Depreciation Reserve Overhead Conductors	L9 =	$ 221,138,000
L8 - L9	L10 =	$ 352,839,000
Overhead Service Investment	L11 =	$ 86,203,000
Depreciation Reserve Overhead Services	L12 =	$ 38,948,000
L11 -L12	L13 =	$ 47,255,000
L3 + L10 + L13	L14 =	$ 625,207,000
L7 / L14	L15 =	.1059

b. DEPRECIATION. The depreciation rate for distribution plant must be converted to a percentage of net pole investment.

Depreciation Rate for Distribution Plant	L16 =	.030
L16 x (L1 / L3)	L17 =	.0483

c. ADMINISTRATIVE EXPENSE. The Form 1 does not provide figures for general expenses associated only with poles. We assume, therefore, that the administrative expenses associated with poles are in the same proportion to investment as administrative expenses are to net plant in service.

Total Administrative & General Expenses	L18 =	$ 332,169,035
Gross Plant in Service	L19 =	$13,236,477,662
Depreciation Total Plant	L20 =	$ 4,651,325,298
L19 - L20	L21 =	$ 8,585,152,364
L18 / L21	L22 =	.0387

d. TAXES. The Form 1 does not provide for tax expense attributable to pole lines only. We assume, therefore, that the taxes associated with poles are in the same proportion to investment as taxes are to net plant in service.

Taxes other than Income Taxes (408.1)	L23 =	$	486,939,826
Income Taxes (409.1)	L24 =	$	219,775,961
Provision for Deferred Income Taxes (410.1)	L25 =	$	155,899,829
Investment Tax Credit Adj. (411.4)	L26 =	$	(37,914,592)
Provision for Deferred Income Taxes (411.1)	L27 =	$	154,871,811
L23 + L24 + L25 + L26 - L27	L28 =	$	669,829,213
L28 / L21	L29 =		.0780

e. COST OF CAPITAL. The Form 1 does not include a cost of capital figure. Therefore, we have used the overall rate of return (return on equity and interest on debt) approved in the last rate case.

Rate of Return	L30 =	.1040

f. TOTAL CARRYING CHARGE. Adding the carrying charge components gives the total carrying charge.

L15 + L17 + L22 + L29 + L30	L31 =	.3748

4. USE RATIO. The use ratio may be expressed as the quotient of the space occupied by CATV (1 foot) and the total usable space. It may be presumed that a reasonable estimate is 13.5 feet.

Use Ratio	L32 =	.0741

5. MAXIMUM RATE. The maximum rate is the product of the net investment per pole times the carrying charge times the use ratio.

L6 x L31 x L32	L33 =	$	6.04

RESPONSE OF FLORIDA POWER & LIGHT COMPANY

EXHIBIT B

FPL'S FERC FORM 1

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	11,696,048,186	12,639,076,636
3	Construction Work in Progress (107)	200-201	476,278,942	597,401,026
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		12,172,327,128	13,236,477,662
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	200-201	4,245,797,744	4,651,325,298
6	Net Utility Plant (Enter Total of line 4 less 5)		7,926,529,384	8,585,152,364
7	Nuclear Fuel (120.1-120.4, 120.6)	202-203	488,127,809	279,740,170
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	205,786,378	
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		282,341,431	279,740,170
10	Net Utility Plant (Enter Total of lines 6 and 9)		8,208,870,815	8,864,892,534
11	Utility Plant Adjustments (116)	122		
12	Gas Stored Underground-Noncurrent (117)			
13	OTHER PROPERTY AND INVESTMENTS			
14	Nonutility Property (121)	221	4,840,548	4,081,738
15	(Less) Accum. Prov. for Depr. and Amort. (122)		462,700	119,810
16	Investments in Associated Companies (123)			
17	Investment in Subsidiary Companies (123.1)	224-225		
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
19	Other Investments (124)		11,763,864	9,861,214
20	Special Funds (125-128)		243,525,453	284,676,387
21	TOTAL Other Property and Investments (Total of lines 14 thru 17,19,20)		259,667,165	298,499,529
22	CURRENT AND ACCRUED ASSETS			
23	Cash (131)		282,606	
24	Special Deposits (132-134)		525,539	2,207,192
25	Working Fund (135)		1,928,675	2,593,925
26	Temporary Cash Investments (136)			84,100,000
27	Notes Receivable (141)			
28	Customer Accounts Receivable (142)		322,213,511	354,192,331
29	Other Accounts Receivable (143)		40,793,757	56,897,041
30	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		9,890,231	11,815,203
31	Notes Receivable from Associated Companies (145)			
32	Accounts Receivable from Assoc. Companies (146)		2,364,632	1,774,445
33	Fuel Stock (151)	227	162,375,135	82,210,786
34	Fuel Stock Expense Undistributed (152)	227	225,445	260,077
35	Residuals (Elec) and Extracted Products	227		
36	Plant Material and Operating Supplies (154)	227	257,827,211	277,561,792
37	Merchandise (155)	227	(5,631)	32,394
38	Other Materials and Supplies (156)	227		
39	Nuclear Materials Held for Sale (157)	202-203/227		
40	Stores Expenses Undistributed (163)	227	7,525,327	1,013,782
41	Gas Stored Underground - Current (164.1)			
42	Liquefied Natural Gas Stored (164.2)			
43	Liquefied Natural Gas Held for Processing (164.3)			
44	Prepayments (165)		32,646,308	34,596,054
45	Advances for Gas Explor., Devel., and Prod. (166)			
46	Other Advances for Gas (167)			
47	Interest and Dividends Receivable (171)		355,939	137,208
48	Rents Receivable (172)		5,972,963	7,525,353
49	Accrued Utility Revenues (173)		101,462,336	95,649,425
50	Miscellaneous Current and Accrued Assets (174)		4,231,830	2,639,793
51	TOTAL Current and Accrued Assets (Enter Total of lines 23 thru 50)		930,835,352	991,576,395

