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May 13, 2005

-VIA HAND DELIVERY-

Blanca S. Bayó
Director, Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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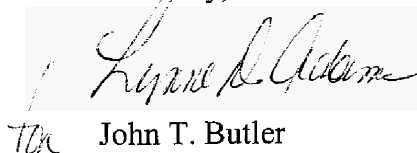
Re: Docket Nos. 050045-EI and 050188-EI

Dear Ms. Bayó:

I am enclosing for filing in the above consolidated dockets the original and twenty-five (25) copies of the prefiled supplemental direct testimony and exhibit of Florida Power & Light Company ("FPL") witness K. Michael Davis, which presents for Commission approval the 2005 comprehensive depreciation study that FPL filed on March 17, 2005 in Docket 050188-EI.

If there are any questions regarding this transmittal, please contact me at 305-577-2939.

Sincerely,



John T. Butler

CMP _____
COM 5
CTR org
ECF _____
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CERTIFICATE OF SERVICE
Docket Nos. 050045-EI AND 050188-EI

I **HEREBY CERTIFY** that a true and correct copy of the prefiled supplemental direct testimony and exhibit of Florida Power & Light Company witness K. Michael Davis have been furnished by United States Mail this 13th day of May, 2005, to the following:

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**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

**DOCKET NOS. 050045-EI AND 050188-EI
FLORIDA POWER & LIGHT COMPANY**

MAY 13, 2005

**IN RE: PETITION FOR RATE INCREASE BY FLORIDA
POWER & LIGHT COMPANY
AND
IN RE: 2005 COMPREHENSIVE DEPRECIATION STUDY
BY FLORIDA POWER & LIGHT COMPANY**

SUPPLEMENTAL TESTIMONY & EXHIBIT OF:

K. MICHAEL DAVIS

DOCUMENT NUMBER-DATE

04693 MAY 13 05

FPSC-COMMISSION CLERK

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **SUPPLEMENTAL DIRECT TESTIMONY OF K. MICHAEL DAVIS**

4 **DOCKET NOS. 050188-EI AND 050045-EI**

5

6 **Q. Please state your name and business address.**

7 A. My name is K. Michael Davis, my business address is 9250 West Flagler Street,
8 Miami, Florida 33174.

9 **Q. Are you the same K. Michael Davis who filed testimony in Docket No.**
10 **050045-EI?**

11 A. Yes.

12 **Q. Are you sponsoring an exhibit with your testimony?**

13 A. Yes. I am sponsoring Document No. KMD-9, Florida Power & Light Company's
14 Proposed Depreciation Rates. Document No. KMD-9 presents the results of the
15 2005 Study, which is incorporated by reference into the exhibit and into this
16 testimony.

17 **Q. What is the purpose of your supplemental direct testimony in these dockets?**

18 A. The purpose of my supplemental direct testimony is to present for FPSC approval
19 the 2005 comprehensive depreciation study filed on March 17, 2005 in Docket
20 050188-EI (2005 Study). The Commission originally assigned Docket No.
21 050188-EI to the review the of 2005 study and subsequently consolidated that
22 review with Docket No. 050045-EI. My testimony will confirm that the 2005
23 Study was prepared in accordance with Commission rules and practices. I will

1 describe how the depreciation rates for Production Plant sites and the
2 Transmission, Distribution and General plant accounts were calculated. I will also
3 address the capital recovery schedule for the St. Lucie Unit No. 2 steam generator
4 replacement and the reactor head replacements at all of the nuclear units. I will
5 explain how FPL's method of handling the retirements associated with these
6 replacement activities is consistent with Commission practice. Finally, I will
7 address how FPL's current bottom line reserve has been addressed consistent with
8 Commission directive.

9 **Q. What are the Commission's requirements as to when FPL must file revised**
10 **depreciation rates?**

11 A. Under FPSC Rule No. 25-6.0436, Florida Administrative Code (Depreciation Rule),
12 each electric utility is required to file a depreciation study for each category of
13 depreciable property for FPSC review at least once every four years. FPL's last
14 approved depreciation study was filed in 1997 in Docket No. 971660-EI. The 2001
15 depreciation study was not filed with the FPSC due to the terms of the settlement
16 agreement in Order No. PSC-02-0501-AS-EI issued April 11, 2002 in Docket No.
17 001148-EI. The FPSC ordered FPL to file a comprehensive depreciation study by
18 October 31, 2005 in Order No. PSC-02-1103-PAA-EI (issued August 12, 2002) in
19 Docket No. 020332-EI, stating:

