect the corrective action recommended in Issue 3.

As a result of the review and analytical process, FPC agrees with staff on all recommended life and salvage parameters for each production plant and each transmission, distribution and general plant account. FPC also agrees with the amortization period for the recovery schedules.

A summary of the changes based on January 1, 1998 investments resulting from the recommended depreciation rates and recovery/amortization schedules which are shown on Attachment B are as follows:

	(\$)
Production	(745,134)
Transmission	413,250
Distribution	1,306,299
General	307,566
General Plant Amortization	(2,407,185)
Total Rates/Amortizations	(1,125,204)
Intangibles	1,962,030
Recovery Schedules	300,840
Total Change in Annual Expenses Over Preliminary Approved	1,137,666

The most significant changes in expenses are seen in the area of production plants and amortization/recovery schedules.

Production

In the current study, the company stratified its investment into groups of assets with similar life characteristics and determined the average age and average service life for each stratified group by location. An Iowa curve representing the expected survivor characteristics was matched to each primary account, by location. Staff finds these service lives and curve shapes reasonable when compared to similar sites in the industry.

In developing its proposed life factors for production plant, FPC inadvertently calculated the average age for each account for each production site by inversely weighting each strata's investment with its age rather than directly weighting the investment with the age. Staff recalculated the average ages for

each account for each production site to reflect the appropriate weighting. Utilizing the company selected curve shapes and average service lives with staff recalculated average ages, staff developed the recommended remaining service lives shown on pages 18 and 19 of Attachment A.

Other Production

The company proposed remaining life rates for its peaking plants were developed by individual site location rather than by primary account. Units built prior to 1973 were assumed to have an overall life span of 30 years; units built after 1973 were assumed to have an overall life span of 40 years. As with the steam and nuclear sites, the peaker investments were stratified into homogeneous groups. The determined average age and average service life of each strata were then composited by site and a remaining life for the site was developed. The average service lives and remaining lives appear reasonable compared to other peaker sites reviewed by staff.

The company analyzed reserve transactions for the period 1976-1996 to determine the appropriate net salvage ratios. Based on the limited retirement experience, continued use of a negative 10% net salvage appears reasonable.

The Higgins, Rio Pinar, Avon Park and Turner (P1 and P2) Peaking units indicate retirement dates that are in close proximity to the next depreciation study filing date. Any change shortening the interval until retirement at these locations will precipitate a need for the company to make a request for possible additional recovery prior to the next normal filing date.

Transmission

Life and salvage parameters recommended for the majority of the accounts in this function reflect the status quo. In other words, the service life and salvage values approved in the last rescription are being maintained. The recommended remaining lives simply reflect an update of activity.

Differences between recommended life and salvage values and those approved on a preliminary basis exist for Easements (Account 350.1), Towers and Fixtures (Account 354), and Underground Conduit (Account 357). These accounts have experienced insufficient retirement activity to perform any meaningful statistical analyses. Recommended remaining lives and salvage values are therefore based on judgement and industry expectations.

Distribution

As with the transmission accounts, recommendations for the majority of the distribution accounts reflect an update of remaining life with activity since the last depreciation review. However, differences in life factors between those approved for preliminary implementation and those now recommended are noted in Easements (Account 360.1) and Installations on Customers Premises (Account 371). Differences in salvage values are found in Poles, Towers and Fixtures (Account 364), Meters (Account 370), and Street Light Systems (Account 373). Differences in both life and salvage values are found in Underground Services (Account 369.1).

The recommended life for Easements (Account 360.1) is based on the life of the longest lived distribution plant. For Installations on Customers Premises (Account 371), the 21 year life resulting from the company performed statistical analysis initially appears to be a good fit. However, the study narrative states that retirements for this account are priced using First In, First Out (FIFO). The assumption is that the plant being retired comes from the oldest surviving vintage and is therefore priced using the average cost of that vintage. Use of FIFO will overestimate the age of retirement which in turn overstates life indications. Recognizing this, it is recommended that the 19 year life approved in the last review be maintained. The remaining life reflects an update of the activity.

The recommended negative 25% net salvage for Poles, Towers & Fixtures (Account 364) is in line with the account's recent experience and recognizes the labor intensiveness associated with the retirement of this equipment. For Meters (Account 370) and Street Light Systems (Account 373), the recommended net salvage values, negative 10% for each, reflect a combination of recent experience and the company's future expectations.

The investment in Underground Services (Account 369.1) has nearly doubled in the last ten years. Growth during the 1993-1996 period has averaged about 19%. The statistical model the company used in analyzing this account indicates that an R2.5, 40 year life is a relatively good fit. However, recognizing that retirements are accounted for using FIFO, life indications are somewhat overstated. For this reason and also considering the lives of other companies in the State, a 35 year service life is recommended rather than the 40 year service life preliminarily approved.

Net salvage has averaged zero historically with the 1991-1996 period averaging negative 4% (30% salvage, 34% cost of removal).

Reliance on judgement and industry averages is necessary given the general lack of retirement activity. A negative 15% net salvage is recommended as being more in line with other companies than the preliminarily approved negative 20%.

General Plant Amortization

FPC has proposed expanding the amortizations currently in place for certain general plant accounts. Specifically, the January 1, 1998 net unrecovered depreciable portions of Accounts 393 (Stores), 394 (Tools, Shop, & Garage), and 397 (Official Communications) are proposed to be amortized over seven years. Subsequent additions will be maintained by vintage and amortized accordingly. These accounts represent minor investments of numerous items that are difficult to track or trace. On a going forward basis, each vintage year's additions associated with each account will be amortized over a like period of time. The use of amortization is in line with Staff's efforts to simplify the depreciation study process, where possible, and is acceptable.

The differences in resulting expenses in this function relate specifically to use of January 1, 1998 actual investments and reserves rather than estimated.

Recovery Schedules

As part of the study filing, a retirement date of December, 1998 was indicated for the Suwannee River Steam Production units. FPC, therefore, proposed a recovery schedule addressing the associated net investments, beginning January 1, 1998. A four year recovery period was proposed as representing the time period between depreciation studies.