Exhibit B

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)
C. FACTORS USED IN ESTIMATING DEPRECIATION CHARGES

Account (a)	Depreciable Plant Base (In thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. Rate(s) (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)	Accumulated Depreciation & Amortization (In thousands) (g1)
Cape Canaveral	103,570	33.0	(12.3)	3.3		16.1	48,720
Cutler	42,126	10.5	0.0	2.1		10.0	29,163
Ft Myers	65,374	25.0	(10.5)	3.1		13.2	48,689
Lauderdale	43,658	48.0	(5.7)	1.8		19.1	41,523
Manatee	365,861	29.0	(11.2)	4.4		16.7	171,844
Martin (See Note 1)	698,867	30.0	(8.0)	3.9		19.8	226,438
Palatka							(19)
Pt Everglades	222,912	30.0	(10.1)	3.9		14.4	112,903
Riviera 3 & 4	65,827	39.0	(12.5)	1.6		19.1	51,079
Riviera 2	1						1,008
Sanford	145,974	30.0	(11.2)	4.0		14.9	86,677
Scherer (See Note 2)	126,830			5.8			14,353
St Johns River P. Park Coal Cars (See Note 1)	2,876	13.8	(20.0)	6.4		13.5	1,138
St Johns River P. Park Excl Coal Cars(Note 1)	325,036	17.5	(12.5)	6.3		15.9	70,474
Turkey Point (Note 1)	87,366	30.0	(11.7)	3.5		15.2	54,582
STEAM	2,296,278						958,572
St Lucie (Note 3)	2,121,003	33.6	(6.0)	3.3		27.6	548,890
Turkey Point (Note 3)	1,218,856	23.2	(7.0)	4.9		17.6	325,624
NUCLEAR	3,339,859						874,514
Ft Myers GTs	59,295	25.0	(1.9)	3.0		9.5	45,850
Lauderdale GTs	83,003	30.0	(1.9)	1.1		11.5	60,738
Pt Everglades GTs	42,646	29.0	(1.6)	0.9		10.9	39,613
Putnam (See Note 1)	120,619	28.0	(1.9)	3.3		16.6	58,652
OTHER	305,563						204,853
350.2 (See Note 1)	88,451	65.0	0.0	1.6	S0	55.0	33,101
352 (See Note 1)	28,734	47.0	(15.0)	2.4	S4	38.0	10,131
353 (See Note 1)	557,354	35.0	20.0	2.0	R2	26.0	210,036
354 (See Note 1)	217,940	45.0	(15.0)	2.4	L0	38.0	154,797
355 (See Note 1)	273,637	40.0	(35.0)	3.1	R2	30.0	114,287
356 (See Note 1)	313,304	42.0	(35.0)	2.9	S1	32.0	185,354
357 (See Note 1)	26,166	46.0	0.0	2.1	S2	31.0	9,842
358 (See Note 1)	28,262	35.0	0.0	2.7	S3	19.5	14,264
359 (See Note 1)	43,128	65.0	0.0	1.5	SQ	55.0	13,369
TRANSMISSION	1,576,976						745,181
361 (See Note 1)	39,361	45.0	(5.0)	2.2	L3	36.0	9,425
362 (See Note 1)	567,401	40.0	5.0	2.1	S0	32.0	140,353
362 LMS (See Note 9)	26,812						6,920
364 (See Note 1)	362,124	36.0	(30.0)	3.0	L0	30.0	137,011
365 (See Note 1)	573,977	34.0	(35.0)	3.5	L1	27.0	221,138
366.6 (See Note 1)	308,343	50.0	0.0	2.0	S2	41.0	61,754
366.7 (See Note 1)	17,897	45.0	0.0	2.1	S3	37.0	4,137
367.6 (See Note 1)	389,554	28.0	20.0	2.7	R2	22.0	81,101
367.7 (See Note 1)	304,908	26.0	0.0	3.3	R3	16.9	142,262
368 (See Note 1)	789,622	28.0	(15.0)	4.1	S1	21.0	243,880
369.1 (See Note 1)	88,203	36.0	(60.0)	4.3	R1	27.0	38,948
369.7 (See Note 1)	217,690	34.0	(20.0)	3.5	R2	28.0	52,940
370 (See Note 1)	273,405	28.0	5.0	3.1	S3	18.3	109,102
370 LMS (See Note 9)	565						269
371 (See Note 1)	35,588	13.0	(20.0)	9.1	L0	10.7	9,295
371 LMS (See Note 9)	57,273						14,590
373 (See Note 1)	160,661	21.0	(20.0)	5.4	R1	15.3	61,280
DISTRIBUTION	4,211,384						1,334,405

FLORIDA POWER & LIGHT COMPANY
[illegible] STUDY
(1/1/87 implementation date)
Amortization Schedules

ACCOUNT		REMAINING INVESTMENT (1)	RELATED RESERVE (2)	EXPECTED SALVAGE (3)	NET PLANT TO BE RECOVERED (4)	YR. OF PRES.	EXPENSES 1987	1988	1989	1990
	STEAM PRODUCTION									
311 TO 316	Riviera 02	9,267,877	8,796,147	(1,441,681)	2,913,411	1.5	1,475,607	739,000	0	0
311 TO 316	Cutler	31,570,572	26,909,483	(4,134,736)	8,795,787	2.5	3,033,002	3,033,002	2,759,303	0
	GENERAL PLANT									
391.1	Office Furniture	10,420,665	2,886,867	0	11,533,798	7.0	1,647,685	1,647,685	1,647,685	1,647,685
391.2	Office Accessories	1,763,408	353,072	0	1,410,410	5.0	282,080	282,080	282,080	282,080
391.3	Office Equipment	3,487,594	1,062,544	0	2,425,050	7.0	617,864	617,864	617,864	617,864
391.4	Dup. & Mailing Equip.	4,219,925	840,797	0	3,379,128	7.0	482,130	482,130	482,130	482,130
391.5	EDP Equip.	26,930,860	2,042,177	0	24,896,683	5.0	4,815,337	4,815,337	4,815,337	4,815,337
392.2	Trans. Marine Equip.	6,699	2,949	0	3,750	5.0	750	750	750	750
392.3	Trans. Other	0	0	0	0	5.0	0	0	0	0
393.2	Stores Equip.	1,265,588	271,939	0	993,649	7.0	141,949	141,949	141,949	141,949
393.3	Prior Handling Equip.	551,379	118,519	0	432,860	7.0	61,844	61,844	61,844	61,844
394.2	Portable Equip.	8,428,533	2,071,988	0	6,356,545	7.0	908,078	908,078	908,078	908,078
395.2	Portable Equip.	4,594,052	716,271	0	3,879,781	7.0	554,254	554,254	554,254	554,254
398.0	Miscellaneous Equip.	3,047,448	968,999	0	2,078,449	7.0	296,924	296,924	296,924	296,924
	TOTAL	117,886,987	47,085,822		87,075,308		14,317,378	13,379,787	12,538,263	9,888,988