20
21 Under the Stipulation approved by Order No. PSC-02-0501-AS-EI,
22 issued April 11, 2002, in Docket No. 001148-EI, the earliest possible
23 effective date for a change in the depreciation rates is January 1,
24 2006. Consequently, we find there is good cause to require FPL to
25 file another study less than four years from the date of the study it
26 will file in October of this year. Therefore, FPL is required to file its
27 next depreciation study by October 31, 2005, with an
28 implementation date of January 1, 2006, for new depreciation rates.
29

1 **Q. Does the Depreciation Rule address the need to file a study to support new**
2 **depreciation rates that are to be included in Minimum Filing Requirements**
3 **(MFRs)?**

4 A. Yes. Rule No. 25-6.0436 (8)(c) states:

5
6 A utility proposing an effective date coinciding with the expected
7 date of additional revenues initiated through a rate case proceeding
8 shall submit its depreciation study no later than the filing date of the
9 Minimum Filing Requirements.

10 **Q. Did FPL comply with that requirement?**

11 A. Yes. FPL filed its depreciation study on March 17, 2005.

12 **Q. Do the MFRs that FPL filed in Docket No. 050045-EI reflect the results of the**
13 **2005 Study?**

14 A. Yes.

15 **Q. When did the Commission last establish depreciation rates for FPL?**

16 A. Depreciation rates were last approved in several separate proceedings: in Order No.
17 PSC-99-0073-FOF-EI, Docket No. 971660-EI for the comprehensive depreciation
18 filing; in Order No. PSC-00-2434-PAA-EI, Docket No 001437-EI for repowered Ft.
19 Myers Unit 2; in Order No. PSC-01-1337-PAA-EI, Docket No. 010107-EI for
20 Martin Simple Cycle Unit 8; in Order No. PSC-02-1103-PAA-EI, Docket No.
21 020332-EI for repowered Sanford Unit 5 and the Heat Recovery Steam Generators
22 at Ft. Myers Unit 2; in Order No. PSC-03-0634-PAA-EI, Docket No. 030139-EI for
23 repowered Sanford Unit 4; and in Order No. PSC-03-0869-PAA-EI, Docket No.
24 030512-EI for Ft. Myers Simple Cycle Units 3A and 3B.

25 **Q. What plant and reserve balances were used in the preparation of 2005 Study?**

26 A. The 2005 study was based on plant and reserve balances obtained from FPL's
27 property records system as of September 30, 2004. These balances were then rolled
28 forward to December 31, 2005 based on information contained in the rate filing in

1 Docket No. 050045-EI.

2 **Q. Will the 2005 Study be updated?**

3 A. Yes. FPL will update the 2005 Study to incorporate actual plant and reserve
4 balances as of December 31, 2004, with these balances rolled forward to December
5 31, 2005. The updated filing will be made in June 2005. FPL does not expect the
6 update to change the new depreciation rates appreciably, if at all.

7 **Q. Have the depreciation rates that FPL is proposing in the 2005 Study been
8 calculated in accordance with Commission practice?**

9 A. Yes. FPL has used the “remaining life method” which reflects the recovery of the
10 net book value of the assets over their remaining life. The Commission has
11 consistently approved the application of the remaining life method for FPL in
12 Docket Nos. 910081-EI, 931231-EI, and 971660-EI, the last three times new
13 depreciation rates were established based on comprehensive depreciation studies.
14 The Commission has also approved the use of remaining life rates for individual
15 plant studies filed by FPL.

16 **Q. How does FPL calculate depreciation rates for Production Plant sites?**

17 A. FPL calculates depreciation rates at the account/unit level for its Production Plant
18 sites on a site by site basis. An economic recovery date is established for each
19 generating unit based on a realistic estimate of the anticipated operating life of the
20 facility. These estimates are based on the components of equipment, mainly boiler
21 and turbines for steam and other production plant and on the operating license for
22 the nuclear units. The estimated service lives of the components of equipment for
23 each generating unit are based on analyses by FPL engineers who are familiar with
24 that generating unit. This method ensures that any adjustments to expected lives
25 due to local experience at the plant or planned construction activities are considered.
26 This information on operating lives is then used to compute depreciation rates and

1 ensures a systematic, rational recovery of costs over the remaining service lives of
2 the units.

3 **Q. How are depreciation rates for the Transmission, Distribution and General**
4 **Plant functions calculated?**

5 A. Due to the nature of the property in these functions, the depreciation rates are
6 calculated on an account or sub-account basis. Unlike the production plant function,
7 these functions consist of many items that are similar to one another, but whose
8 lives are not dependent upon each other. These accounts are “open ended” meaning
9 that items placed in service in a given year often have different service lives and the
10 accounts experience relatively continuous additions and retirements. Due to the
11 large amount of property, and myriad of locations involved, this property is not
12 studied at a location basis, but rather on a total account basis.

