

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of Tax	)	DOCKET NO. 900477-EI
Savings Refund Report for 1989 by Gulf	)	
Power Company	)	ORDER NO. 24313
	)	
	)	ISSUED: 4/2/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
 J. TERRY DEASON  
 BETTY EASLEY  
 GERALD L. GUNTER  
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTIONORDER REVIEWING TAX SAVINGS REPORT

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On May 14, 1990, Gulf Power Company filed its 1989 tax savings report as required by Rule 25-14.003, Florida Administrative Code, showing a revenue deficiency of \$10,579,514. After the report was filed, we determined the appropriate adjustments to be made to Gulf's 1988 tax savings report in Docket No. 890324-EI, and for the utility's rate case in Docket No. 891345-EI. Based on a review of the orders from those two dockets, we find that additional adjustments should be made to Gulf's 1989 tax savings report in order to be consistent with the other two dockets.

After additional adjustments, presented on the attached schedules, we find Gulf experienced a 1989 revenue deficiency of \$2,988,078. Because the utility's adjusted earnings do not exceed the utility's equity midpoint of 13.75%, Rule 25-14.003, Florida Administrative Code, requires no tax savings refund.

DOCUMENT NUMBER-DATE

03169 APR-2 1991

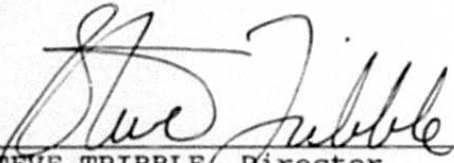
PSC-RECORDS/REPORTING

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It is therefore

ORDERED that this docket be closed if no petition for formal proceeding is timely filed herein.

By ORDER of the Florida Public Service Commission, this 2<sup>nd</sup>  
day of APRIL, 1991.

  
\_\_\_\_\_  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )  
900477.mer

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 April 23, 1991.

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.

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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 sewer 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.

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## ATTACHMENT 1

GULF POWER COMPANY TAX SAVINGS  
 DOCKET NO. 900477-EI

## RATE BASE ADJUSTMENTS

NOTE NO.	EXPLANATION	JURISDICTIONAL
	PLANT	
	-----	
1	PLANT SCHERER, UNIT 3	(35,979,000)
1	ACC. DEPRE. SCHERER UNIT 3	3,354,500
1	ACQUISITION ADJUSTMENT	(2,407,900)
2	CORPORATE HEADQUARTERS	(4,003,000)
2	ACCUM. DEP. CORPORATE HDQTRS.	244,000
2	NAVY HOUSE	(23,000)
2	SOD FARM	(137,000)
	TOTAL	(38,951,400)
	WORKING CAPITAL	
	-----	
1	PLANT SCHERER, UNIT 3	(1,439,000)
	TOTAL	(1,439,000)
	TOTAL RATE BASE ADJUSTMENTS	(40,390,400)

NOTE (1) ADJUSTMENT BASED ON COMMISSION ACTION IN DOCKET NO. 890324-EI, GPC'S 1988 TAX SAVINGS DOCKET.  
 NOTE (2) ADJUSTMENT BASED ON COMMISSION ACTION IN DOCKET NO. 891345-EI, GPC'S 1990 RATE CASE.

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GULF POWER COMPANY TAX SAVINGS  
DOCKET NO. 900477-EI  
EXPENSE ADJUSTMENTS

NOTE NO.	EXPLANATION	JURISDICTIONAL
REVENUE ADJUSTMENTS		
2	LEASE REVENUES	3,000
2	NON-UTILITY REVENUES	(43,000)
	TOTAL	(40,000)
OSM ADJUSTMENTS		
1	PL. SCHERER, UNIT 3 OSM	(675,000)
1	PL. SCHERER IIC OFFSET	3,110,000
1,2	LOBBYING EXPENSES	(44,333)
1,3	SPOUSES' TRAVEL	(12,132)
1	OTHER OSM-PLANT DANIEL	(244,625)
2	MANAGEMENT PERKS	(74,000)
2	NAVY HOUSE OSM	(8,000)
1	GOOD CENTS PROGRAMS	(688,000)
2	INDUSTRIAL CUST. ACT. & COGEN.	(335,000)
1	HEAT PUMP PROGRAM	(498,000)
1	ALLY INFO. & ED.	(53,000)
2	SHINE AGAINST CRIME	(116,000)
2	PRESENTATION & SEMINAR	(53,000)
2	GOOD CENTS INCENTIVE	(5,000)
	TOTAL	303,910
DEPRECIATION		
1	DEPRE. & AMORT. EXP. SCHERER UNI	(1,152,600)
2	DEPRE. CORP. HQTRS. 3RD FLOOR	(104,000)
	TOTAL	(1,256,600)
TAXES OTHER		
1	PLANT SCHERER, UNIT 3	(149,000)
AMORTIZATION OF ITC		
1	PLANT SCHERER, UNIT 3	73,000
INCOME TAXES		
	TAX EFFECT OF ADJUSTMENTS	(429,618)
	INTEREST RECONCILIATION	1,078
	TOTAL	(428,540)
	TOTAL EXPENSE ADJUSTMENTS	(1,497,230)

