

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

NOVEMBER 17, 1998

RE: DOCKET NO. 971570-EI - 1997 depreciation study by Florida Power Corporation.

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.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures in the majority column, including one that appears to be "Susan L. Clark".

Blank lines in the dissenting column.

DOCUMENT NUMBER - DATE
12934 NOV 18 88

FPSC-RECORDS/REPORTING

REMARKS/DISSENTING COMMENTS:

Commissioner Garcia participated in the Agenda Conference via video teleconference and ~~dissented~~ in the vote. He will sign the vote sheet upon his return to Tallahassee.

agreed

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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.

APPROVED

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 combustion 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.

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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, of staff's memorandum dated November 5, 1998. Recommended recovery schedules are shown on Attachment A, page 21. Attachment B, pages 22-25, of staff's memorandum, 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.

APPROVED

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.

APPROVED

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.

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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.

APPROVED