13
14 In order to estimate the average service life of property in these accounts, FPL
15 utilizes, to the fullest extent possible, actuarial analysis and comparisons to
16 established survivor curves. The actuarial data utilized is FPL's own history of
17 additions to, and retirements from, plant accounts which is obtained from the
18 Company's Property Records System. Actuarial analysis is a statistical approach to
19 evaluate retirements and survivors, similar to the statistical approach used to
20 determine mortality patterns for funding pension plans and determining life
21 insurance premiums. This method is most accurate when used with plant accounts
22 that have a long history and continuous pattern of additions and retirements which is
23 the case for FPL's Transmission, Distribution and General Plant accounts.

24 **Q. How are abnormal retirements handled in the actuarial studies?**

25 A. In the determination of average service life and the net salvage analysis, abnormal
26 retirements are removed from the universe of data in order to eliminate their

1 influence on the life of the population.

2 **Q. Is there anything in the 2005 Study that you would like to discuss further?**

3 A. Yes. FPL has included the allocation of depreciation accruals which are not
4 identified to specific functions or plant accounts (bottom line reserve) to the
5 Nuclear, Transmission and Distribution functions and is proposing a capital
6 recovery schedule related to the St. Lucie Unit No. 2 Steam Generator replacement
7 and the nuclear reactor vessel head replacements at all four of the nuclear units.

8 **Q. Can you please explain the bottom line reserve?**

9 A. The bottom line reserve resulted from Commission Order No. PSC-02-0501-AS-EI
10 in Docket No. 001148-EI authorizing FPL to record a discretionary credit to income
11 of up to \$125 million of depreciation expense per year with the corresponding debit
12 recorded in a bottom line reserve. The amount was approved as part of the 2002
13 Stipulation and Settlement Agreement (2002 Stipulation). Through 2005, under the
14 2002 Stipulation, FPL will have recorded \$500 million to the bottom line reserve.

15 **Q. What did the 2002 Stipulation provide as to the allocation of the bottom line
16 reserve?**

17 A. The amounts recorded in the bottom line reserve would first go to offset an existing
18 \$170.25 million bottom line credit recorded under the prior settlement agreement.
19 The remaining amounts were then to be allocated to reduce any theoretical reserve
20 excesses by account as determined in FPL's depreciation study filed after the term
21 of the 2002 Stipulation.

22 **Q. Does the 2005 Study allocate the bottom line reserve consistent with this
23 direction?**

24 A. Yes. FPL has allocated the bottom line reserve first to offset the \$170.25 million
25 bottom line credit from the previous settlement, as required by the 2002 Stipulation
26 and has allocated the remaining amount totaling \$329.75 million to the Nuclear,

1 Transmission and Distribution theoretical reserve excesses.

2 **Q. What is a capital recovery schedule?**

3 A. A capital recovery schedule is an approved recovery method where unrecovered
4 investment, including net removal costs, associated with a specific, significant,
5 planned near term retirement, is excluded from the depreciation study and amortized
6 over a shorter time period designed to better match the costs of the assets with their
7 in service period.

8 **Q. Please describe the capital recovery schedules FPL is proposing in the 2005
9 Study.**

10 A. FPL is requesting that the remaining net book value and anticipated removal costs
11 associated with the steam generator replacement at St. Lucie Unit No. 2 and the
12 reactor vessel head replacements at the four nuclear units be included in a capital
13 recovery schedule to be recovered over a four year period. The estimated amount to
14 be recovered, including the removal cost is approximately \$102.8 million which will
15 equal \$25.7 million annually.

16 **Q. Why is FPL proposing the capital recovery schedule?**

17 A. The Commission in past orders has directed FPL to set up capital recovery
18 schedules for major interim retirements. The Commission's position has been that
19 the cost should be paid for by the customers who received the benefits of these
20 assets and not future customers. The four year amortization more closely aligns
21 recovery with the customers who received the benefits.

22 **Q. Would you please give examples of situations where such recovery schedules
23 have been approved by the Commission?**

24 A. Yes. In Docket No. 931231-EI, the Commission ordered a capital recovery
25 schedule for the remaining net book value and removal cost associated with St.
26 Lucie Unit 1 Steam Generator replacement. And in Docket No. 971660-EI, the

1 Commission approved the recovery of the net book value of the assets to be retired
2 associated with the repowering of the Ft. Myers and Sanford units.

3 **Q. What effective date are you requesting for the new depreciation rates?**

4 A. FPL is requesting that the approved depreciation rates be effective on January
5 1, 2006, consistent with Order No. PSC-02-0501-AS-EI.