SCHEDULE 3

SCHEDULE 4

ST. JOHNS RIVER POWER PARK UNIT NO. 1

	ESTIMATED LIFE	PROPOSED NET SALVAGE	DISCOUNTED FUTURE NET SALVAGE	REMAINING LIFE DEPRECIATION RATE	REMAINING LIFE DEP. RATE w/DFNS
311 STRUCTURES & IMPROVEMENTS					
311.1 Site Preparation & Improvements	37.1	-25.0%	-1.7%	3.4%	5.1%
311.2 Water Supply & Waste Water Systems	33.0	-25.0%	-1.8%	3.8%	5.5%
311.3 Buildings - Service & Support	34.8	-25.0%	-1.7%	3.6%	5.3%
311.4 Buildings - Boiler & Control	34.8	-25.0%	-1.7%	3.6%	5.3%
311.5 Circulating Water Systems / Structures	36.7	-25.0%	-1.7%	3.4%	5.1%
Total Account 311	35.7	-25.0%	1.7%	3.5%	5.2%
312 BOILER PLANT EQUIPMENT					
312.1 Coal Unloading, Storage & Transfer	26.2	-14.0%	-1.1%	4.4%	5.4%
312.2 Piping	37.8	-14.0%	-0.9%	3.0%	4.0%
312.3 Air Supply and Draft Systems	30.8	-14.0%	-1.0%	3.7%	4.7%
312.4 Air Quality Control Systems (AQCS)	26.6	-14.0%	-1.1%	4.3%	5.4%
312.5 Flue Gas Desulferization Systems (FGDS)	30.4	-14.0%	-1.0%	3.8%	4.8%
A) FGDS Structures	40.0	-14.0%	-0.9%	2.9%	[illegible]
B) FGDS Equipment	24.2	-14.0%	-1.1%	4.7%	[illegible]
312.6 Solid Waste Handling	34.5	-14.0%	-1.0%	3.3%	[illegible]
312.7 Boiler Equipment & Accesories	37.5	-14.0%	-0.9%	3.0%	[illegible]
312.8 Feedwater & Condensate Systems	31.5	-14.0%	-1.0%	3.6%	[illegible]
Total Account 312	31.5	-14.0%	1.0%	3.7%	4.7%
314 TURBOGENERATOR EQUIPMENT					
314.1 Turbine Generator	26.3	-9.0%	-0.7%	4.1%	4.8
314.2 Condenser and Auxiliaries	34.0	-9.0%	-0.6%	3.2%	3.8
314.3 Circulating Water Systems	35.8	-9.0%	-0.6%	3.0%	3.7
314.4 Cooling Towers & Support Systems	38.9	-9.0%	-0.6%	2.8%	3.4
Total Account 314	30.9	-9.0%	0.7%	3.6%	4.3
315 ACCESSORY ELECTRIC EQUIPMENT					
315.1 Aux Power TX's & Emergency Power Sys	34.3	-12.0%	-0.8%	3.3%	4.
315.2 Conduits, Conductors & Insulators	36.9	-12.0%	-0.8%	3.0%	3.
315.3 Flue Gas Desulfersation Systems (FGDS)	25.9	-12.0%	-0.9%	4.3%	5.
315.4 Precipitator	29.4	-12.0%	-0.9%	3.8%	4.
315.5 Control Boards, Switchgear and MCC Sys	27.7	-12.0%	-0.9%	4.0%	4.
Total Account 315	29.9	-12.0%	0.9%	3.8%	4.

SCHEDULE 4

		ESTIMATED LIFE	PROPOSED NET SALVAGE	DISCOUNTED FUTURE NET SALVAGE	REMAINING LIFE DEPRECIATION RATE	REMAINING LIFE DEP RATE w/DFNS
	316 MISCELLANEOUS POWER PLANT EQUIPMENT					
316.1	Communications	15.0	2.5%	0.3%	6.5%	6.2%
316.2	Compressed Air	25.8	2.5%	0.2%	3.8%	3.6%
316.3	General Plant Equipment	34.9	2.5%	0.2%	2.8%	2.6%
316.4	Power Generation Equipment					
	A) Equipment - General	9.7	2.5%	0.3%	10.0%	9.7%
	B) Equipment - Heavy	11.7	2.5%	0.3%	8.3%	8.0%
	C) Equipment - Light	15.0	2.5%	0.3%	6.5%	6.2%
	D) Management Information System	5.4	2.5%	0.6%	16.0%	17.4%
	E) Fleet Service Vehicles	8.0	2.5%	0.4%	12.2%	11.8%
	F) Warehouse Tools	11.3	2.5%	0.3%	8.6%	8.3%
	G) Bench Stock	10.0	2.5%	0.3%	9.8%	9.4%
	H) Radio Equipment & Misc.	11.1	2.5%	0.3%	8.7%	8.4%
	Total Account 316	20.2	2.5%	0.3%	6.1%	5.9%
	09/30/86 - TOTAL SJRPP UNIT #1	31.9	-14.9%	1.1%	3.7%	4.7%

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request of Florida Power and Light Company for a change in depreciation rates effective January 1, 1987.	DOCKET NO. 870085-EI ORDER NO. 17903 ISSUED: 7-24-87

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD
GERALD L. GUNTER
JOHN T. HERNDON
MICHAEL McK. WILSON

NOTICE OF PROPOSED AGENCY ACTION

ORDER REPRESCRIBING DEPRECIATION RATES

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 formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Rule 25-6.0436(7), Florida Administrative Code, requires that once every four (4) years, each jurisdictional utility submit a study of the accounting treatment given its depreciable property. In October, 1986, Florida Power and Light Company (FPL) filed its then most recent study in Docket No. 850764-EI wherein FPL proposed to implement new depreciation rates to be observed retroactive to January, 1986. At the November 4, 1986 Agenda Conference, we deferred final review of the study in order to allow FPL to update various reserve and planning accounts to reflect 1987 levels. We also requested that FPL include estimated ending plant balances for 1986 as well as additions for the St. Johns River Power Plant (SJRPP) facility. We approved a January 1, 1987 implementation date for the new depreciation rates when finally approved.

