

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of ) DOCKET NO. 900794-EI  
Change in Depreciation Rates for )  
Martin and Turkey Point )  
Generating Site, to become )  
effective 1-1-91, by Florida )  
Power and Light Company. )  
\_\_\_\_\_)  
In Re: Request for change in ) DOCKET NO. 901001-EI  
Depreciation Rates for Putnam and )  
St. Johns River Power Park )  
generating stations by Florida )  
Power and Light Company. )  
\_\_\_\_\_)  
In Re: 1991 Depreciation Study )  
for Florida Power and Light ) DOCKET NO. 910081-EI  
Company. ) ORDER NO. PSC-93-0211-FOF-EI  
\_\_\_\_\_) ISSUED: 02/10/93

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
THOMAS M. BEARD  
LUIS J. LAUREDO

ORDER GRANTING PARTIAL WAIVER AND  
APPROVING ACCOUNTING TREATMENT

BY THE COMMISSION:

On November 12, 1992, this Commission entered Order No. PSC-92-1303-FOF-EI, approving depreciation and dismantlement rates for Florida Power and Light Company (FPL). Also, in that Order the Commission required FPL to file an updated comprehensive depreciation study by June 1993 with an effective date of January 1, 1993. The new study is an effort by the Commission to recognize any catastrophic effects of Hurricane Andrew on FPL's operations and plant. Subsequently, on November 30, 1992, FPL filed a request that the Commission waive the June 1993 comprehensive depreciation study deadline.

FPL argues that the June 1993 deadline is impractical and unrealistic due to 1) the current valuation of the effects of Hurricane Andrew and 2) the time and personnel it needs to prepare a comprehensive study. FPL's request provided two alternative filing schedules for the Commission's consideration.

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FPL characterizes these alternative schedules as "accelerated" since a company normally has four years to file a comprehensive study and, according to FPL, the alternatives will result in studies for all functions in about two years. The first alternative offered by FPL is the filing of a transmission distribution and general study by December 1993 with an effective date of January 1, 1994; Nuclear Plants by December 1993, with an effective date of January 1, 1994; and Fossil Plants (depreciation and dismantlement) by December 1994, with an effective date of January 1, 1995. The second alternative calls for a complete comprehensive study covering all functions of plant to be filed by December 1994, with an effective date of January 1, 1995.

Our Staff suggests another alternative, a December 1993 filing date with a January 1, 1994 implementation of the depreciation study covering production, transmission, distribution and general plant. Dismantlement studies and decommissioning studies would be deferred until December 1994 with a January 1, 1995 implementation date. This would allow a comprehensive review of depreciation parameters for all categories of plant at the same time while allowing the review of extraordinary removal costs (fossil dismantlement and nuclear decommissioning) at a later time.

FPL at the agenda conference agreed with Staff's alternative and we are inclined to agree and find that its approval is in the public interest.

#### ACCOUNTING TREATMENT

Also in connection with the effects of Hurricane Andrew, FPL has requested approval of accounting treatment to record cost of removal and the cost of new plant at a normal or "fair" cost and to charge the remaining excess cost to maintenance expense.

FPL indicates that due to the necessity of restoring property damaged by Hurricane Andrew without delay, abnormal expenditures have been incurred. As an example, employees may have been working overtime to restore overhead lines. Under normal circumstances, no overtime pay would be incurred. Therefore, the difference between the straight-time pay and overtime pay would be considered "abnormal" and be charged to maintenance expense.

We agree with our Staff that FPL's request should be granted. We also agree that the abnormal cost charged to maintenance expense should be offset first by any insurance proceeds received. We further agree with FPL that the remaining insurance proceeds should then be applied to adjust the plant accounts so that the value of the replacement plant is equal to the gross book value of the

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replaced plant prior to the damages caused by Hurricane Andrew. In addition we are requiring that FPL maintain adequate records so that a review of the appropriateness of the cost considered "normal" may be made by the Staff.

In connection with the accounting treatment, we are requiring that FPL provide a report by August 1, 1993 detailing the costs incurred and the disposition of insurance proceeds and the monies obtained from FPL's storm damage fund through the period ending June 30, 1993. Thereafter, we will expect by December 31, 1993 a comprehensive report outlining both the costs described in the August 1st report and any subsequent additional costs incurred through December 1, 1993.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the request for waiver filed by Florida Power and Light Company is granted as modified in the body of this Order. It is further

ORDERED that Florida Power and Light Company's request for accounting treatment as described in the body of this Order is approved. It is further

ORDERED that Florida Power and Light Company shall file with this Commission a report by August 1, 1993 detailing the costs incurred and the disposition of insurance proceeds and monies obtained from its storm damage fund through June 30, 1993, and by December 31, 1993 another report outlining the costs described in the August report and any subsequent additional costs incurred. It is further

ORDERED that these dockets shall be closed.

By ORDER of the Florida Public Service Commission this 10th day of February, 1993.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

MRC:bmi

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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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.