6 **Q. Have you prepared a summary of the new depreciation rates by account?**

7 A. Yes. KMD-9 presents this summary by function, by site and by plant account for
8 Production property and by plant/sub-account for Transmission, Distribution and
9 General Plant property.

10 **Q. Does this conclude your testimony?**

11 A. Yes, it does.

12

13

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16

17

**Depreciation
 Rates as Proposed
 in Dockets 050188-EI
 and 050045-EI**

Site/Unit/Account

Steam Function

Cape Canaveral

Common Plant

Account 311 - Structures & Improvements	1.7%
Account 312 - Boiler Plant Equipment	1.3%
Account 314 - Turbogenerator Units	0.7%
Account 315 - Accessory Electric Equipment	1.9%
Account 316 - Miscellaneous Power Plant Equipment	2.8%

Unit 1

Account 311 - Structures & Improvements	2.0%
Account 312 - Boiler Plant Equipment	1.4%
Account 314 - Turbogenerator Units	0.6%
Account 315 - Accessory Electric Equipment	1.9%
Account 316 - Miscellaneous Power Plant Equipment	0.4%

Unit 2

Account 311 - Structures & Improvements	1.3%
Account 312 - Boiler Plant Equipment	1.1%
Account 314 - Turbogenerator Units	0.5%
Account 315 - Accessory Electric Equipment	1.3%
Account 316 - Miscellaneous Power Plant Equipment	0.3%

Cutler

Common Plant

Account 311 - Structures & Improvements	n/a (see footnote)
Account 312 - Boiler Plant Equipment	n/a (see footnote)
Account 314 - Turbogenerator Units	n/a (see footnote)
Account 315 - Accessory Electric Equipment	n/a (see footnote)
Account 316 - Miscellaneous Power Plant Equipment	n/a (see footnote)

Unit 5

Account 311 - Structures & Improvements	n/a (see footnote)
Account 312 - Boiler Plant Equipment	n/a (see footnote)
Account 314 - Turbogenerator Units	n/a (see footnote)
Account 315 - Accessory Electric Equipment	n/a (see footnote)
Account 316 - Miscellaneous Power Plant Equipment	n/a (see footnote)

Unit 6

Account 311 - Structures & Improvements	n/a (see footnote)
Account 312 - Boiler Plant Equipment	n/a (see footnote)
Account 314 - Turbogenerator Units	n/a (see footnote)
Account 315 - Accessory Electric Equipment	n/a (see footnote)
Account 316 - Miscellaneous Power Plant Equipment	n/a (see footnote)

**Depreciation
 Rates as Proposed
 in Dockets 050188-EI
 and 050045-EI**

Site/Unit/Account

Manatee

Common Plant

Account 311 - Structures & Improvements	4.9%
Account 312 - Boiler Plant Equipment	14.1%
Account 314 - Turbogenerator Units	0.4%
Account 315 - Accessory Electric Equipment	3.7%
Account 316 - Miscellaneous Power Plant Equipment	6.0%

Unit 1

Account 311 - Structures & Improvements	4.1%
Account 312 - Boiler Plant Equipment	4.8%
Account 314 - Turbogenerator Units	3.7%
Account 315 - Accessory Electric Equipment	3.6%
Account 316 - Miscellaneous Power Plant Equipment	2.7%

Unit 2

Account 311 - Structures & Improvements	4.1%
Account 312 - Boiler Plant Equipment	4.0%
Account 314 - Turbogenerator Units	3.0%
Account 315 - Accessory Electric Equipment	3.6%
Account 316 - Miscellaneous Power Plant Equipment	2.6%

Martin

Common Plant

Account 311 - Structures & Improvements	1.7%
Account 312 - Boiler Plant Equipment	4.1%
Account 314 - Turbogenerator Units	0.8%
Account 315 - Accessory Electric Equipment	1.3%
Account 316 - Miscellaneous Power Plant Equipment	3.2%

Unit 1

Account 311 - Structures & Improvements	1.5%
Account 312 - Boiler Plant Equipment	1.8%
Account 314 - Turbogenerator Units	1.3%
Account 315 - Accessory Electric Equipment	1.3%
Account 316 - Miscellaneous Power Plant Equipment	0.6%

Unit 2

Account 311 - Structures & Improvements	1.5%
Account 312 - Boiler Plant Equipment	1.5%
Account 314 - Turbogenerator Units	0.8%
Account 315 - Accessory Electric Equipment	1.5%
Account 316 - Miscellaneous Power Plant Equipment	0.7%