On January 23, 1987, FPL filed an updated study in this docket. FPL also requested that the proposed rates be implemented on an interim basis, retroactive to January 1, 1987, until we finally approved new rates.

After a preliminary review of the updated study, we approved the proposed rates on an interim basis pending our final represcription of rates in this docket. We specifically reserved authority to true-up the expenses generated by those rates approved in the interim to the level of expenses generated by finally approved rates.

We last prescribed rates for FPL in 1977. Consequently, an extensive evaluation of the present study was called for. Moreover, this is the first overall study by FPL utilizing the remaining life method of calculating depreciation rates (also called "reserve sensitive" depreciation rate design). The Commission Staff has extensively analyzed the originally filed and updated studies and has recommended that the last prescribed rates be increased. Having reviewed FPL's report, we find that FPL's depreciation rates should be represcribed consistent with Staff's recommendation. See Schedule 1 for the detailed rates and components approved by this order.

CORRECTIVE RESERVE TRANSFERS - JDITC

The goal of reserve sensitive rate design is to reconcile the asset investment not yet recovered through depreciation expenses to the time remaining in which to collect it. In this, FPL's initial use of the method, a discrete analysis of reserve accounts was performed by Staff to review the distribution of the reserves by account. The cumulative effect of prior rates and allocations has resulted in surpluses in some accounts and deficits in others. We have traditionally offset these imbalances by corrective reserve transfers. However, in the initial use of reserve sensitive rates in the telephone industry, this approach proved problematic in accounts carrying significant deficits and having relatively short remaining lives. We believe that the problems encountered there were due primarily to the fast pace of technological change prevalent in the telephone industry. Those factors are not yet present in the electric industry. Therefore, we find that reserve transfers should be used to correct deficits in the accounts with relatively short remaining lives (i.e. PCB contaminated transformers and capacitors, transportation power operated equipment, and steam production plants).

The reserve imbalances outlined above can be corrected using reserve adjustments related to the interest synchronization of Job Development Investment Tax Credits. In Order No. 16257, issued June 19, 1986 we decided that depreciation reserve adjustments should be used to properly allocate investment tax credits so as to offset the appropriate revenue requirements. Under the process of interest synchronization, one-time and monthly adjustments are to be recorded as a bottom-line, non-account specific reserve. The adjustment will be based upon plant balances of assets generating the credits. The combination of one-time and monthly adjustments for FPL in 1986 and 1987 totals $44,113,365. We find that this total should be allocated to the specific reserve accounts as detailed in Schedule 2. Beginning January 1, 1988, a monthly adjustment of $168,417 shall be booked as a non-account specific reserve adjustment until base rates are changed. At the next represcription of depreciation rates, these accumulated amounts from January 1 forward will be allocated to specific accounts as needed.

AMORTIZATION SCHEDULES (Refer To Schedule 3)

1. Production Plant

According to FPL's planning, its Cutler Plant and Riviera Unit # 2 are scheduled for near-term retirement. FPL has thus proposed that these facilities be excluded from the depreciation schedules and placed on an amortization schedule whereby the unrecovered investment (including dismantlement costs) is amortized over the remaining life of each plant. This is a rational and effective approach. We, therefore, approve these amortization schedules subject to the condition that any changes due to planning or salvage estimates be trued-up in the next represcription of rates.

2. General Plant

In accordance with the Retirement Unit Rule for Electric Companies promulgated in Docket No. 840204-EU, FPL has proposed the amortization of certain general plant assets (furniture,

office equipment, computer equipment,marine transportation equipment, storage equipment, portable tools and miscellaneous equipment). The embedded investments and reserves for each of these equipment types are shown in Schedule 3, as well as the associated amortization period as set forth in the retirement unit rule and the resultant expense. On a going forward basis, each vintgage year's additions associated with this equipment will be amortized over a like period of time. (e.g. 1987 vintage additions for furniture will be amortized over 7 years, 1988 vintage additions will be amortized over 7 years, etc.). Since it is assumed that additions and retirements for a given year occur on the average at mid-year, FPL has proposed that 1/2 year's amortization be taken the first year, a full year's amortization be taken in the second through seventh years, with a 1/2 year's amortization taken in the eighth year for a total of 7 years amortization expense. We find that this approach is uncomplicated and agrees in principle with our decision in Docket No. 840284-EU. We, therefore, approve these amortization schedules.

DEPRECIATION RATES

The depreciation components for production plant are based on current planning estimates of retirement dates and interim retirement patterns for each plant site. This represents FPL's first step toward stratification in its development of interim retirement patterns of each plant site. Prior approved components and rates were developed on a primary account basis and represented the composite of all individual plant sites. Our Staff firmly endorses the concept of determining components by stratification into groups of assets with similar lives as it allows a more accurate assessment of capital recovery needs. We concur with Staff's endorsement and find that the rates proposed by FPL represent an initial step toward this result.

In recognition of the potential costs for dismantling and removing contaminated materials (such as asbestos), FPL has included, as part of their proposal for production plant, a "Discounted Future Net Salvage" rate which is an add-on to the remaining life rate. This approach is similar to that taken for nuclear decommissioning in that current ratepayers pay their share of expenses to dismantle the production facility. Unlike nuclear decommissioning, FPL's approach does not call for a funded reserve. This issue is presently a matter of concern and debate within the industry. The costs associated with the dismantlement of fossil fuel plants are largely undefined. We find that the adoption of FPL's approach at this time is premature. We find, consistent with our Staff's recommendation, that these issues are best addressed on a generic basis. In the interim, we direct FPL to separately identify a dismantlement rate instead of adding it into the remaining life rate. A separate reserve account should also be established, by plant site, to accumulate the accrual of dismantlement expenses. This reserve account should be reported separately from the book reserve generated by the standard depreciation rate.

FPL and the Jacksonville Electric Authority completed the first of two 612 megawatt coal-fired generating units located at the St. Johns River Power Park (SJRPP) in April, 1987. Unit 2 and a coal barge unloading terminal are expected to be operational in October, 1988. FPL pays 20% of the facility's total cost.

The SJRPP depreciation rates and components, shown in Schedule 4, are based in part on an interim retirement analysis of all production plants modified to give consideration to the environment of a coal-fired unit. The subcategories within each account will be modified in the future as accounting records are solidified and operating experience is gained.