In response to staff's review, FPC indicated that its current budget provided continued operation of these steam units through 1999. Additionally, a review of FPC's Ten - Year Site Plan indicated an expected retirement in April, 2000 for the Suwannee units. Considering these positions, a three year recovery schedule is recommended as being more consistent with the expected life of the plant and will provide recovery during the remaining period of service.

There are two additional recovery schedules for the Higgins and Turner plants as shown on page 22. These were approved as part of the last depreciation study in Order No. PSC-94-1331-FOF-EI, issued October 27, 1994, and relate to the recovery of those assets that are not viable for reuse during the repowering of the plants,

DOCKET NO. 971570-EI
DATE: NOVEMBER 5, 1998

planned to begin during the year 2000. The recommended recovery period represents the remaining service period of the related assets. If the situation changes and substantially more plant will be retired in connection with the repowering or more plant will be reused, FPC should advise the Commission so appropriate recovery revisions can be provided. Also, prior to the repowered plants becoming operational, the company should submit a study addressing new depreciation rates, based upon expected lives for the repowered investments.

ISSUE 5: Should FPC be allowed flexibility to accelerate the write-off of certain amortizable assets without additional Commission approval?

RECOMMENDATION: No, FPC should not be allowed flexibility to accelerate the write-off without additional Commission approval.
(LEE, SLEMKEWICZ)

STAFF ANALYSIS: As part of its response to the Staff Report, FPC requested the flexibility to accelerate the write-off of certain amortizable assets, if earnings permit, without additional Commission approval. The specific assets under discussion are as follows:

1. Unrecovered net investment associated with the Suwannee Steam Plant.
2. Embedded net investments for Account 393, Stores Equipment, Account 394, Tools and Garage Equipment, and Account 397, Communication Equipment-Non Fiber.
3. Account 303.1, Customer Service System.

As discussed in Issue 4, staff is recommending that the unrecovered net investments associated with the Suwannee Steam Plant be amortized over a three year period, beginning January 1, 1998. The period of recovery is designed to match expenses with the remaining service period of the plant. To write this net amount off over a shorter period will provide recovery before the associated retirement of the plant.

Account 393 (Stores Equipment), Account 394 (Tools and Garage Equipment), and Account 397 (Communication Equipment-Non Fiber) have been separated into depreciable assets and amortizable assets. Because the depreciable portions of these accounts represent high volume items of small value which do not warrant individual tracking, staff is now recommending that these investments be amortized over seven years in accord with their amortizable counterparts.

FPC opines that since the average age of the associated embedded assets is greater than seven years, an amortization period of less than seven years appears to be appropriate. Staff believes that implementation of the amortization approach for these January 1, 1998 net embedded investments should be accomplished in a similar fashion to other instances when the Commission moved from

depreciation to amortization. In all cases the net investment as of a certain date was amortized. No acceleration of that amortization was contemplated regardless of age. For information, the net investments associated with this proposal are about \$18.5 million as of January 1, 1998.

FPC's Customer Service System handles all customer billing, cash processing, complete on-line customer history, and tracking of connections, disconnections, and customer deposits. In the last depreciation rescription, FPC proposed and the Commission approved a ten year amortization period for the associated investment as approximating the period of time the benefits of this system will be realized. The company now states that with technology advancement and the coming of competition, the original ten year amortization period may have been optimistic. Upgrades to the system have been made annually and charged to expense. For these reasons, FPC is seeking flexibility in accelerating the amortization of this related investment without additional Commission approval. Staff believes, as it did in the last rescription, that the amortization period of this investment should be based on the period the benefits of the system will be realized. Amortization over a shorter period of time will result in recovery before the benefits are fully realized.

One of the basic axioms of depreciation is to match capital recovery with consumption. Staff is concerned with the concept of adjusting depreciation expenses which are matched to service life in response to economic conditions. In the past, staff has recommended faster write-off of perceived reserve deficits, and of unrecovered net plant; such actions were considered not to conflict with the matching principle since those deficits did not relate to existing plant. In such cases, the amortization period is arbitrary. The shortest economically practicable period is appropriate for such amounts since they relate to failure of the past to recover and will result in lowering future revenue requirements.

FPC's proposal would prepay recovery of equipments now on recovery/amortization schedules that match their expected dates of retirement. This is not the writing off of a perceived deficit, but simply accelerated depreciation, in conflict with the matching principle.

We believe that depreciation reserve deficits should be written-off as soon as economically practicable. The concern is with the practice of adjusting depreciation expenses which are associated with service lives to match economic conditions. Each

DOCKET NO. 971570-EI
DATE: NOVEMBER 5, 1998

step made in accord with this practice makes the next step easier and can lead to the design of depreciation rates that will no longer reflect the matching principle but rather the level of the companies' earnings.

ISSUE 6: Should the current amortization of investment tax credits (ITCs) and the flowback of excess deferred income taxes be revised to reflect the approved depreciation rates and recovery schedules?

RECOMMENDATION: Yes. The current amortization of investment tax credits (ITC) and the flow back of excess deferred income taxes (EDIT) should be revised to match the actual recovery periods for the related property. The utility should file detailed calculations of the revised ITC amortization and flow back of EDIT at the same time it files its surveillance report covering the period ending December 31, 1998. (CAUSSEAU)

STAFF ANALYSIS: In earlier issues, staff recommends revisions to the company's remaining lives, to be effective January 1, 1998. Revising a utility's book depreciation lives generally results in a change in its rate of ITC amortization and flow back of EDIT in order to comply with the normalization requirements of the Internal Revenue Code (IRC) and underlying Regulations found in Sections 46, 167, and 168 and 1.46, 1.67, and 1.68, respectively.

Section 46(f)(6), IRC, states that the amortization of ITC should be determined by the period of time actually used in computing depreciation expense for rate making purposes and on the regulated books of the utility. Since staff is recommending a change in remaining lives, it is also important to change the amortization of ITC.

Section 203(3) of the Tax Reform Act of 1986 (the Act) prohibits rapid flow back of depreciation related (protected) EDIT. Further Rule 25-14.013, Accounting for Deferred Income Taxes Under SFAS 109, Florida Administrative Code, generally prohibits EDIT from being written off any faster than allowed under the Act. Therefore, the Act, SFAS 109, and Rule 25-14.013, Florida Administrative Code regulate the flow back of EDIT. Therefore, staff recommends that the flow back of EDIT be adjusted to comply with the ACT, SFAS 109, and Rule 25-14012, Florida Administrative Code.