<u>Site/Unit/Account</u>	Depreciation Rates as Proposed in Dockets 050188-EI and 050045-EI
<u>Martin Steam Pipeline</u>	
Account 312 - Boiler Plant Equipment	0.0%
<u>Port Everglades Common Plant</u>	
Account 311 - Structures & Improvements	2.7%
Account 312 - Boiler Plant Equipment	2.2%
Account 314 - Turbogenerator Units	1.4%
Account 315 - Accessory Electric Equipment	2.3%
Account 316 - Miscellaneous Power Plant Equipment	1.3%
<u>Unit 1</u>	
Account 311 - Structures & Improvements	2.6%
Account 312 - Boiler Plant Equipment	6.7%
Account 314 - Turbogenerator Units	1.4%
Account 315 - Accessory Electric Equipment	2.0%
Account 316 - Miscellaneous Power Plant Equipment	1.0%
<u>Unit 2</u>	
Account 311 - Structures & Improvements	2.6%
Account 312 - Boiler Plant Equipment	6.1%
Account 314 - Turbogenerator Units	1.5%
Account 315 - Accessory Electric Equipment	2.1%
Account 316 - Miscellaneous Power Plant Equipment	1.7%
<u>Unit 3</u>	
Account 311 - Structures & Improvements	2.6%
Account 312 - Boiler Plant Equipment	4.0%
Account 314 - Turbogenerator Units	1.5%
Account 315 - Accessory Electric Equipment	2.2%
Account 316 - Miscellaneous Power Plant Equipment	1.0%
<u>Unit 4</u>	
Account 311 - Structures & Improvements	2.6%
Account 312 - Boiler Plant Equipment	3.6%
Account 314 - Turbogenerator Units	1.4%
Account 315 - Accessory Electric Equipment	2.1%
Account 316 - Miscellaneous Power Plant Equipment	1.3%

**Depreciation
Rates as Proposed
in Dockets 050188-EI
and 050045-EI**

Site/Unit/Account

Riviera

Common Plant

Account 311 - Structures & Improvements	1.9%
Account 312 - Boiler Plant Equipment	0.4%
Account 314 - Turbogenerator Units	0.6%
Account 315 - Accessory Electric Equipment	1.4%
Account 316 - Miscellaneous Power Plant Equipment	2.1%

Unit 3

Account 311 - Structures & Improvements	1.9%
Account 312 - Boiler Plant Equipment	1.7%
Account 314 - Turbogenerator Units	0.6%
Account 315 - Accessory Electric Equipment	1.5%
Account 316 - Miscellaneous Power Plant Equipment	0.3%

Unit 4

Account 311 - Structures & Improvements	1.9%
Account 312 - Boiler Plant Equipment	1.4%
Account 314 - Turbogenerator Units	0.6%
Account 315 - Accessory Electric Equipment	1.4%
Account 316 - Miscellaneous Power Plant Equipment	0.3%

Sanford

Unit 3

Account 311 - Structures & Improvements	4.0%
Account 312 - Boiler Plant Equipment	3.6%
Account 314 - Turbogenerator Units	2.8%
Account 315 - Accessory Electric Equipment	3.5%
Account 316 - Miscellaneous Power Plant Equipment	2.3%

Scherer

Common Plant [Units 1 - 4]

Account 311 - Structures & Improvements	1.6%
Account 312 - Boiler Plant Equipment	1.6%
Account 314 - Turbogenerator Units	1.0%
Account 315 - Accessory Electric Equipment	1.3%
Account 316 - Miscellaneous Power Plant Equipment	1.0%

Common [Units 3 & 4]

Account 311 - Structures & Improvements	1.9%
Account 312 - Boiler Plant Equipment	1.8%
Account 314 - Turbogenerator Units	0.9%
Account 315 - Accessory Electric Equipment	1.1%
Account 316 - Miscellaneous Power Plant Equipment	n/a

**Depreciation
 Rates as Proposed
 in Dockets 050188-EI
 and 050045-EI**

Site/Unit/Account

Scherer

Unit 4

Account 311 - Structures & Improvements	2.2%
Account 312 - Boiler Plant Equipment	1.9%
Account 314 - Turbogenerator Units	1.5%
Account 315 - Accessory Electric Equipment	2.3%
Account 316 - Miscellaneous Power Plant Equipment	1.8%

Coal Cars

Account 312 - Boiler Plant Equipment	7.0%
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St. Johns River Power Park

Common Plant

Account 311 - Structures & Improvements	3.1%
Account 312 - Boiler Plant Equipment	2.0%
Account 314 - Turbogenerator Units	2.2%
Account 315 - Accessory Electric Equipment	1.3%
Account 316 - Miscellaneous Power Plant Equipment	0.6%

Coal & Limestone

Account 311 - Structures & Improvements	2.7%
Account 312 - Boiler Plant Equipment	2.5%
Account 314 - Turbogenerator Units	n/a
Account 315 - Accessory Electric Equipment	1.6%
Account 316 - Miscellaneous Power Plant Equipment	1.0%