For preliminary booking purposes, FPL was directed to use the depreciation rates developed for each account of SJRPP while maintaining data at the subcategory level within each given account. FPL is hereby granted final approval of these rates and components, and we direct it to continue studying the various subcategories in anticipation of the next represcription. As with the other production plants, the dismantlement rate and expenses should be maintained in a separate reserve account until appropriate treatment of these type costs are determined.

At the November 4, 1986, Agenda Conference, we reviewed the originally filed depreciation study. We deferred consideration of the study; however, we approved a January 1, 1987, effective date for depreciation rates finally approved in that docket. We hereby adopt that decision for final rates approved under the revised depreciation study. Depreciation expenses booked under the interim rates should be trued-up to reflect the incremental difference between the interim rates and the rates approved in this Order.

In consideration of the above, it is

ORDERED by the Florida Public Service Commission that the depreciation rates set forth in the body of this Order and in Schedules 1 and 4, attached to this Order, are approved for the Florida Power and Light Company. It is further

ORDERED that the corrective reserve transfers set forth in Schedule 2, attached to this Order, are approved. It is further

ORDERED that the amortization schedules set out in Schedule 3, attached to this Order, are approved. It is further

ORDERED that the effective date of the new rates and schedules is January 1, 1987. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is 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 August 13, 1987. It is further

By ORDER of the Florida Public Service Commission this 24th day of July, 1987.

STEVE TRIBBLE, Director
Division of Records and Reporting

(SEAL)

By: Kay Flynn
Chief, Bureau of Records

ELJ

SCHEDULE 1

FLORIDA POWER & LIGHT COMPANY
1987 STUDY

Depreciation Rates and Components

COMMISSION APPROVED

ACCOUNT		AVERAGE REMAINING LIFE (YRS)	NET SALVAGE (%)	BOOK RESERVE (%)	REMAINING LIFE RATE (%)	DISMANTLING RATE (%)
	STEAM PRODUCTION					
311 TO 316	Sanford	10.0	(12.0)	45.0	3.6	1.2
311 TO 316	Cape Canaveral	14.0	(18.5)	49.5	4.7	2.0
311 TO 316	Martin	26.6	(4.4)	19.2	3.2	0.3
311 TO 316	Riviera #2	1.5	YEAR	AMORTIZATION		
311 TO 316	Riviera #3 & #4	10.2	(16.5)	74.4	4.1	2.2
311 TO 316	Ft. Myers	13.3	(15.0)	62.9	3.9	1.9
311 TO 316	Manatee	22.6	(7.5)	29.1	3.5	0.6
311 TO 316	Ft. Lauderdale	5.5	(14.4)	87.0	5.0	3.2
311 TO 316	Port Everglades	10.7	(15.5)	69.4	4.3	2.0
311 TO 316	Cutler	2.9	YEAR	AMORTIZATION		
311 TO 316	Turkey Point	14.6	(10.5)	56.3	4.3	1.9
311 TO 316	St.Johns River Power Park	31.7	(14.3)	0.0	3.6	1.0
	NUCLEAR PRODUCTION					
321 TO 325	St. Lucie	27.7	(5.4)	18.1	3.2	0.0
321 TO 325	Turkey Point	18.4	(7.5)	25.4	4.5	0.0
	OTHER PRODUCTION					
341 TO 346	Putnam	21.7	(3.0)	43.6	2.7	0.2
341 TO 346	Ft. Myers GT	12.3	0.0	64.5	2.9	0.0
341 TO 346	Ft. Lauderdale GT	4.6	0.0	71.9	6.1	0.0
341 TO 346	Pt. Everglades GT	4.5	0.0	74.5	5.7	0.0
	TRANSMISSION PLANT					
350.2	Easements	56.0	0.0	10.2	1.6	N/A
352.0	Structures & Improvements	44.0	(5.0)	20.6	1.9	N/A
353.0	Station Equipment	27.0	10.0	25.6	2.4	N/A
354.0	Towers & Fixtures	41.0	(15.0)	12.0	2.5	N/A
355.0	Poles & Fixtures	27.0	(30.0)	36.9	3.4	N/A
356.0	OH Conductors & Devices	27.0	(30.0)	29.6	3.7	N/A
357.0	UG Conduit	45.0	0.0	20.9	1.6	N/A
358.0	UG Conductors & Devices	24.0	0.0	40.3	2.5	N/A
359.0	Roads & Trails	59.0	0.0	13.9	1.5	N/A