Staff, Internal Revenue Service, and independent outside auditors look to a company's books and records and at the orders and rules of the jurisdictional regulatory authorities to determine if the books and records are maintained in the appropriate manner and to determine the intent of the regulatory bodies in regard to normalization. Therefore, staff recommends that the current amortization of ITC and the flow back of excess depreciation be revised to reflect the approved remaining lives. In order for there to be a clear audit trail, a prudent utility will revise ITC and excess deferred tax amortization produce work papers to show how the revisions were made.

DOCKET NO. 971570-EI
DATE: NOVEMBER 5, 1998

ISSUE 7: Should this docket be closed?

RECOMMENDATION: This docket should be closed if no person whose interests are substantially affected by the proposed agency action files a protest within the 21-day protest period. (ELIAS)

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed.

FLORIDA POWER CORPORATION
 1997 DEPRECIATION STUDY
 COMPARISON OF RATES AND COMPONENTS

ACCOUNT	ESTIMES APPROVED				COMPANY REVISED PROPOSAL				STAFF RECOMMENDATION			
	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	REMAINING LIFE RATE (%)	REMAINING RESERVE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	REMAINING LIFE RATE (%)	REMAINING RESERVE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	REMAINING LIFE RATE (%)	REMAINING RESERVE (%)
STREAK PRODUCTION												
Crystal River 1 & 2												
211 Structures and Improvements	13.4	(5.0)	4.3	46.43	13.8	(5.0)	4.3	46.43	13.8	(5.0)	46.43	4.3
212 Boiler Plant Equip.	12.1	(25.0)	5.3	53.05	12.6	(25.0)	5.3	53.05	12.6	(25.0)	53.05	5.3
214 Turbo-generator Units	12.4	(25.0)	5.3	53.94	12.6	(25.0)	5.3	53.94	12.6	(25.0)	53.94	5.3
215 Accessory Electric Equip.	12.7	(10.0)	5.0	42.00	14.0	(10.0)	4.9	42.00	14.0	(10.0)	42.00	4.9
216 Misc. Power Plant Equip.	9.0	(5.0)	6.3	47.93	9.0	(5.0)	6.3	47.93	9.0	(5.0)	47.93	6.3
Crystal River 4 & 5												
211 Structures and Improvements	24.0	(5.0)	2.0	31.06	25.0	(5.0)	2.0	31.06	25.0	(5.0)	31.06	2.0
212 Boiler Plant Equip.	16.5	(10.0)	3.5	53.30	16.5	(10.0)	3.5	53.30	16.5	(10.0)	53.30	3.5
214 Turbo-generator Units	11.6	(10.0)	5.0	50.19	12.0	(10.0)	5.0	50.19	12.0	(10.0)	50.19	5.0
215 Accessory Electric Equip.	16.3	(10.0)	3.8	49.01	16.6	(10.0)	3.7	49.01	16.6	(10.0)	49.01	3.7
216 Misc. Power Plant Equip.	10.0	(5.0)	5.0	53.84	10.2	(5.0)	5.1	53.84	10.2	(5.0)	53.84	5.1
Anclote Steam Plant												
211 Structures and Improvements	22.0	(5.0)	2.8	44.78	19.5	(5.0)	2.1	44.78	19.5	(5.0)	44.78	2.1
212 Boiler Plant Equip.	12.0	(20.0)	4.8	59.35	12.4	(20.0)	4.9	59.35	12.4	(20.0)	59.35	4.9
214 Turbo-generator Units	10.0	(10.0)	4.4	64.03	11.9	(10.0)	3.9	64.03	11.9	(10.0)	64.03	3.9
215 Accessory Electric Equip.	13.9	(10.0)	4.2	52.23	13.2	(10.0)	4.4	52.23	13.2	(10.0)	52.23	4.4
216 Misc. Power Plant Equip.	7.2	(5.0)	5.3	62.63	7.4	(5.0)	5.7	62.63	7.4	(5.0)	62.63	5.7
Barlow Steam Plant												
211 Structures and Improvements	11.0	(5.0)	3.2	65.77	8.8	(5.0)	4.1	65.77	8.8	(5.0)	65.77	4.1
212 Boiler Plant Equip.	7.9	(20.0)	5.8	50.22	10.1	(20.0)	6.9	50.22	10.1	(20.0)	50.22	6.9
214 Turbo-generator Units	10.0	(20.0)	3.8	63.94	8.6	(20.0)	6.2	63.94	8.6	(20.0)	63.94	6.2
215 Accessory Electric Equip.	11.0	(20.0)	5.9	53.89	10.1	(20.0)	6.3	53.89	10.1	(20.0)	53.89	6.3
216 Misc. Power Plant Equip.	7.2	(5.0)	6.3	54.56	7.2	(5.0)	7.0	54.56	7.2	(5.0)	54.56	7.0
Barlow-Anclote Pipelines												
	15.8	0.0	2.4	41.02	17.7	(5.0)	3.6	41.02	17.7	(5.0)	41.02	3.6

