COPY

RONALD J. SCHULTZ
PROPERTY APPRAISER

110 N. Apopka Ave., Room 200, Inverness, Florida 32650-4294 • Telephone (904) 637-9820 Fax: (904) 637-9844

May 8, 1992

Florida Power Corporation
Attn: Mr. Bill Keith
3201 34th Street
Post Office Box 14042
St. Petersburg, Florida 33733

Dear Bill:

You provided some additional documents with Florida Power Corporation's personal property return such as an annual report and a system appraisal. These items are not a required part of the tangible personal property return and would not be governed by any rules of confidentiality. I would appreciate your position on this if contrary, and your rationale for that position.

Florida Power Corporation's tangible personal property return does not meet the minimum information detail as required by Florida law and further verified in the Florida Attorney General's opinion number AGO 91-57 and a letter from the Florida Department of Revenue dated 9/25/91 (attached as Exhibits 1 & 2). We are required to treat each taxpayer equally and to comply with current law, your providing the necessary information promptly would facilitate a quick resolution of this matter.

You indicate in Florida Power's return that certain items of tangible personal property located in Citrus County are pollution control devices pursuant to 193.621 and 403.021, Florida Statutes. Please provide all the material required by both the Statutes and the Florida Administrative Code. Certainly a detailed listing of each piece of property claimed to be qualified, comprising the date of purchase, the original cost new, and whether or not the property is included in the rate base (and the current value claimed in the rate base) would be a start. Upon receipt of this information, the process for approval of all properly claimed property can begin.

The final major area of concern with the return as filed is the co-mingling of assets of two separate distinct entities. Please understand that the law and constitution requires that all taxpayers be treated the same. The law obligates each separate entity to file a separate return. Florida Power can not receive special or different treatment because they are a large corporate entity or because they have numerous assets. I have enclosed a letter from the Florida Department of Revenue clearly setting forth the requirement. One entity would report the Florida Power assets, the other should report the nuclear plant assets owned partly by Florida Power and other participants. Any exemptions or requests for classified use valuation deemed appropriate would have to be claimed on the proper return.

Thank you for your cooperation in these matters. Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Ronald J. Schultz

Ronald J. Schultz, CFA

Property Appraiser

Enclosure:
cc: Paul Hawkes
George Donatello

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Florida Power
CORPORATION

May 20, 1992

Honorable Ronald J. Schultz, C.F.A.
Citrus County Property Appraiser
110 N. Apopka Avenue, Room 200
Inverness, Florida 32650-4294

Dear Ron:

This is in response to your letter of May 8, 1992. In regards to our system appraisal, I consider this to be an integral part of our tangible personal property return and feel it is as confidential as the return itself. If you do not agree with this, I would appreciate the system appraisal being returned to our office. Further, I have always assumed that all information requested by a Property Appraiser to assess our property would be kept confidential. I would appreciate it if in the future you would let us know when you request any information that is <u>not</u> to be held confidential, so we can properly inform our legal and public information departments.

Per your second request, enclosed you will find a report which provides additional detail on property located in Citrus county to support our return. This report includes descriptions, purchase date, and original cost for both real and personal property for which detailed records are maintained. We do not have this detailed information for such property as transmission lines, distribution equipment and some general plant equipment. This equipment is maintained in mass accounts. We have provided an additional schedule (Attachment A) showing "average age" of this property. This schedule coupled with the detail included in our return provides at least a method to arrive at average age of our mass units of property. I believe this fulfills the statutory requirements.

GENERAL OFFICE: 3201 Thirty-fourth Street South • P.O. Box 14042 • St. Petersburg, Florida 33733 • (813) 866-5151
A Florida Progress Company

In response to your third request we have attached a printout of asset records and descriptions for our pollution control property to support our filing made on form DR-492. This schedule provides a brief description, purchase date, and original cost for equipment located at each of our plant sites. This list shows the lowest level of detail from our asset records. Our listing which accompanied our return contains a more meaningful presentation because it shows for which environmental systems the equipment is used. All of our property classified as pollution control has been reviewed and approved as to its purpose. In regard to the question of rate base, all pollution control equipment less accumulated depreciation is included in rate base. As you are well aware, our earnings on this, as well as the remaining equipment, are reduced because of accumulated deferred income taxes. Despite the rate base treatment of this item, Florida statutes are clear in stating that it should be taxable at its salvage value.

In response to your final concern, we are reviewing the legal questions on this matter with the participants. Until this question has been resolved, I would be glad to assist you in arriving at a 100% value for the nuclear plant, as I have for the last two years.

Sincerely,

William H. Keith

William H. Keith
Manager, Tax Accounting

cc: Gerald A. Williams