Gypsum & Ash Handling

Account 311 - Structures & Improvements	3.4%
Account 312 - Boiler Plant Equipment	0.9%
Account 314 - Turbogenerator Units	n/a
Account 315 - Accessory Electric Equipment	2.4%
Account 316 - Miscellaneous Power Plant Equipment	1.4%

Unit 1

Account 311 - Structures & Improvements	2.4%
Account 312 - Boiler Plant Equipment	2.2%
Account 314 - Turbogenerator Units	2.4%
Account 315 - Accessory Electric Equipment	1.6%
Account 316 - Miscellaneous Power Plant Equipment	2.4%

**Depreciation
Rates as Proposed
in Dockets 050188-EI
and 050045-EI**

Site/Unit/Account

St. Johns River Power Park

Unit 2

Account 311 - Structures & Improvements	2.5%
Account 312 - Boiler Plant Equipment	2.3%
Account 314 - Turbogenerator Units	2.3%
Account 315 - Accessory Electric Equipment	1.9%
Account 316 - Miscellaneous Power Plant Equipment	2.1%

Coal Cars

Account 312 - Boiler Plant Equipment	0.0%
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Turkey Point Steam

Common Plant

Account 311 - Structures & Improvements	2.3%
Account 312 - Boiler Plant Equipment	2.1%
Account 314 - Turbogenerator Units	1.2%
Account 315 - Accessory Electric Equipment	2.1%
Account 316 - Miscellaneous Power Plant Equipment	1.0%

Unit 1

Account 311 - Structures & Improvements	2.5%
Account 312 - Boiler Plant Equipment	2.0%
Account 314 - Turbogenerator Units	1.4%
Account 315 - Accessory Electric Equipment	2.2%
Account 316 - Miscellaneous Power Plant Equipment	1.0%

Unit 2

Account 311 - Structures & Improvements	2.1%
Account 312 - Boiler Plant Equipment	1.8%
Account 314 - Turbogenerator Units	1.2%
Account 315 - Accessory Electric Equipment	1.9%
Account 316 - Miscellaneous Power Plant Equipment	0.9%

Other Production Function

Ft. Lauderdale

Common Plant

Account 341 - Structures & Improvements	4.1%
Account 342 - Fuel Holders, Producers & Accessories	4.4%
Account 343 - Prime Movers	1.8%
Account 344 - Generators	3.5%
Account 345 - Accessory Electric Equipment	4.1%
Account 346 - Miscellaneous Power Plant Equipment	2.3%

**Depreciation
Rates as Proposed
in Dockets 050188-EI
and 050045-EI**

Site/Unit/Account**Ft. Lauderdale****Unit 4**

Account 341 - Structures & Improvements	1.7%
Account 342 - Fuel Holders, Producers & Accessories	4.4%
Account 343 - Prime Movers	5.0%
Account 344 - Generators	4.9%
Account 345 - Accessory Electric Equipment	4.0%
Account 346 - Miscellaneous Power Plant Equipment	1.1%

Ft. Lauderdale**Unit 5**

Account 341 - Structures & Improvements	3.0%
Account 342 - Fuel Holders, Producers & Accessories	4.7%
Account 343 - Prime Movers	3.7%
Account 344 - Generators	3.9%
Account 345 - Accessory Electric Equipment	3.8%
Account 346 - Miscellaneous Power Plant Equipment	1.1%

Ft. Myers Combined Cycle**Common Plant**

Account 341 - Structures & Improvements	3.5%
Account 342 - Fuel Holders, Producers & Accessories	3.4%
Account 343 - Prime Movers	5.1%
Account 344 - Generators	3.5%
Account 345 - Accessory Electric Equipment	4.5%
Account 346 - Miscellaneous Power Plant Equipment	3.4%

Unit 2

Account 341 - Structures & Improvements	3.5%
Account 342 - Fuel Holders, Producers & Accessories	3.8%
Account 343 - Prime Movers	5.5%
Account 344 - Generators	4.0%
Account 345 - Accessory Electric Equipment	4.6%
Account 346 - Miscellaneous Power Plant Equipment	3.3%

Unit 3

Account 341 - Structures & Improvements	4.3%
Account 342 - Fuel Holders, Producers & Accessories	3.9%
Account 343 - Prime Movers	5.6%
Account 344 - Generators	4.1%
Account 345 - Accessory Electric Equipment	4.8%
Account 346 - Miscellaneous Power Plant Equipment	3.8%