FLORIDA POWER CORPORATION
 1997 DEPRECIATION STUDY
 COMPARISON OF RATES AND COMPONENTS

ACCOUNT	ITEMS APPROVED			COMPANY RETIRED PROPOSAL			STAFF RECOMMENDATION		
	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	REMAINING LIFE RATE (%)
NUCLEAR PRODUCTION PLANT									
Crystal River 3	18.1	(10.0)	3.1	14.2	(10.0)	3.6	14.2	(10.0)	3.6
321 Structures and Improvements	14.8	(20.0)	4.6	13.1	(20.0)	4.9	13.1	(20.0)	4.9
323 Boiler Plant Equip.	15.2	(20.0)	5.5	14.0	(20.0)	5.4	14.0	(20.0)	5.4
323 Turbo-generator Drills	15.1	(20.0)	5.0	14.4	(20.0)	5.1	14.4	(20.0)	5.1
324 Accessory Electric Equip.	7.7	(10.0)	5.1	8.0	(10.0)	4.1	8.0	(10.0)	4.1
325 Elec. Power Plant Equip.									
PRODUCTION PLANT - PEAKING									
Bayshore Peaking Plant	10.2	(10.0)	3.0	9.9	(10.0)	3.0	9.9	(10.0)	3.0
Biggles Peaking Plant	8.9	(10.0)	6.8	8.9	(10.0)	6.3	8.9	(10.0)	6.3
Arvon Peak Peaking Plant	6.4	(10.0)	5.7	6.4	(10.0)	5.5	6.4	(10.0)	5.5
Deberry Peaking Plant 1-6	14.2	(10.0)	4.0	12.8	(10.0)	4.2	12.8	(10.0)	4.2
Deberry Peaking Plant 7-10	26.0	(10.0)	3.6	26.0	(10.0)	2.6	26.0	(10.0)	2.6
Barlow Peaking Plant	8.6	(10.0)	6.0	8.9	(10.0)	5.7	8.9	(10.0)	5.7
Interconcession City 1-4	12.3	(10.0)	3.4	11.9	(10.0)	3.7	11.9	(10.0)	3.7
Interconcession City 7-10	27.0	(10.0)	3.5	27.0	(10.0)	3.5	27.0	(10.0)	3.5
Interconcession City - Sitomas	25.0	(10.0)	4.2	25.0	(10.0)	4.4	25.0	(10.0)	4.4
Elco Pinar Peaking Plant	6.2	(10.0)	6.4	6.1	(10.0)	6.3	6.1	(10.0)	6.3
Seminole River Peaking Plant	10.5	(10.0)	5.1	10.8	(10.0)	4.6	10.8	(10.0)	4.6
Unit. of Pks. - Combustion Turbine	15.2	(10.0)	5.9	15.6	(10.0)	5.8	15.6	(10.0)	5.8
Terrace Peaking Plant	10.8	(10.0)	4.2	9.8	(10.0)	4.5	9.8	(10.0)	4.5
Tiger Bay Combined Cycle	18.0	(10.0)	6.0	18.0	(10.0)	6.0	18.0	(10.0)	6.0
Winn Energy Combined Cycle	20.0	(10.0)	5.5	20.0	(10.0)	5.5	20.0	(10.0)	5.5
Gas Conversion Projects									

* Denotes whole life rate

** Denotes retained reserve after corrective reserve action

NUCLEAR PRODUCTION PLANT

- Crystal River 3
- 321 Structures and Improvements
- 323 Boiler Plant Equip.
- 323 Turbo-generator Drills
- 324 Accessory Electric Equip.
- 325 Elec. Power Plant Equip.

PRODUCTION PLANT - PEAKING

- Bayshore Peaking Plant
- Biggles Peaking Plant
- Arvon Peak Peaking Plant
- Deberry Peaking Plant 1-6
- Deberry Peaking Plant 7-10
- Barlow Peaking Plant
- Interconcession City 1-4
- Interconcession City 7-10
- Interconcession City - Sitomas
- Elco Pinar Peaking Plant
- Seminole River Peaking Plant
- Unit. of Pks. - Combustion Turbine
- Terrace Peaking Plant
- Tiger Bay Combined Cycle
- Winn Energy Combined Cycle
- Gas Conversion Projects

**FLORIDA POWER CORPORATION
1997 DEPRECIATION STUDY
COMPARISON OF RATES AND COMPONENTS**

ACCOUNT	INTERIM APPROVED			COMPANY REVISED PROPOSAL				STAFF RECOMMENDATION			
	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	ACTUAL 1-1-98 RESERVE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	RESERVE (%)	REMAINING LIFE RATE (%)
TRANSMISSION PLANT											
290.1 Enclosures	43.0	0.0	1.7	33.0	0.0	28.26	2.3	33.0	0.0	28.26	2.3
292.0 Structures and Improvements	35.0	(5.0)	2.1	35.0	(5.0)	32.04	2.1	35.0	(5.0)	32.04	2.1
293.0 Station Equipment	29.0	10.0	2.3	29.0	10.0	25.74	2.3	29.0	10.0	25.74	2.3
293.1 Energy Control Center	5.0	0.0	10.4	5.0	0.0	45.38	10.9	5.0	0.0	45.38	10.9
294.0 Towers and Poles	30.0	(25.0)	2.3	27.0	(30.0)	65.75	2.4	27.0	(30.0)	65.75	2.4
295.0 Poles and Poles	22.0	(20.0)	4.0	22.0	(20.0)	41.07	4.0	22.0	(20.0)	41.07	4.0
296.0 Overhead Conductors & Devices	21.0	(20.0)	3.3	21.0	(20.0)	50.59	3.3	21.0	(20.0)	50.59	3.3
297.0 Underground Conduit	11.0	0.0	1.4	18.8	0.0	65.41	1.8	18.8	0.0	65.41	1.8
298.0 Underground Conductor & Devices	16.8	0.0	1.7	16.8	0.0	71.41	1.7	16.8	0.0	71.41	1.7
299.0 Roads and Trails	31.0	0.0	2.0	31.0	0.0	44.62	1.8	31.0	0.0	44.62	1.8
DISTRIBUTION PLANT											
260.1 Enclosures	41.0	0.0	1.7	31.0	0.0	31.07	2.3	31.0	0.0	31.07	2.3
261.0 Structures & Improvements	39.0	(5.0)	2.1	39.0	(5.0)	34.72	2.1	39.0	(5.0)	34.72	2.1
262.0 Station Equipment	27.0	15.0	2.3	27.0	15.0	23.55	2.3	27.0	15.0	23.55	2.3
264.0 Poles, Towers & Poles	20.0	(20.0)	3.9	20.0	(25.0)	41.74	4.2	20.0	(25.0)	41.74	4.2
265.0 OH Conductor & Devices	20.0	(25.0)	4.4	20.0	(25.0)	40.17	4.7	20.0	(25.0)	40.17	4.7
266.0 Underground Conduit	35.0	0.0	2.3	35.0	0.0	22.89	2.3	35.0	0.0	22.89	2.3
267.0 Underground Conductors	26.0	0.0	2.8	26.0	0.0	34.96	2.9	26.0	0.0	34.96	2.9
267.0 Line Transformers	15.2	(15.0)	4.9	15.2	(15.0)	40.44	4.9	15.2	(15.0)	40.44	4.9
267.1 Service-Overhead	24.0	(20.0)	4.4	24.0	(20.0)	43.51	4.4	24.0	(20.0)	43.51	4.4
269.3 Service-Underground	31.0	(20.0)	3.0	26.0	(15.0)	27.94	3.3	26.0	(15.0)	27.94	3.3
270.0 Meters	19.4	(15.0)	4.1	19.4	(10.0)	36.45	3.8	19.4	(10.0)	36.45	3.8
271.0 Installations on Cust. Premises	13.1	0.0	4.9	10.3	0.0	37.76	6.0	10.3	0.0	37.76	6.0
272.0 Leased Property on Cust. Premises	25.0	0.0	4.0	25.0	0.0	0.00	4.0	25.0	0.0	0.00	4.0
273.0 Street Light & Signal Sys.	9.1	(15.0)	7.8	9.1	(10.0)	36.91	8.0	9.1	(10.0)	36.91	8.0
GENERAL PLANT											
290.0 Structures & Improvements	26.0	(15.0)	3.4	26.0	(15.0)	18.97	3.7	26.0	(15.0)	18.97	3.7
292.1 Transportation-Automobiles	2.6	18.0	15.0	2.6	18.0	59.50	8.7	2.6	18.0	59.50	8.7
292.3 Transportation-Light Trucks	4.0	22.0	8.7	4.0	22.0	43.35	8.7	4.0	22.0	43.35	8.7
292.3 Transportation-Heavy Trucks	7.0	12.0	4.4	7.0	12.0	54.30	4.8	7.0	12.0	54.30	4.8
292.4 Transportation - Special Equipment	9.5	15.0	4.9	9.5	15.0	37.76	5.0	9.5	15.0	37.76	5.0
292.5 Transportation - Trailers	18.8	40.0	1.7	18.8	40.0	37.92	1.7	18.8	40.0	37.92	1.7
292.6 Transportation - Aircraft (Used)	5.0	25.0	N/A	5.0	25.0	100.00	N/A	N/A	N/A	100.00	N/A
292.7 Transportation - Aircraft (New)	5.0	50.0	3.6	3.6	50.0	32.11	5.0	3.6	50.0	32.11	5.0
296.0 Power Operated Equipment	5.1	10.0	6.1	5.1	10.0	60.50	5.8	5.1	10.0	60.50	5.8
297.3 Communication Equipment - Fiber	13.0	0.0	7.7	9.4	0.0	23.46	8.1	9.4	0.0	23.46	8.1

