

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Tampa Electric Company) DOCKET NO. 920618-EI
Depreciation study for Big Bend) ORDER NO. PSC-92-1205-FOF-EI
and Gannon Stations.) ISSUED: 10/23/92

The following Commissioners participated in the disposition of this matter:

THOMAS H. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER PRESCRIBING NEW DEPRECIATION
RATES FOR BIG BEND AND GANNON PRODUCTION PLANTS

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.

Background

On January 21, 1992, this Commission entered Order No. 25619 in Docket No. 910686-EI, requiring Tampa Electric Company (TECO or Company) to file revised site-specific depreciation studies by June 30, 1992 for Big Bend and Gannon Stations. The update on these two sites was required in order to take into account activity which had not been booked, and the use of updated life estimates.

In response to that Order on June 12, 1992, TECO filed depreciation studies for those two stations. From their perception of the results of the studies, TECO indicated "[it] does not see sufficient reasons to change individual unit depreciation rates that would result in little or no change in annual depreciation." According to TECO, it estimated the combined depreciation expense for those two stations to be a net of only a negative \$100,000.

By TECO's calculations however, the expenses of Big Bend are currently understated by about \$900,000, and the expenses of Gannon are overstated by approximately a million dollars. We agree with our Staff recommendation that a bottom-line change in depreciation expense should not take precedence over the establishment of appropriate life and salvage parameters. We therefore approve by this Order the depreciation rates found in Appendix 1 to this Order.

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According to our Staff the primary differences between the Company's figures and their's are:

1. That Staff properly composited the remaining life values to be used for each of the units by using positive weighting with the average service life weighting whereas the company improperly composited the remaining life values for each of the units by positively weighting with the investment.
2. That Staff reallocated the entire reserve amount at each site to the contained units whereas TECO did not.

Reserve Reallocations

Our Staff recommended reserve reallocations for Big Bend and Gannon stations, as a reallocation of existing reserves in order to bring each of these stations to more nearly match their theoretically correct reserve positions.

Tampa Electric does not favor using reserve reallocations to bring reserves into balance. However, knowing that these imbalances do exist, our Staff considers it important, and we agree, that the reserve reallocations as shown in Appendix 2 are appropriate. The reallocations simply move existing dollars (which were not historically developed by unit) to a more appropriate grouping.

In consideration of the foregoing, it is further

ORDERED by the Florida Public Service Commission that Tampa Electric Company's site specific depreciation studies for Big Bend and Gannon Stations are approved as modified in the body of this Order. It is further

ORDERED that the depreciation rates in Appendix 1 shall be implemented as of January 1, 1992. It is further

ORDERED that the Reserve Reallocations in Appendix 2 shall be implemented by Florida Power and Light Company as of January 1, 1992. It is further

ORDERED that this Order shall become final and the docket closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

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By ORDER of the Florida Public Service Commission this 23rd day of October, 1992.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC:ba1

Commissioner Lauredo and Commissioner Deason dissented.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.99(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 32399-0670, by the close of business on November 13, 1992.

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 wastewater 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.

APPENDIX 1
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TAMPA ELECTRIC COMPANY
 BIG BEND AND GANNON STATIONS
 REVISED DEPRECIATION RATES AS OF 1-1-92

ACCOUNT	< - - APPROVED - - >			
	REN. LIFE YR.S	NET SALV. \$	* RES. \$	DEPR. RATE %
BIG BEND				
Common	32	(11)	32.74	2.4
Unit #1	23	(11)	58.96	2.3
Unit #2	26	(11)	44.02	2.6
Unit #3	27	(11)	47.11	2.4
Unit #4	35	(11)	17.30	2.7
Unit #4 FGD.	34	(11)	25.55	2.5
GANNON				
Common	22	(22)	41.24	3.7
Unit #1	12.9	(22)	79.80	3.3
Unit #2	13.0	(22)	73.78	3.7
Unit #3	15.9	(22)	61.00	3.8
Unit #4	14.3	(22)	72.71	3.4
Unit #5	19.0	(11)	45.75	3.4
Unit #6	22	(11)	41.24	3.2

* This reserve shown is the approved reallocated reserve (see Appendix 3).

TAMPA ELECTRIC COMPANY
 BIG BEND AND GANNON STATIONS
 APPROVED RESERVE REALLOCATIONS AS OF 1-1-92

RECOMMENDED
 RESERVE
 ALLOCATION
 3
 ACCOUNT

BIG BEND	
(Total Reserve)	\$286,671,126#
Common	35,561,257
Unit #1	42,692,014
Unit #2	13,998,740
Unit #3	62,538,822
Unit #4	65,584,509
Unit #4 FGD	46,294,984
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	286,671,126

GANNON	
(Total Reserve)	\$134,668,956#
Common	16,195,629
Unit #1	16,700,106
Unit #2	16,132,840
Unit #3	20,242,155
Unit #4	17,644,284
Unit #5	19,921,225
Unit #6	27,832,721
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	134,668,956

Totals \$421,340,082# \$421,340,082

From company study.