SCHEDULE 1

FLORIDA POWER & LIGHT COMPANY
1987 STUDY

Depreciation Rates and Components

COMMISSION APPROVED

ACCOUNT		AVERAGE REMAINING LIFE (YRS)	NET SALVAGE (%)	DOWN RESERVE (%)	REMAINING LIFE RATE (%)	DISMANTLING RATE (%)
	STEAM PRODUCTION					
	DISTRIBUTION PLANT					
361.0	Structures & Improvements	31.0	(5.0)	25.7	2.6	N/A
362.0	Station Equipment	26.0	10.0	31.4	2.3	N/A
364.0	Poles,Towers, & Fixtures	22.0	(30.0)	39.6	3.9	N/A
365.0	OH Conductors & Devices	30.5	(40.0)	37.6	3.6	N/A
366.6	UG. Conduit, Duct System	40.0	0.0	20.5	2.0	N/A
366.7	UG. Conduit, Direct Burie	24.0	0.0	13.5	3.6	N/A
367.6	UG. Conduct., Duct Syst.	34.0	12.0	31.0	1.7	N/A
367.7	UG. Conduct., Direct Buri	13.6	0.0	25.9	5.4	N/A
368.0	Line Transformers	18.9	(10.0)	27.2	4.4	N/A
368.1	Contaminated PCB Trans.	18.9	(10.0)	27.2	4.4	N/A
	TOTAL Account 368					
369.1	Services, Overhead	17.2	(40.0)	30.0	7.6	N/A
369.7	Services, Underground	29.0	(20.0)	23.7	3.3	N/A
370.0	Meters	16.5	0.0	31.0	4.2	N/A
371.0	Install. On Custom. Prem.	10.1	(20.0)	15.5	10.3	N/A
373.0	Street & Signal Lights	14.4	(20.0)	26.9	6.5	N/A
	GENERAL PLANT					
390.0	Structures & Improvements	39.0	0.0	16.6	2.1	N/A
391.1	Office Furniture	7	YEARS	AMORTIZATION		
391.2	Office Accessories	5	YEARS	AMORTIZATION		
391.3	Office Equipment	7	YEARS	AMORTIZATION		
391.4	Dup. & Mailing Equipment	7	YEARS	AMORTIZATION		
391.5	EDP Equipment	5	YEARS	AMORTIZATION		
392.0	Trans. Aircraft	6.7	20.0	32.9	7.0	N/A
392.1	Trans. Automobile	3.2	15.0	44.0	12.0	N/A
392.2	Trans. Light Trucks	3.7	15.0	44.0	11.1	N/A
392.3	Trans. Heavy Trucks	8.1	10.0	44.0	5.7	N/A
392.7	Trans. Marine Equip.	5	YEARS	AMORTIZATION		
392.8	Trans. Other	5	YEARS	AMORTIZATION		
392.9	Trans. Trailers	13.6		44.0	3.4	N/A
393.1	Handling Equipment	24.0	0.0	21.5	3.3	N/A
393.2	Storage Equipment	7	YEARS	AMORTIZATION		
393.3	Prior Handling Equip.	7	YEARS	AMORTIZATION		
394.1	Fixed/Stationary Equip.	10.9	5.0	24.6	5.7	N/A
394.2	Portable Equip.	7	YEARS	AMORTIZATION		
395.1	Fixed/Stationary Equip.	25.0	0.0	15.6	3.4	N/A
395.2	Portable Equip.	7	YEARS	AMORTIZATION		
396.1	Power Op. Equip.(Trans.)	5.6	20.0	0.0	14.3	N/A
396.8	Other Power Op. Equip.	5.6	20.0	22.6	10.3	N/A
397.1	Other Comm. Equip.	7.2	0.0	20.0	11.0	N/A
397.3	Official Comm. Equip.	0.0	0.0	20.0	0.0 **	N/A
397.8	Fiber Optic	10.0	0.0	2.0	10.0 **	N/A
398.0	Miscellaneous Equipment	7	YEARS	AMORTIZATION		

**Denotes whole life rates

COMMISSION APPROVED
CORRECTIVE RESERVE TRANSFERS

	1-1-87 Book Reserve	Calculated Theoretical Reserve	Reserve Transfer	Restated Reserve
Riviera #3 & #4	34,470,492	40,503,934	6,033,442	40,503,934
Ft. Myers	31,478,622	37,046,869	5,868,247	37,046,869
Ft. Lauderdale	23,891,465	29,034,510	5,143,045	29,034,510
Port Everglades	74,707,088	89,049,626	14,342,588	89,049,626
Turkey Point	34,796,102	42,039,363	5,317,827	40,113,929
Line Transformers	351,091	8,051,691	7,700,600	8,051,691
Power Operated Equip. (Trans.)	(8,286)	1,123,706	8,286	0
JDIC Adj. for 1986 & 1987	44,113,365		(44,113,365)	0

SCHEDULE 3

[illegible]

[illegible]

Amortization Schedule

[illegible]		[illegible] (1)	[illegible] (2)	[illegible] (3)	[illegible] (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
							[illegible]			
	[illegible]									
[illegible]	Motors [illegible] Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]									
[illegible]	Office Furniture	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Office Accessories	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Office Equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Exp. & Amtizes Costs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	TOT Trans.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Trans. Turbo Costs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Trans. Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Power Costs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Non Building Costs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Portable Costs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Portable Costs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Miscellaneous Costs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	TOTAL	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

SCHEDULE 4

ST. JOHNS RIVER POWER PARK UNIT NO. 1

	ESTIMATED LIFE	PROPOSED NET SALVAGE	DISCOUNTED FUTURE NET SALVAGE	REMAINING LIFE DEPRECIATION RATE	REMAINING LIFE DEP. RATE w/OFHS
311 STRUCTURES & IMPROVEMENTS					
311.1 Site Preparation & Improvements	37.1	-25.0%	-1.7%	3.4%	5.1%
311.2 Water Supply & Waste Water Systems	33.0	-25.0%	-1.0%	3.8%	5.3%
311.3 Buildings - Service & Support	34.8	-25.0%	-1.7%	3.6%	5.3%
311.4 Buildings - Boiler & Control	34.8	-25.0%	-1.7%	3.6%	5.3%
311.5 Circulating Water Systems / Structures	36.7	-25.0%	-1.7%	3.4%	5.1%
Total Account 311	35.7	-25.0%	1.7%	3.5%	5.2%
312 BOILER PLANT EQUIPMENT					
312.1 Coal Unloading, Storage & Transfer	26.2	-14.0%	-1.1%	4.4%	5.4%
312.2 Piping	37.8	-14.0%	-0.9%	3.0%	4.0%
312.3 Air Supply and Draft Systems	30.8	-14.0%	-1.0%	3.7%	4.7%
312.4 Air Quality Control Systems (AQCS)	26.6	-14.0%	-1.1%	4.3%	5.4%
312.5 Flue Gas Desulfurization Systems (FGDS)	30.4	-14.0%	-1.0%	3.8%	4.8%
A) FGDS Structures	40.0	-14.0%	-0.9%	2.9%	3.8%
B) FGDS Equipment	24.2	-14.0%	-1.1%	4.7%	5.8%
312.6 Solid Waste Handling	34.5	-14.0%	-1.0%	3.3%	4.3%
312.7 Boiler Equipment & Accessories	37.5	-14.0%	-0.9%	3.0%	4.0%
312.8 Feedwater & Condensate Systems	31.5	-14.0%	-1.0%	3.6%	4.6%
Total Account 312	31.5	-14.0%	1.0%	3.7%	4.7%
314 TURBOGENERATOR EQUIPMENT					
314.1 Turbine Generator	26.3	-0.0%	-0.7%	4.1%	4.8%
314.2 Condenser and Auxiliaries	34.0	-0.0%	-0.6%	3.2%	3.8%
314.3 Circulating Water Systems	35.8	-0.0%	-0.6%	3.0%	3.7%
314.4 Cooling Towers & Support Systems	38.9	-0.0%	-0.6%	2.8%	3.4%
Total Account 314	30.9	-0.0%	0.7%	3.6%	4.3%
315 ACCESSORY ELECTRIC EQUIPMENT					
315.1 Aux Power Xf's & Emergency Power Sys	34.3	-12.0%	-0.8%	3.3%	4.1%
315.2 Conduits, Conductors & Insulators	36.9	-12.0%	-0.8%	3.0%	3.8%
315.3 Flue Gas Desulfurization Systems (FGDS)	23.9	-12.0%	-0.9%	4.3%	5.2%
315.4 Precipitator	29.4	-12.0%	-0.9%	3.8%	4.7%
315.5 Control Boards, Switchgear and MCC Sys	27.7	-12.0%	-0.9%	4.0%	4.9%
Total Account 315	29.9	-12.0%	0.9%	3.8%	4.7%