* Denotes whole life rate

**FLORIDA POWER CORPORATION
1997 DEPRECIATION STUDY
COMPARISON OF RATES AND COMPONENTS**

ACCOUNT	INTERIM APPROVED			COMPANY REVISED PROPOSAL				STAFF RECOMMENDATION			
	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE RATE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE RATE (%)	ACTUAL 1-1-98 RESERVE RATE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE RATE (%)	RESERVE RATE (%)	REMAINING LIFE RATE (%)
AMORTIZABLE PLANT											
291.1 Office Furniture			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
291.2 Office Equipment			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
291.3 Computers			5 Yr. Amortization				5 Yr. Amortization				5 Yr. Amortization
291.5 Duplicating & Shelling Equipment			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
293.1 Motorized Handling Equipment			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
293.2 Stoves Equipment - Storage			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
293.3 Handling Equipment - Portable			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
294.1 Tools, Shop & Garage Equip.-Stationary			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
294.3 Tools, Shop & Garage Equip.-Portable			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
295.3 Laboratory Equipment - Portable			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
297.1 Comm. Equip. - Sea-Fiber			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
298.1 Energy Conservation			5 Yr. Amortization				5 Yr. Amortization				5 Yr. Amortization
298.3 Miscellaneous Equipment			7 Yr. Amortization				7 Yr. Amortization				7 Yr. Amortization
INTANGIBLES											
303.0 Intangible			5 Year Amortization				5 Year Amortization				5 Year Amortization
303.1 Customer Service System			10 Year Amortization				10 Year Amortization				10 Year Amortization
RECOVERY SCHEDULE											
Sevenses River Steam Plant			4.0 Year Recovery				3.0 Year Recovery				3.0 Year Recovery
Higgins Retirements			4.5 Year Recovery				1.5 Year Recovery				1.5 Year Recovery
Turner Retirements			5.5 Year Recovery				2.5 Year Recovery				2.5 Year Recovery

*** Company has requested flexibility to accelerate recovery period if earnings permit without additional committee approval.

* Denotes whole life rate.

