

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by Florida Power and	)	DOCKET NO.891154-EI
Light Company for approval of	)	ORDER NO. 22457
depreciation rates for St. Johns	)	ISSUED: 1-24-90
River Coal Terminal.	)	
	)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER

PROPOSED AGENCY ACTION  
ORDER APPROVING DEPRECIATION RATES

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.

On September 27, 1989, Florida Power and Light Company (FPL) filed a depreciation study for its St. Johns River Coal Terminal and requested approval of the rates contained in that study.

The St. Johns River Coal Terminal is jointly owned by FPL and Jacksonville Electric Authority. The facility was designed and built to unload ship-borne coal and deliver it through an enclosed conveyer system to the two unit generating site located a few miles away. The terminal was placed in service on January 6, 1989, and depreciation rates should be implemented as of the in-service date.

DOCUMENT NUMBER-DATE  
 00711 JAN 24 1990  
 FPSC-RECORDS/REPORTING

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We find the depreciation rates contained in FPL's depreciation study to be generally reasonable, and with the modifications recommended by Staff in Attachment 1, order that the proposed depreciation rates be implemented. With Staff's modifications, estimated resultant annual expenses will be \$529,502, as shown on Attachment 2. Of this amount, about \$423,295 represents depreciation rates (provision for recovery of the investment and the interim retirement net salvage) and \$106,207 represents dismantlement costs.

This coal terminal was built to high environmental and pollution control standards and there are no historic measures to guide life or salvage estimates. The Company's life and salvage projections were based on the characteristics of the relative investment mix of the various types of equipment comprising each account, and we consider them reasonable. The difference in Company versus Staff interim salvage estimates is due to Staff's calculation of portions of the current investment which are expected to be subject to interim retirement (which is ongoing retirement of individual items between study date and ultimate retirement/dismantlement of the installation).

Dismantlement funds should be accounted for in a separate sub-account for purposes of monitoring and treatment of accrued reserve and/or expenses associated with dismantlement. While we do not agree with FPL's method of calculation of the annual dismantlement rate, its inferred cost of 34% is within the range which might be expected at this time. Staff's recommended 0.9% annual rate is based on a 34% projected dismantlement cost spread over the 40 year anticipated overall life of the installation.

In consideration of the foregoing, it is

ORDERED that the depreciation rates<sup>2</sup> contained in the depreciation study filed by Florida Power and Light Company on September 27, 1989 are hereby approved, subject to the modifications recommended by Staff in Attachments 1 and 2.

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By Order of the Florida Public Service Commission  
this 24th day of JANUARY, 1990.

STEVE TRIBBLE, Director  
Division of Records and Reporting

(S E A L )

(5735L)MAP:bmi

by: Kay Flynn  
Chief, Bureau of Records

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 14, 1990.

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, and as reflected in a subsequent order.

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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 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 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.

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 ATTACHMENT 1  
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FLORIDA POWER AND LIGHT CO.  
 ST. JOHNS RIVER COAL TERMINAL  
 DEPRECIATION RATES AS OF 1-1-89

DEPRECIATION RATES FOR EMBEDDED INVESTMENT  
 AND INTERIM RETIREMENT SALVAGE

ACCOUNT	< COMPANY PROPOSED >			< STAFF RECOMMENDED >		
	WHOLE LIFE	NET SALV.	DEPR. RATE	WHOLE LIFE	NET SALV.	DEPR. RATE
	yrs.	%	%	yrs.	%	%
311 Structures	38.1	(19)	3.1	38	(2)	2.7
312 Stackers/Unloader	28.8	(15)	4.0	29	(13)	3.9
315 Accessory Equip.	34.7	(13)	3.3	35	(5)	3.0
316 Miscellaneous	8.5	4	11.3	8.5	4	11.3

DISMANTLEMENT COSTS

	UNIT	DISM. COSTS	DISMANT. RATE	UNIT	DISM. COSTS	DISMANT. RATE
	AVG. LIFE			TOTAL LIFE		
	YRS.	%	%	YRS.	%	%
(Total installation)	30.6	NA	1.1	40	34	0.9



FLORIDA POWER AND LIGHT CO.  
 ST. JOHNS RIVER COAL TERMINAL  
 DEPRECIATION RATES AS OF 1-1-89  
 (Estimated expenses based on  
 6-30-89 invest.s)

ACCOUNT	6-30-89	< CO. PROPOSED >		< STAFF RECOMM >	
	FP&L INVEST.	DEPR. RATE	EST. EXPENSE	DEPR. RATE	EST EXPENSE
	\$	%	\$	%	\$
311 Structures	3,125,351	3.1	96,886	2.7	84,384
312 Stacker/Unloader	8,461,832	4.0	338,473	3.9	330,011
315 Accessory Equip.	183,496	3.3	6,055	3.0	5,505
316 Miscellaneous	<u>30,046</u>	11.3	<u>3,395</u>	11.3	<u>3,395</u>
	11,800,725		444,809		423,295

	FP&L INVEST.	DISMANTLEMENT RATE	DISMANTLEMENT EXPENSE	DISMANTLEMENT RATE	DISMANTLEMENT EXPENSE
	\$	%	\$	%	\$
Dismantlement costs: (for installation)	\$11,800,725	1.1	129,808	0.9	106,207

.....  
 Total estimated annual  
 depreciation expense \$574,617 \$529,502