SCHEDULE 4

	ESTIMATED LIFE	PROPOSED NET SALVAGE	DISCOUNTED FUTURE NET SALVAGE	REMAINING LIFE DEPRECIATION RATE	REMAINING LIFE DEP. RATE w/DFNS
316 MISCELLANEOUS POWER PLANT EQUIPMENT					
316.1 Communications	19.0	2.5%	0.3%	6.5%	6.2%
316.2 Compressed Air	25.8	2.5%	0.2%	3.8%	3.6%
316.3 General Plant Equipment	34.9	2.5%	0.2%	2.8%	2.6%
316.4 Power Generation Equipment					
A) Equipment - General	9.7	2.5%	0.3%	10.0%	9.7%
B) Equipment - Heavy	11.7	2.5%	0.3%	8.3%	8.0%
C) Equipment - Light	19.0	2.5%	0.3%	6.5%	6.2%
D) Management Information System	5.4	2.5%	0.6%	18.0%	17.4%
E) Fleet Service Vehicles	8.0	2.5%	0.4%	12.2%	11.8%
F) Warehouse Tools	11.3	2.5%	0.3%	8.6%	8.3%
G) Bench Stock	10.0	2.5%	0.3%	9.8%	9.4%
H) Radio Equipment & Misc.	11.1	2.5%	0.3%	8.7%	8.4%
Total Account 316	20.2	2.5%	0.3%	6.1%	5.9%
09/30/86 - TOTAL SJRPP UNIT #1	31.9	-14.9%	1.1%	3.7%	4.7%

RESPONSE OF FLORIDA POWER & LIGHT COMPANY

EXHIBIT F

BOOTH AMERICAN COMPANY
V.
DUKE POWER COMPANY

MEMORANDUM OPINION AND ORDER

Mailed 3-22-84

Before the
Federal Communications Commission
Washington, D. C. 20554

In the Matter of	)	
	)	
BOOTH AMERICAN COMPANY	)	
d/b/a/ ANDERSON CABLEVISION	)	
	)	
Complainant	)	
	)	
v.	)	File No. PA-82-0068
	)	
DUKE POWER COMPANY	)	
	)	
Respondent	)	

MEMORANDUM OPINION AND ORDER

Adopted March 16, 1984 ; Released March 22, 1984

By the Chief, Common Carrier Bureau:

1. Before the Bureau, pursuant to delegated authority, is a complaint filed under Section 224 of the Communications Act, 47 U.S.C. § 224 (Supp. II, 1978), by Booth American Company, d/b/a Anderson Cablevision (Booth) alleging that Duke Power Company (Duke) has imposed unjust and unreasonable rates for cable television pole attachments.[1] Section 224 empowers the Commission to adjudicate attachment rate disputes between cable television system operators and telephone and electric utilities. After consideration of the pleadings, we conclude that Duke charges unjust and unreasonably high rates and, moreover, that a refund is warranted.

2. Booth owns and operates cable television systems serving Anderson, South Carolina. Pursuant to a contract with Duke, Booth has attached distribution facilities to approximately 5,100 poles.

3. Using information obtained from Duke's 1981 FERC Form 1 and applying the formula established by Section 1.1409(c) of the Commission's Rules, 47 C.F.R. §1.1409(c), Booth calculates that the maximum just and reasonable rate is $2.21 per attachment. Therefore, it urges us to substitute this lower rate for the $3.00 rate contained in the contract and,

---

1 Duke has filed a cross-complaint alleging that the current rate is too low and requesting that Booth be ordered to pay a higher rate.

EXHIBIT F

further, to order appropriate refunds. Duke, by contrast, argues that a rate of $3.05 is fully justified under the pole attachment rate formula, and in its cross-complaint requests that we order Booth to pay an annual rate of $3.05 per attachment in lieu of the $3.00 rate it is currently charging.

4. Section 1.1409(c) of the Commissions's Rules, 47 C.F.R. §1.1409, provides that the maximum "just and reasonable" rate for pole attachments is to equal the percentage of the total usable space occupied by the pole attachment times the sum of the operating expenses and actual capital costs of the utility attributable to the entire pole. This rule, expressed as a formula, is as follows:

$$\text{Maximum Rate} = \frac{\text{Space Occupied by CATV}}{\text{Total Usable Space}} \times \text{Operating Expenses} + \text{Capital Costs of Poles}$$

In the instant case, the parties' dispute centers on the operating expenses and capital costs of poles.

5. Total Usable Space and Space Occupied by CATV. The parties agree on the figures for total usable space (13.5 feet) and space occupied by CATV (one foot), both of which comport with the Commission's Rules and prior decisions. Thus, we will use these figures in the rate formula.

6. Operating Expenses and Capital Costs of Poles. The final formula element to be determined is operating expenses and capital costs of poles. Although operating expenses and capital costs of poles (also known as "carrying charges") can be expressed directly as dollar amounts, these costs may also be expressed as a percentage of pole investment. Section 1.1409(g)(9). Thus, the operating expenses and capital costs of poles normally are determined from the cost of a bare pole and the carrying charges attributable to the cost of owning a pole.

7. Gross Cost of a Bare Pole. Using figures gathered from Duke's 1981 FERC Form 1, Booth calculates the gross cost of a bare pole by subtracting 15 percent of the gross pole plant (Account 364-Poles, towers and fixtures) to eliminate the investment in crossarms and other items not essential for CATV attachments. Booth then divides this figure by the total number of poles to calculate a gross investment per bare pole. Duke disputes the 15-percent figure and substitutes a figure from its company records for the gross investment in crossarms and other items not usable for CATV attachments.