** Denotes restated reserve after corrective action.

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ATTACHMENT A
PAGE 4 OF 4

FLORIDA POWER CORPORATION
 1997 DEPRECIATION STUDY
 COMPARISON OF EXPENSES

ACCOUNT	INTERIM APPROVED			COMPANY REVISED PROPOSAL			STAFF RECOMMENDATION		
	RATE (%)	EXPENSES (\$)	CHANGE IN EXPENSE (\$)	RATE (%)	EXPENSES (\$)	CHANGE IN EXPENSE (\$)	RATE (%)	EXPENSES (\$)	CHANGE IN EXPENSE (\$)
STREAM PRODUCTION									
Crystal River 1 & 2									
211 Structures and Improvements	4.3	3,017,194	(70,167)	4.3	2,947,027	70,167	4.3	2,947,027	(70,167)
212 Boiler Plant Equip.	5.2	7,703,935	169,372	5.3	7,094,297	609,372	5.3	7,094,297	169,372
214 Turbogenerator Units	5.5	5,722,782	(208,102)	5.3	5,514,886	208,102	5.3	5,514,886	208,102
215 Auxiliary Electric Equip.	5.0	1,618,901	(32,378)	4.9	1,586,523	32,378	4.9	1,586,523	32,378
216 Elec. Power Plant Equip.	6.3	303,057	4,889	6.3	307,945	4,889	6.3	307,945	4,889
TOTAL		18,425,810	(975,032)		17,450,478	975,032		17,450,478	975,032
Crystal River 4 & 5									
211 Structures and Improvements	3.0	4,360,521	0	3.0	4,360,521	0	3.0	4,360,521	0
212 Boiler Plant Equip.	3.5	15,987,803	0	3.5	15,987,803	0	3.5	15,987,803	0
214 Turbogenerator Units	5.2	9,917,009	(381,424)	5.0	9,535,585	381,424	5.0	9,535,585	(381,424)
215 Auxiliary Electric Equip.	3.5	2,972,598	(78,252)	3.7	2,895,345	78,252	3.7	2,895,345	(78,252)
216 Elec. Power Plant Equip.	5.0	409,219	5,185	5.1	417,404	8,185	5.1	417,404	8,185
TOTAL		33,615,150	(431,492)		33,166,658	451,492		33,166,658	451,492
Crystal River Six Year		82,043,660	(1,426,524)		80,617,136	1,426,524		80,617,136	1,426,524
Atlantic Steam Plant									
211 Structures and Improvements	2.8	964,082	103,295	3.1	1,067,378	103,295	3.1	1,067,378	103,295
212 Boiler Plant Equip.	4.8	4,182,409	86,508	4.9	4,238,917	86,508	4.9	4,238,917	86,508
214 Turbogenerator Units	4.4	2,932,298	(446,832)	3.9	3,485,446	(446,832)	3.9	3,485,446	(446,832)
215 Auxiliary Electric Equip.	4.3	1,129,276	52,789	4.4	1,182,065	52,789	4.4	1,182,065	52,789
216 Elec. Power Plant Equip.	5.3	262,857	19,228	5.7	322,695	19,228	5.7	322,695	19,228
TOTAL		10,441,223	(183,422)		10,237,801	203,422		10,237,801	203,422
Bartow Steam Plant									
211 Structures and Improvements	3.2	544,897	153,252	4.1	698,149	153,252	4.1	698,149	153,252
212 Boiler Plant Equip.	5.8	5,059,817	(1,092,461)	6.9	3,967,356	1,092,461	6.9	3,967,356	(1,092,461)
214 Turbogenerator Units	5.8	1,449,782	174,574	6.5	1,624,756	174,574	6.5	1,624,756	174,574
215 Auxiliary Electric Equip.	5.9	774,905	78,804	6.5	823,709	78,804	6.5	823,709	78,804
216 Elec. Power Plant Equip.	6.3	151,057	16,794	7.0	167,841	16,794	7.0	167,841	16,794
TOTAL		7,980,458	(668,647)		7,311,811	668,647		7,311,811	668,647
Total Steam Production		70,465,341	(2,378,592)		68,186,748	2,378,592		68,186,748	2,378,592
Bartow-Atlantic Pipeline		531,508	23,441		553,949	23,441		553,949	23,441
All Accounts - Total		891,508	23,441		863,949	23,441		863,949	23,441

FLORIDA POWER CORPORATION
1997 DEPRECIATION STUDY
COMPARISON OF EXPENSES

ACCOUNT	1-1-98 INVESTMENT		1-1-98 RESERVE		INTERIM APPROVED			COMPANY REVISED PROPOSAL			STAFF RECOMMENDATION				
	(\$)	(%)	(\$)	(%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	RATE (%)	CHANGE IN EXPENSE (\$)
NUCLEAR PRODUCTION PLANT															
Crystal River 2															
221 Structures and Improvements	181,319,025		92,533,337		5,617,790	2.6	6,523,885	2.6	6,523,885	2.6	10,830,630	5.9	10,830,630	5.9	4,312,840
222 Boiler Plant Equip.	221,033,373		123,000,438		10,167,531	4.6	10,830,630	4.9	10,830,630	4.9	4,521,615	2.0	4,521,615	2.0	(62,899)
223 Turbogenerators Units	83,713,613		37,193,438		4,605,349	5.4	7,425,101	8.9	7,425,101	8.9	148,503	1.8	148,503	1.8	(73,794)
224 Auxiliary Electrical Equip.	148,802,024		70,131,293		7,425,101	5.0	7,425,101	5.1	7,425,101	5.1	995,946	6.7	995,946	6.7	148,503
225 Misc. Power Plant Equip.	24,291,264		17,485,723		1,328,560	5.1	29,054,631	4.1	30,445,679	4.1	30,445,679	4.1	30,445,679	4.1	29,117,119
Total Nuclear Production	658,779,299		346,694,129		29,054,631		57,338,126		57,338,126		57,338,126		57,338,126		28,263,497
PRODUCTION PLANT - FUELS															
Bayshore Peabling Plant	19,345,147		15,449,671		577,254	3.0	577,254	3.0	577,254	3.0	1,016,137	5.2	1,016,137	5.2	(438,883)
Highline Peabling Plant	16,129,166		11,742,826		1,048,396	6.5	1,048,396	6.5	1,048,396	6.5	413,165	2.5	413,165	2.5	(635,231)
Jones Peak Peabling Plant	7,812,094		5,826,733		428,189	5.5	428,189	5.5	428,189	5.5	2,040,342	4.3	2,040,342	4.3	1,612,153
Delaney Peabling Plant	47,461,438		26,159,199		1,898,468	4.0	1,898,468	4.0	1,898,468	4.0	3,315,328	3.6	3,315,328	3.6	1,416,860
Delaney Peabling Plant - Rev	92,092,451		15,995,297		3,315,328	3.6	3,315,328	3.6	3,315,328	3.6	1,171,287	5.7	1,171,287	5.7	(2,144,041)
Seawater Peabling Plant	20,550,641		12,307,485		1,233,038	6.0	1,233,038	6.0	1,233,038	6.0	1,171,287	5.7	1,171,287	5.7	(65,751)
Intermarion City Peabling Units 1-6	20,046,132		19,804,023		1,021,568	3.4	1,021,568	3.4	1,021,568	3.4	1,111,707	3.7	1,111,707	3.7	89,139
Intermarion City Peabling Units 7-10	96,472,984		14,266,845		3,276,554	3.5	3,276,554	3.5	3,276,554	3.5	3,276,554	3.5	3,276,554	3.5	0
Intermarion City Peabling Business	23,322,168		757,878		875,751	4.3	875,751	4.3	875,751	4.3	1,022,315	4.4	1,022,315	4.4	146,564
Sta. Place Peabling Plant	3,325,902		1,553,474		148,922	6.4	148,922	6.4	148,922	6.4	146,595	6.3	146,595	6.3	(2,327)
Stoneman River Peabling Plant	27,437,747		16,600,508		1,299,325	5.1	1,299,325	5.1	1,299,325	5.1	1,262,136	4.6	1,262,136	4.6	(37,189)
Stn. of Pk. - Combustion Turbines	44,713,038		2,989,568		2,635,256	5.9	2,635,256	5.9	2,635,256	5.9	2,993,169	6.7	2,993,169	6.7	357,913
Tampa Peabling Plant	20,891,030		13,030,995		869,023	4.2	869,023	4.2	869,023	4.2	993,169	4.8	993,169	4.8	124,146
Tiger Bay Combined Cycle	75,000,000		1,890,611		4,500,000	6.0	4,500,000	6.0	4,500,000	6.0	4,500,000	6.0	4,500,000	6.0	0
Wesleyan Combined Cycle	0		0		0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Wesleyan Projects	11,422,676		0		0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Total Production Peabling	834,333,614		164,179,921		23,420,975		23,420,975		23,420,975		23,420,975		23,420,975		109,970
Total Production	2,790,327,619		1,320,700,246		123,801,455		123,801,455		123,801,455		123,801,455		123,801,455		(745,134)

