

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Approval of) DOCKET NO. 941343-EI
Fossil Dismantlement Studies by) ORDER NO. PSC-95-1532-FOF-EI
Florida Power & Light Company) ISSUED: December 12, 1995
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING REVISED ACCRUAL

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

By Order No. PSC-93-0211-FOF-EI, issued on February 10, 1993, in Docket No. 900794-EI, Florida Power & Light Company (FPL or the Company) was required to file its fossil dismantlement studies and nuclear decommissioning studies in December, 1994, for a January 1, 1995 implementation date. On December 29, 1994, FPL filed its request for approval of a revised fossil dismantlement accrual based upon FPL's updated, site-specific dismantlement studies. FPL requested a change in its annual provision for dismantlement and approval to file future dismantlement studies one year after filing its comprehensive depreciation studies.

The Company requested and was granted preliminary implementation of the revised accrual by Order No. PSC-95-0477-FOF-EI, issued in this docket, on April 12, 1995. Expenses due to preliminary implementation will be trued-up at the conclusion of this docket. The preliminary dismantlement accrual reflected inflation indices and cost estimates from the last review in 1991. Inflation forecasts and cost estimates have changed, however, and the accrual must be revised to reflect the most current information.

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FPSC-RECORDS/REPORTING

Current dismantlement cost estimates are based on site-specific studies. The new estimates reflect increased cost projections for the cost of removal and disposal of asbestos remaining at the time of dismantlement. A revised accrual must also reflect new inflation forecasts using the DRI/Summer of 1995 forecasts and an appropriate contingency factor. In addition, the Ft. Lauderdale Units 1, 2 and 3 have now been dismantled and the actual incurred dismantlement costs exceeded provisions in the dismantlement reserve. Recovery of the resulting deficiency must, therefore, be addressed. Finally, FPL has estimated that an additional \$6.9 million is needed to complete the dismantlement of the Palatka Plant units. These units were retired in 1983 and dismantlement activities have been taking place since 1990. Currently, dismantlement is expected to be complete by the end of 1999.

FPL's dismantlement cost estimates assumed a 20% contingency factor. FPL asserted that a 20% contingency level should be used because the Commission had approved that level in previous dismantlement dockets. In those dockets, Docket Nos. 910890-EI and 931142-EI, the Commission approved the use of a 20% contingency level on the basis that the contingency for fossil dismantlement should be less than the 25% contingency used for nuclear decommissioning due to the additional risks associated with nuclear.

Inherent in FPL's 1994 nuclear decommissioning cost studies was a weighted average contingency factor that ranged from 17% to 18%. This weighted average contingency was derived by applying specific contingency factors to individual cost categories, as recommended in the Atomic Industrial Forum/National Environmental Studies Project report AIF/NESP-036, "Guidelines for Producing Commercial Nuclear Power Plant Decommissioning Cost Estimates".

In light of the contingency factor assumptions in FPL's decommissioning studies, FPL was asked to review its proposed contingency level using, to the extent possible, specific fossil dismantlement contingency factors from the AIF/NESP-036 report. Since the report does not include specific factors for asbestos removal, FPL assumed a 20% contingency factor for this cost category. The resulting average contingency factor was about 16%. A 16% contingency factor was, therefore, used to determine the total estimated costs for the dismantlement of fossil-fueled generating stations.

As noted, the actual cost to dismantle the Ft. Lauderdale Units 1, 2 and 3 exceeded the estimated cost provided for in the dismantlement reserve, thus resulting in a \$1,219,898 reserve

deficiency. In addition, the Palatka units are currently being dismantled and an additional \$6,942,404 is expected to be necessary to complete the process. Since the Ft. Lauderdale and Palatka units are no longer in service, the additional dismantlement provisions should be provided for as quickly as practicable. FPL has recommended that these provisions should be made in 1995. We agree.

Based on the foregoing, we have determined that the appropriate annual System provision is \$25,124,408, effective January 1, 1995, for the year 1995, and \$16,962,106, effective January 1, 1996, for 1996 through 1998, as shown on Attachment A. This is a reduction of \$673,895 from the preliminary accrual due, primarily, to the revised contingency factor.

Pursuant to Order No. 24741, issued on July 1, 1991, in Docket No. 890186, site-specific dismantlement studies must be filed at least once every four years in connection with each electric utility's required comprehensive depreciation study. In Order No. PSC-93-0211-FOF-EI, we allowed FPL to file its current fossil dismantlement studies in December, 1994, with a January 1, 1995, implementation date, rather than requiring FPL to file the current studies with its 1993 depreciation rate study. FPL now requests approval to file its next dismantlement studies four years from the filing date of its current dismantlement studies, rather than with its next depreciation rate study in December, 1997. The same personnel at FPL prepare both of these studies, and the one year lag between the two filing dates is expected to level their workload. FPL's proposal is reasonable and is, therefore, approved. FPL is hereby ordered to file its next dismantlement studies no later than December 29, 1998.

Based on the foregoing, it is

ORDERED that Florida Power & Light Company's annual provisions for fossil dismantlement are revised as set forth in the body of this Order. It is further

ORDERED that Florida Power & Light Company shall file its next fossil dismantlement studies no later than December 29, 1998.

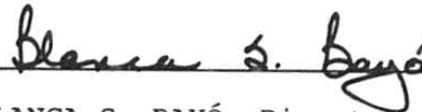
ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth

ORDER NO. PSC-95-1532-FOF-EI
DOCKET NO. 941343-EI
PAGE 4

in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, this 12th day of December, 1995.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

BC

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 2, 1996.

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.

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 substantially 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.

FLORIDA POWER AND LIGHT COMPANY
FOSSIL DISMANTLEMENT
ANNUAL ACCRUAL COMPARISON

SITE	PRELIMINARY PROVISION (\$)	STAFF RECOMMENDED PROVISION (\$)	INCREASE (DECREASE) (\$)
Cape Canaveral	1,021,650	952,728	(68,922)
Cutler	450,249	277,892	(172,357)
Ft. Myers	1,921,490	1,748,233	(173,257)
Manatee	1,666,869	1,487,314	(179,555)
Martin	2,517,015	2,328,245	(188,770)
Palatka	7,342,994	6,942,404 *	(400,590)
Pt. Everglades	2,469,691	2,234,289	(235,402)
Riviera	891,232	905,038	13,806
Sanford	2,086,905	1,905,504	(181,401)
Scherer	1,035,414	985,485	(49,929)
SJRPP	651,748	598,872	(52,876)
Turkey Point	1,511,095	1,428,657	(82,438)
Ft. Lauderdale Units 4 & 5 Reserve Deficiency	877,904	919,652 1,219,898 *	41,748 1,219,898
Martin	694,293	636,869	(57,424)
Putnam	504,096	420,865	(83,231)
Ft. Lauderdale GT's	20,998	16,415	(4,583)
Ft. Meyers GT's	114,652	102,600	(12,052)
Pt. Everglades GT's	20,008	13,448	(6,560)
TOTAL	25,798,303	25,124,408	(673,895)

* Accrual for 1995 only.