

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request of Florida Power & Light Company for approval of new depreciation rates for Unit 2 of St. John's River Power Park and Enhancements to Units 5 and 6 of the Cutler Plant.)	DOCKET NO. 881373-EI
)	ORDER NO. 20654
)	ISSUED: 1-24-89

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD
 GERALD L. GUNTER
 JOHN T. HERNDON
 MICHAEL MCK. WILSON

ORDER REQUIRING INTERIM TREATMENT OF CERTAIN
 DEPRECIATION EXPENSES

BY THE COMMISSION:

On October 21, 1988, Florida Power & Light Company (FPL) filed with this Commission a request to be allowed to implement depreciation rates by account and by unit for the new second unit at St. Johns River Park (SJRPP) and for Cutler Units 5 and 6 that are returning to service. The three units began or returned to service to the public in 1988.

Our Staff has reviewed FPL's filing in this matter and recommended that, with certain modifications, the Commission approve FPL's request on a preliminary basis. The rates being approved are shown on Attachments 1 and 2 to this Order. The new rates include the cessation of the current Cutler amortization schedule as of December 31, 1988, and the transfer of \$3,033,002 in 1988 expenses from that schedule to a bottom-line Production Plant reserve, with the specific usage to be determined in our final action in this docket. These rates and charges will result in an increase in depreciation expenses of about \$3,897,000 for 1988, and (assuming no other changes) an increase of about \$3,836,000 for 1989. We find it appropriate to approve this treatment, due primarily to our ability to true-up the action taken herein when we issue a final order in this matter. We also find the data supports SJRPP Unit No. 2 being placed into commercial operation on May 27, 1988, and that will be identified as the implementation date for its depreciation rates. Insofar as Cutler is concerned, the presently authorized amortization schedule is being discontinued as of December 31, 1988, and the new depreciation rates shall be implemented as of the units' respective dates of returning to service: For Unit 5 effective November 1, 1988, and for Unit 6 and Cutler, effective June 1, 1988.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the request of Florida Power & Light Company to begin the interim booking of depreciation rates, as modified by this Order and reflected in Attachments 1 and 2 on an interim basis for Unit No. 2 of St. John River Power Park and Units 5 and 6 of Cutler Plant is approved. It is further

DOCUMENT NUMBER-DATE

00865 JAN 24 1989

FPSC-RECORDS/REPORTING

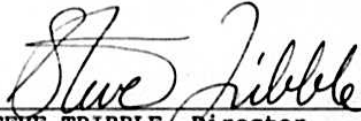
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ORDERED that Florida Power & Light Company shall implement depreciation rates on the dates shown in the body of this Order. It is further

ORDERED that any difference between the interim depreciation rates and expenses approved herein and those approved on a permanent basis shall be trued-up. It is further

ORDERED that Docket No. 881373-EI shall remain open for the purpose of considering the depreciation study filed by Florida Power & Light Company in that docket.

By ORDER of the Florida Public Service Commission,
this 24th day of JANUARY, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC

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ATTACHMENT 1

FLORIDA POWER AND LIGHT CO.
 SJRPP UNIT 2
 (FP&L Ownership 20% of Total)
 PRELIMINARY IMPLEMENTATION OF

DEPRECIATION RATES
 (Effective 5-27-88)

<u>Account</u>	<u>Avg. Svc. Life Yr.s</u>	<u>Avg. Net Salv. %</u>	<u>Whole Life Rate %</u>
311 Struct. and Improv.	32	(25)	3.9
312 Boiler Plt. Equip.	29	(15)	4.0
314 Turbogen. Equip.	29	(10)	3.8
315 Access Plt. Equip.	28	(20)	4.3
316 Misc. Plt. Equip.	12.5	(5)	8.4

DISMANTLEMENT COSTS
 (Effective 5-27-88)

<u>Composite Avg.Svc. Life</u>	<u>Dismantlement Cost</u>	<u>Rate</u>
28.4 yr.s	30%	1.1%

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ATTACHMENT 2

FLORIDA POWER AND LIGHT CO.
 CUTLER COMMON AND UNITS 5 & 6
 PRELIMINARY IMPLEMENTATION OF

DEPRECIATION RATES

(Effective 6-1-88 for Common and #6, 11-1-88 for #5)

<u>Account</u>	<u>Res.</u> <u>%</u>	<u>Avg.</u> <u>Rem.</u> <u>Life</u> <u>Yrs.</u>	<u>Avg.</u> <u>Net</u> <u>Salv.</u> <u>%</u>	<u>Rem.</u> <u>Life</u> <u>Rate</u> <u>%</u>
311 Struct. and Improv.	83.09	10.4	0	1.6
312 Boiler Plt. Equip.	89.86	10.2	0	1.0
314 Turbogen. Equip.	79.25	9.7	0	2.1
315 Access. Plt. Equip.	50.61	10.0	0	4.9
316 Misc. Plt. Equip.	62.21	10.1	0	3.7

DISMANTLEMENT COSTS

(Effective 6-1-88 for Common and #6, 11-1-88 for #5)

Composite		Dismantlement
Avg. Rem.		<u>Cost</u> <u>Rate</u>
<u>Life</u>		10.4% 1.0%
10.0 yrs.		

AMORTIZATION SCHEDULE

To be discontinued as of 12-31-88, with disposition
 of 1988 accruals of \$3,033,002 to be addressed
 in final recommendation.