** Datasets restated reserve after corrective action taken

FLORIDA POWER CORPORATION
1997 DEPRECIATION STUDY
COMPARISON OF EXPENSES

ACCOUNT	1-1-88 INVESTMENT		1-1-88 RESERVE		INTERIM APPROVED			COMPANY REVISED PROPOSAL			STAFF RECOMMENDATION		
	(\$)	(\$)	(\$)	(\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	CHANGE IN EXPENSE (\$)
TRANSMISSION PLANT													
203.1 Structures	23,104,109		9,255,267		1.7	562,770	2.3	728,200	2.3	728,200	2.3	728,200	165,830
203.0 Structures and Improvements	16,315,265		5,226,283		2.1	242,642	2.1	342,642	2.1	342,642	2.1	342,642	0
203.0 Station Bldg.	314,194,649		80,848,121		2.3	6,911,402	2.3	6,911,402	2.3	6,911,402	2.3	6,911,402	0
203.1 Station Control Center	33,645,616		15,289,696		10.4	2,499,144	10.9	2,667,372	10.9	2,667,372	10.9	2,667,372	168,228
204.0 Towers and Poles	69,637,851		46,789,832		2.3	1,601,671	2.4	1,871,208	2.4	1,871,208	2.4	1,871,208	69,637
205.0 Poles and Poles	175,636,336		72,140,322		4.0	7,025,455	4.0	7,025,455	4.0	7,025,455	4.0	7,025,455	0
205.0 Overhead Conductors & Devices	170,786,412		86,407,771		2.3	5,635,952	2.3	5,635,952	2.3	5,635,952	2.3	5,635,952	0
207.0 Underground Cables	6,858,135		4,484,897		1.6	109,698	1.8	123,410	1.8	123,410	1.8	123,410	13,712
208.0 Underground Conductors & Devices	9,476,474		6,767,142		1.7	161,100	1.7	161,100	1.7	161,100	1.7	161,100	0
209.0 Roads and Trails	1,922,175		858,142		2.0	38,461	1.8	34,617	1.8	34,617	1.8	34,617	(3,847)
TOTAL TRANSMISSION PLANT	831,637,072		327,149,178			25,859,256		36,301,948		36,301,948		413,250	153,394
INSTRUMENTATION PLANT													
200.1 Structures	267,254		114,121		1.7	6,245	2.3	8,082	2.3	8,082	2.3	8,082	1,837
201.0 Structures and Improvements	16,048,026		3,964,231		2.1	237,009	2.1	237,009	2.1	237,009	2.1	237,009	0
202.0 Station Equipment	290,618,104		66,439,573		2.3	6,694,316	2.3	6,694,316	2.3	6,694,316	2.3	6,694,316	0
203.0 Poles, Towers & Poles	291,235,851		121,698,872		2.9	11,269,399	4.3	12,344,507	4.3	12,344,507	4.3	12,344,507	874,608
204.0 C&I Conductors & Devices	326,378,676		126,201,984		4.8	16,158,776	4.7	15,819,198	4.7	15,819,198	4.7	15,819,198	(336,578)
205.0 Underground Cables	77,741,253		17,796,110		2.2	1,710,208	2.2	1,710,208	2.2	1,710,208	2.2	1,710,208	0
207.0 Overhead Conductors	244,277,294		60,988,764		2.8	6,942,667	2.9	7,096,944	2.9	7,096,944	2.9	7,096,944	244,377
208.0 Lines Transmitters	312,897,298		126,548,538		4.9	15,231,972	4.9	15,231,972	4.9	15,231,972	4.9	15,231,972	0
209.1 Services-Overhead	68,890,606		29,975,258		4.4	2,031,187	4.4	2,031,187	4.4	2,031,187	4.4	2,031,187	0
209.2 Services-Underground	180,112,858		80,226,226		2.0	5,402,266	2.1	5,942,724	2.1	5,942,724	2.1	5,942,724	540,458
270.0 Meters	110,942,176		40,441,080		4.1	4,545,629	3.8	4,215,803	3.8	4,215,803	3.8	4,215,803	(329,826)
271.0 Instruments on Cables, Premises	2,420,228		1,213,951		4.9	170,821	6.0	208,814	6.0	208,814	6.0	208,814	38,283
272.0 Instrument Property on Cables, Premises	125,129,752		50,980,705		7.8	10,774,121	8.0	11,050,281	8.0	11,050,281	8.0	11,050,281	276,260
273.0 Street Light & Signal Sys.	2,071,719,710		707,791,609			82,260,897		82,672,146		82,672,146		1,206,249	1,206,249
TOTAL INSTRUMENTATION PLANT													
GENERAL PLANT													
200.0 Structures & Improvements	53,255,791		10,100,329		2.4	1,810,697	2.7	1,970,464	2.7	1,970,464	2.7	1,970,464	159,767
201.1 Transportation-Automobile	1,790,127		1,065,164		18.0	268,819	8.7	182,741	8.7	182,741	8.7	182,741	(112,778)
202.0 Transportation-Light Trucks	10,161,414		4,396,248		8.7	882,303	8.7	882,303	8.7	882,303	8.7	882,303	0
202.5 Transportation-Heavy Trucks	9,074,960		4,927,735		4.4	299,290	4.8	432,598	4.8	432,598	4.8	432,598	36,300
202.6 Transportation - Special Equipment	46,067,126		17,292,018		4.9	2,287,289	5.0	2,302,356	5.0	2,302,356	5.0	2,302,356	46,067
202.8 Transportation - Trailers	4,299,248		1,200,170		1.7	72,087	1.7	72,087	1.7	72,087	1.7	72,087	0
202.9 Transportation - Aircraft (Fixed)	264,704		264,004		N/A	0	N/A	0	N/A	0	N/A	0	0
202.7 Transportation - Aircraft (Rot)	6,234,682		1,927,991		2.6	217,249	2.6	217,249	2.6	217,249	2.6	217,249	84,485
206.0 Power Operational Equipment	1,667,073		1,008,606		6.1	101,691	5.8	96,690	5.8	96,690	5.8	96,690	(5,001)
207.2 Communication Equipment - Fiber	24,681,409		8,791,303		7.7	1,900,468	8.1	1,999,194	8.1	1,999,194	8.1	1,999,194	98,726
TOTAL GENERAL PLANT	157,275,834		48,184,264			7,919,601		8,318,167		8,318,167		307,566	307,566