**Depreciation
Rates as Proposed
in Dockets 050188-EI
and 050045-EI**

Site/Unit/Account

Martin Combined Cycle

Common Plant

Account 341 - Structures & Improvements	3.4%
Account 342 - Fuel Holders, Producers & Accessories	3.8%
Account 343 - Prime Movers	3.5%
Account 344 - Generators	n/a
Account 345 - Accessory Electric Equipment	3.8%
Account 346 - Miscellaneous Power Plant Equipment	1.0%

Unit 3

Account 341 - Structures & Improvements	4.0%
Account 342 - Fuel Holders, Producers & Accessories	4.1%
Account 343 - Prime Movers	5.8%
Account 344 - Generators	3.9%
Account 345 - Accessory Electric Equipment	7.5%
Account 346 - Miscellaneous Power Plant Equipment	3.8%

Unit 4

Account 341 - Structures & Improvements	4.6%
Account 342 - Fuel Holders, Producers & Accessories	4.6%
Account 343 - Prime Movers	5.7%
Account 344 - Generators	3.8%
Account 345 - Accessory Electric Equipment	8.8%
Account 346 - Miscellaneous Power Plant Equipment	4.4%

Martin Pipeline

Account 342	0.0%
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Unit 8

Account 341 - Structures & Improvements	5.5%
Account 342 - Fuel Holders, Producers & Accessories	3.8%
Account 343 - Prime Movers	5.8%
Account 344 - Generators	4.1%
Account 345 - Accessory Electric Equipment	4.5%
Account 346 - Miscellaneous Power Plant Equipment	3.8%

Putnam

Common Plant

Account 341 - Structures & Improvements	4.1%
Account 342 - Fuel Holders, Producers & Accessories	3.7%
Account 343 - Prime Movers	6.3%
Account 344 - Generators	3.8%
Account 345 - Accessory Electric Equipment	4.2%
Account 346 - Miscellaneous Power Plant Equipment	3.7%

Unit 1

Account 341 - Structures & Improvements	4.5%
Account 342 - Fuel Holders, Producers & Accessories	4.1%
Account 343 - Prime Movers	5.2%
Account 344 - Generators	5.4%
Account 345 - Accessory Electric Equipment	4.3%
Account 346 - Miscellaneous Power Plant Equipment	4.1%

**Depreciation
Rates as Proposed
in Dockets 050188-EI
and 050045-EI**

Site/Unit/Account

Putnam

Unit 2

Account 341 - Structures & Improvements	4.4%
Account 342 - Fuel Holders, Producers & Accessories	4.1%
Account 343 - Prime Movers	5.4%
Account 344 - Generators	6.6%
Account 345 - Accessory Electric Equipment	4.2%
Account 346 - Miscellaneous Power Plant Equipment	4.1%

Sanford Combined Cycle

Common Plant

Account 341 - Structures & Improvements	3.3%
Account 342 - Fuel Holders, Producers & Accessories	1.7%
Account 343 - Prime Movers	5.9%
Account 344 - Generators	n/a
Account 345 - Accessory Electric Equipment	2.1%
Account 346 - Miscellaneous Power Plant Equipment	1.6%

Unit 4

Account 341 - Structures & Improvements	3.3%
Account 342 - Fuel Holders, Producers & Accessories	3.7%
Account 343 - Prime Movers	5.6%
Account 344 - Generators	4.5%
Account 345 - Accessory Electric Equipment	4.5%
Account 346 - Miscellaneous Power Plant Equipment	3.6%

Unit 5

Account 341 - Structures & Improvements	3.9%
Account 342 - Fuel Holders, Producers & Accessories	3.8%
Account 343 - Prime Movers	5.7%
Account 344 - Generators	3.8%
Account 345 - Accessory Electric Equipment	4.8%
Account 346 - Miscellaneous Power Plant Equipment	3.8%

Gas Turbines

Ft. Lauderdale

Account 341 - Structures & Improvements	2.2%
Account 342 - Fuel Holders, Producers & Accessories	4.5%
Account 343 - Prime Movers	2.2%
Account 344 - Generators	1.1%
Account 345 - Accessory Electric Equipment	1.1%
Account 346 - Miscellaneous Power Plant Equipment	0.6%

**Depreciation
 Rates as Proposed
 in Dockets 050188-EI
 and 050045-EI**

Site/Unit/Account

Gas Turbines

Ft. Myers

Account 341 - Structures & Improvements	2.1%
Account 342 - Fuel Holders, Producers & Accessories	5.0%
Account 343 - Prime Movers	3.1%
Account 344 - Generators	1.9%
Account 345 - Accessory Electric Equipment	2.9%
Account 346 - Miscellaneous Power Plant Equipment	2.0%