NOTE (1) ADJUSTMENT BASED ON COMMISSION ACTION IN DOCKET NO. 890324-EI, GPC'S 1988 TAX SAVINGS DOCKET.  
NOTE (2) ADJUSTMENT BASED ON COMMISSION ACTION IN DOCKET NO. 891345-EI, GPC'S 1990 RATE CASE.  
NOTE (3) A SPECIFIC DOLLAR AMOUNT HAS NOT BEEN DETERMINED. STAFF GROSSED UP THE 1988 AMOUNT BY CPI.

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## ATTACHMENT 3

GULF POWER COMPANY  
 DOCKET NO. 900477-EI  
 CALCULATION OF ADDITIONAL TAX SAVINGS REFUND

	GROSS	TAXES @ 37.63%	NET
NET OPERATING INCOME PER TAX FILING			\$67,359,882
ADJUSTMENTS:			
LEASE REVENUES	(\$3,000)	1,129	(1,871)
NON-UTILITY REVENUES	43,000	(16,181)	26,819
O&M (TOTAL)	(303,910)	114,361	(189,549)
DEPRECIATION	1,256,600	(472,859)	783,741
TAXES OTHER	149,000	(56,069)	92,931
AMORTIZATION OF ITC			(73,000)
INTEREST RECONCILIATION			(1,078)
TOTAL ADJUSTMENTS	\$1,141,690	(\$429,618)	\$637,994
STAFF ADJUSTED NOI			\$67,997,876
ADJUSTED RATE BASE PER TAX FILING			\$870,779,080
STAFF ADJUSTMENTS			(\$40,390,400)
STAFF ADJUSTED RATE BASE			\$830,388,680
OVERALL RATE OF RETURN			8.19%
OVERALL RATE OF RETURN @ 13.75% ROE			8.41%
DIFFERENCE			-0.22%
STAFF ADJUSTED RATE BASE			\$830,388,680
NET OPERATING INCOME EXCESS			(\$1,837,812)
REVENUE EXPANSION FACTOR			1.631330
TOTAL TAX SAVINGS REFUND			(\$2,998,078)
AMOUNT PREVIOUSLY REFUNDED			0
ADDITIONAL AMOUNT TO BE REFUNDED (EXCLUDING INTEREST)			(\$2,998,078)

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GULF POWER COMPANY  
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 1989 TAX SAVINGS  
 COST OF CAPITAL - 13 MONTH AVERAGE

DOLLARS IN THOUSANDS

CAPITAL COMPONENT	TOTAL COMPANY PER BOOKS	ADJUSTMENTS			ADJUSTED	RATIO	COST RATE	WEIGHTED COST	INTEREST
		SPECIFIC	PRO RATA	PRO RATA					
COMMON EQUITY	263,234	(137)	(14,294)	248,803	0.3996	13.75	4,1198		
PREFERRED STOCK	54,324	0	(2,932)	\$1,372	0.0619	7.72	0.4776		
LONG-TERM DEBT	322,463	0	(17,517)	304,886	0.3872	8.63	3,1739	26,373	
SHORT-TERM DEBT	1,051	0	(37)	994	0.0012	10.29	0.0123		
CUSTOMER DEPOSITS	13,042	0	(817)	14,223	0.0171	7.84	0.1309		
TAX CREDITS - ZERO COST	941	0	0	941	0.0011	0.00	0.0000		
TAX CREDITS - WEIGHTED CO	40,425	(1,727)	0	38,698	0.0466	10.67	0.4972	1,685	
DEFERRED TAXES	173,359	(2,889)	0	170,470	0.2053	0.00	0.0000		
TOTAL	870,779	(4,733)	(21,637)	830,389	1.0000		8,4137		

COST RATE FOR ITC

CAPITAL COMPONENT	AMOUNT	RATIO	COST RATE	WEIGHTED COST	ITC INTEREST SYNCHRONIZATION
COMMON EQUITY	248,803	0.4112	13.75	5,6540	WTD COST ITC 34,688 X WTD COST DEBT 0.0456
PREFERRED STOCK	\$1,372	0.0649	7.72	0.6355	INTEREST 1,686
LONG-TERM DEBT	304,886	0.5039	8.63	4,3587	
TOTAL	655,061	1.0000		10,6682	

STAFF INTEREST 28,059  
 - CO. INTEREST 30,973  
 DIFFERENCE 2,914  
 X TAX RATE 0.3783  
 ADJUSTMENT 1,078

① To remove sod farm operations from equity (non-utility)  
 ② Associated with removal of plant Scherer, Unit 3.