FLORIDA POWER CORPORATION
 1997 DEPRECIATION STUDY
 COMPARISON OF EXPENSES

ACCOUNT	INTERIM APPROVED			COMPANY REVISED PROPOSAL			STAFF RECOMMENDATION		
	1-1-88 INVESTMENT (\$)	1-1-88 RESERVE (\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	RATE (%)	EXPENSES (\$)	CHANGE IN EXPENSE (\$)
RECOVERABLE ASSET									
291.1 Other Facilities	9,344,939	4,994,820	7 Yr. Asset	1,232,188	7 Yr. Asset	1,232,026	7 Yr. Asset	1,232,026	68,862
291.2 Other Equipment	255,916	190,042	7 Yr. Asset	38,779	7 Yr. Asset	26,896	7 Yr. Asset	26,896	(2,182)
291.3 Computers	83,211,091	32,838,761	8 Yr. Asset	12,301,545	8 Yr. Asset	10,862,218	8 Yr. Asset	10,862,218	(1,739,327)
291.8 Engineering & Milling Equipment	2,301,621	1,123,911	7 Yr. Asset	356,921	7 Yr. Asset	329,132	7 Yr. Asset	329,132	(27,789)
291.1 Mechanical Building Equipment	2,163,293	882,291	7 Yr. Asset	304,285	7 Yr. Asset	282,572	7 Yr. Asset	282,572	(21,713)
292.3 Steam Equipment - Storage	382,267	272,299	7 Yr. Asset	50,823	7 Yr. Asset	50,417	7 Yr. Asset	50,417	(416)
292.3 Steam Equipment - Portable	8,200	2,808	7 Yr. Asset	2,623	7 Yr. Asset	744	7 Yr. Asset	744	(1,879)
294.1 Tools, Shop & Garage Equip - stationary	5,991,814	2,793,896	7 Yr. Asset	821,165	7 Yr. Asset	406,828	7 Yr. Asset	406,828	(414,337)
294.2 Tools, Shop & Garage Equip - Portable	458,973	284,787	7 Yr. Asset	67,839	7 Yr. Asset	65,623	7 Yr. Asset	65,623	(2,216)
295.3 Laboratory Equipment - Portable	8,081,803	3,178,568	7 Yr. Asset	806,079	7 Yr. Asset	793,865	7 Yr. Asset	793,865	(12,214)
297.1 Census Equip. - Non-Fltr	29,148,496	15,093,310	7 Yr. Asset	2,320,237	7 Yr. Asset	2,007,458	7 Yr. Asset	2,007,458	(312,779)
298.1 Energy Conductions	2,431,800	2,560,998	8 Yr. Asset	700,898	8 Yr. Asset	686,260	8 Yr. Asset	686,260	(14,638)
298.3 Miscellaneous Equipment	2,379,912	1,027,824	7 Yr. Asset	257,257	7 Yr. Asset	240,227	7 Yr. Asset	240,227	(17,030)
Total Assets/Intangibles	114,094,228	66,323,610		19,241,419		16,834,324		16,834,324	(2,407,185)
TOTAL TANGIBLE and INTANGIBLE ASSET	2,174,726,941	1,140,383,958		128,406,165		128,028,095		128,028,095	(380,070)
INTANGIBLE									
292.0 Intangible	8,965,054,460	2,470,069,204		259,907,620		287,782,416		287,782,416	(1,126,204)
292.1 Customer Service System	22,692,878	8,225,801	8 Yr. Asset	2,576,546	8 Yr. Asset	4,538,576	8 Yr. Asset	4,538,576	1,962,030
Total Intangibles	90,886,328	24,793,005	10 Yr. Asset	5,219,295	10 Yr. Asset	5,819,295	10 Yr. Asset	5,819,295	600,000
RECOVERY SCHEDULE									
Recovery Steam Plant	29,643,483	23,116,412	4.0 Yr. Recovery	1,813,813	4.0 Yr. Recovery	2,178,860	3 Yr. Asset	2,178,860	365,047
Electric Substations	13,348,710	12,024,816	4.0 Yr. Recovery	907,856	4.0 Yr. Recovery	882,896	1.8 Yr. Recovery	882,896	(24,970)
Transformer	14,201,013	11,750,629	4.0 Yr. Recovery	1,012,291	4.0 Yr. Recovery	976,154	3.8 Yr. Recovery	976,154	(36,137)
Total Recovery Schedules	57,193,206	46,901,857		3,733,960		4,034,910		4,034,910	303,047
Total Plant, Intangibles, & Recovery Schedules	6,102,134,461	2,241,734,069		271,027,231		272,174,997		272,174,997	1,137,666

* Disables retained reserve after corrective measure action.
 *** Company has requested flexibility to non-charge recovery period if earnings permit without additional commission approved.
 *** Retail Reserve