8. We must reject Duke's crossarm adjustment figure. The Commission has previously determined that the gross cost of a pole should be adjusted for non-cable associated hardware. Each party is free to propose and document its own figure. Duke, however, opposes the 15-percent

estimate without offering a suitable alternative. Although it states that its figure includes braces, racks, extension brackets, pins, platforms and bayonets, it has provided no specific details to support the figure. For us to accept a figure other than 15-percent, the utility must identify each element of the account and the corresponding investment so that we can verify that the totals correspond with the total amount in the account and that the utility has included all non-cable related items in its adjustment figure. See Teleprompter Corp. v. Mountain States Telephone and Telegraph Company, Mimeo No. 001869, released, July 9, 1981; Teleprompter of Fairmont, Inc. v. C&P Telephone Company of West Virginia, 79 FCC 2d 232, aff'd 85 FCC 2d 243, 246-247 (1981). Under these circumstances, where one party has failed to document its figure, and the other has proposed a figure used earlier in Commission decisions, using the estimate is both reasonable and proper. Therefore, we will adopt Booth's calculation of $148.59 for the gross investment per bare pole.[2]

9. Carrying Charges. We next turn to carrying charges, the remaining figure necessary for calculating operating expenses and capital costs of poles. The parties dispute the maintenance, administrative, and tax components of the carrying charges.[3]

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2 Gross Cost of a Bare Pole = $\frac{\text{Gross Pole Investment} - 15\% \text{ (Gross Pole Investment)}}{\text{Number of Poles}}$

Gross Cost of a Bare Pole $\frac{\$234,278,573 - \$199,136,788}{1,340,206}$

Gross Cost of a Bare Pole = $148.59

3 The following table summarizes the figures supplied by the parties.

	Booth	Duke
Depreciation	3.40%	3.40%
Administration	0.52%	1.44%
Maintenance	3.43%	4.56%
Taxes	2.57%	7.15%*
Cost of Capital	10.18%	10.18%
	20.10%	26.73%

* We have combined Duke's 1.14% figure for ad valorem taxes with its 6.01% figure for income taxes to calculate a total tax figure of 7.15%.

10. Maintenance Expense. Booth, using the methodology previously accepted by the Commission to calculate the maintenance expense component of the carrying charges, calculates the maintenance expense by dividing Accounts 364 (Poles, towers, and fixtures), 365 (Overhead conductors and devices), and 369 (Services) by Account 593 (Maintenance of overhead lines). Teleprompter of Fairmont v. C&P Telephone Co. of West Virginia, supra, 79 FCC 2d at 242, Warner-Amex Cable Communications v. Florida Power and Light Co., Mimeo No. 4414, released June 8, 1982; King Video Cable Co. v. Idaho Power Co., Mimeo No. 2719, released March 12, 1982. Duke, on the other hand, argues that Subaccount 593.4 (the Services subaccount of Maintenance of overhead lines) should be deducted from Account 593 because it believes that the services portion of Account 593 is not attributable to CATV. As Duke would exclude Services from the numerator, it argues that Account 369 (Services) also should be excluded from the denominator. Moreover, Duke includes Account 590 (Maintenance supervision and engineering) on the basis that all labor and expenses associated with the supervision and engineering of the maintenance system are included in that account. According to Duke, this includes expenses attributable to the supervision of the maintenance of poles and therefore should be charged to CATV.

11. Duke has not provided a convincing reason for deviating from the established formula. Absent such an argument, we decline to apportion Account 593 (and therefore delete Account 369) or add Account 590. Thej Bureau has previously rejected similar attempts at apportioning this account. Warner-Amex Cable Communications Inc. v. Arkansas Power and Light Co., Mimeo No. 100, released October 11, 1983. Moreover, since subaccounts are not reported separately in FERC Form 1, to provide the kind of detail necessary to support allocation of the accounts used to compute the components of the carrying charges would unduly complicate and unnecessarily delay the process of determining the maximum lawful rate.[4] This would

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4 The Commission's methodology is predicated on a simple procedure by which all of the parties can predict the FCC-determined maximum just and reasonable rate, without a formal complaint in most instances, by applying the data from publicly available records (the FCC Form M or the FERC Form 1) to the Commission's formula. It relies on balancing. Thus, while small portions of some accounts which admittedly relate to cable attachments (such as loading factors) are omitted, other entire accounts which contain non-cable-related expenses are included. Liberty TV Cable Co. v. Southwestern Bell Telephone Co., Mimeo No. 6625, released September 22, 1983.

contravene the statutory mandate in favor of a simple and expeditious process rather than a full-blown rate case. See Senate Rep. No. 95-580, 98th Cong., 1st Sess. (1977). Of course, since we are including all of Account 593, including the services portion, in the numerator, we must also include the corresponding services investment, Account 369, in the denominator. Finally, the Bureau has specifically excluded Account 590 as not having a direct relationship to CATV. Teleprompter Corp. and Teleprompter Southeast, Inc. v. Alabama Power Company, Mimeo No. 001808, released June 19, 1981; Warner-Amex Cable Communications, Inc. v. Southeastern Electric Power Company, Mimeo No. 2718, released March 12, 1981. Therefore, we will accept Booth's 3.43 percent figure for the maintenance expense.[5]

12. Administrative Expense. Booth calculates the administrative expense by dividing the sum of Accounts 920 (Administrative and general salaries), 921 (Office supplies and expenses), 923 (Administrative expense transferred-credit) and 928 (Regulatory commission expenses) by the gross plant investment. Duke agrees that this formula is consistent with past Commission actions. However, Duke maintains that we have also sanctioned the inclusion of Account 923 (Outside services employed) in the numerator. Teleprompter Corp. v. Tampa Electric Company, Mimeo No. 1127, released December 16, 1981 (Tampa Electric). Booth points out that in a more recent case the Bureau disallowed Account 923, distinguishing Tampa Electric on the basis that both parties agreed to use Account 923 in that case and that Account 923 was not at issue in that case. Continental Cablevision of New Hampshire v. Public Service Company of New Hampshire, Mimeo No. 3249, released April 9, 1982; See also Multi-Channel TV Cable Co. of Mansfield Inc. v. Virginia Electric and Power Company, Mimeo No. 1740, released January 12, 1983. In these circumstances we shall continue to exclude Account 923, and shall adopt the methodology advanced by Booth as

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5 Maintenance Expense = $\frac{\text{Account 593}}{\text{Accounts 364 + 365 +369}}$

Maintenance Expense = $\frac{\$18,931,536}{\$234,278,573 + \$197,860,279 + \$119,476,657}$

Maintenance Expense = 3.43%