Gas Turbines

Port Everglades

Account 341 - Structures & Improvements	1.5%
Account 342 - Fuel Holders, Producers & Accessories	5.1%
Account 343 - Prime Movers	2.6%
Account 344 - Generators	1.6%
Account 345 - Accessory Electric Equipment	0.6%
Account 346 - Miscellaneous Power Plant Equipment	0.0%

Nuclear Function

St. Lucie

Common Plant

Account 321 - Structures & Improvements	1.4%
Account 322 - Reactor Plant Equipment	3.1%
Account 323 - Turbogenerator Units	6.4%
Account 324 - Accessory Electric Equipment	1.2%
Account 325 - Miscellaneous Power Plant Equipment	2.5%

Unit 1

Account 321 - Structures & Improvements	1.1%
Account 322 - Reactor Plant Equipment	1.8%
Account 323 - Turbogenerator Units	1.2%
Account 324 - Accessory Electric Equipment	1.7%
Account 325 - Miscellaneous Power Plant Equipment	1.0%

Unit 2

Account 321 - Structures & Improvements	1.0%
Account 322 - Reactor Plant Equipment	1.1%
Account 323 - Turbogenerator Units	1.9%
Account 324 - Accessory Electric Equipment	1.6%
Account 325 - Miscellaneous Power Plant Equipment	1.3%

**Depreciation
Rates as Proposed
in Dockets 050188-EI
and 050045-EI**

Site/Unit/Account

Nuclear Function

Turkey Point

Common Plant

Account 321 - Structures & Improvements	1.1%
Account 322 - Reactor Plant Equipment	1.5%
Account 323 - Turbogenerator Units	1.4%
Account 324 - Accessory Electric Equipment	0.9%
Account 325 - Miscellaneous Power Plant Equipment	1.2%

Unit 3

Account 321 - Structures & Improvements	0.8%
Account 322 - Reactor Plant Equipment	1.3%
Account 323 - Turbogenerator Units	1.5%
Account 324 - Accessory Electric Equipment	1.0%
Account 325 - Miscellaneous Power Plant Equipment	1.4%

Unit 4

Account 321 - Structures & Improvements	0.8%
Account 322 - Reactor Plant Equipment	1.5%
Account 323 - Turbogenerator Units	1.9%
Account 324 - Accessory Electric Equipment	1.0%
Account 325 - Miscellaneous Power Plant Equipment	1.7%

Transmission Function

Account 350.2 - Easements	2.3%
Account 352.0 - Structures & Improvements	2.5%
Account 353.0 - Station Equipment	2.8%
Account 353.1 - Station Equipment - Step-Up Transformers	3.0%
Account 354.0 - Towers & Fixtures	2.5%
Account 355.0 - Poles & Fixtures	3.6%
Account 356.0 - Overhead Conductors and Devices	3.2%
Account 357.0 - Underground Conduit	1.8%
Account 358.0 - Underground Conductors & Devices	2.6%
Account 359.0 - Roads & Trails	2.1%

Distribution Function

Account 361.0 Structures & Improvements	2.6%
Account 362.0 Station Equipment	2.8%
Account 364.0 Poles, Towers & Fixtures	4.0%
Account 365.0 OH Conductors & Devices	4.2%
Account 366.6 - Underground Conduit - Duct Systems	2.3%
Account 366.7 - Underground Conduit - Direct Buried	2.3%
Account 367.6 Underground Cond. & Devices in Duct	2.7%
Account 367.7 - Underground Cond. & Devices - Direct Buried	2.4%
Account 368.0 - Line Transformers	4.8%
Account 369.1 - Services - Overhead	4.6%
Account 369.7 - Services - Underground	3.1%
Account 370.0 - Meters	4.0%
Account 371.0 - Installations on Customer Premises	6.2%
Account 373.0 - Street Light & Signal Systems	6.1%

<u>Site/Unit/Account</u>	Depreciation Rates as Proposed in Dockets 050188-EI and 050045-EI
<u>General Plant Function</u>	
Account 390.0 - Structures & Improvements	2.7%
Account 392.0 - Aircraft - Rotary Wing	7.5%
Account 392.0 - Aircraft - Fixed Wing	7.8%
Account 392.1 - Transportation - Automobiles	14.5%
Account 392.2 - Transportation - Light Trucks	11.8%
Account 392.3 - Transportation-Heavy Trucks	11.7%
Account 392.4 - Transportation - Tractor-Trailers	9.5%
Account 392.9 - Transportation - Trailers	5.1%
Account 396.1 - Power Operated Equipment - Transportation	10.6%
Account 396.8 - Other Power Operated Equipment	4.8%
Account 397.8 - Communications Equipment - Fiber Optic	9.2%

Footnote: The projected reserve ratio for Cutler Site at 12/31/05 is over 100%. Any additions to this site should be amortized over its remaining life.