

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for Change in) DOCKET NO. 900495-EI
 Depreciation Rates for Fort Myers)
 Power Plant by Florida Power &) ORDER NO. 23914
 Light Company.)
 _____) ISSUED: 12-21-90

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTION

ORDER PRESCRIBING DEPRECIATION
 AND DISMANTLEMENT RATES FOR FLORIDA
 POWER & LIGHT COMPANY'S FORT MYERS POWER PLANT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Power 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.

As part of its filing in this docket, Florida Power & Light Company (FPL or Utility) requested implementation, on a preliminary basis, its proposed depreciation and dismantlement rates for its Fort Myers power plant. By Order No. 23353, FPL was authorized on an interim basis to implement its proposed rates for its Fort Myers power plant effective January 1, 1990. Order No. 23353 also provided that the interim rates should be adjusted, if necessary, upon completion of further review of the study.

Our Staff, upon further review of FPL's study recommended certain modifications to FPL's proposal. These modifications occur in the following dismantlement rate development:

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1. FPL's methodology utilized a "discount" factor, that "gives the customers the credit for the company's use of internal funds generated" by the depreciation accruals. This is similar to the effect of the funding approach used for nuclear decommissioning. However, a reserve for fossil-fuel dismantlement is not funded at this time. Therefore the company's discount factor is not appropriate through the depreciation mechanism.
2. For the gross salvage calculation, our Staff did not use FPL's 10% factor for Administration and Engineering and 15% for Contingencies. For example if estimated gross salvage was \$100, the Utility used \$125, whereas our Staff recommended the use of the estimated gross salvage figure of \$100. The additional \$25 is difficult to justify because gross salvage from the material removed will differ from projections, either negative or positive.
3. There also was a difference in the calculation of the annual rate for provision for dismantlement. Our Staff used the remaining span-of-years for the unit (projected Dismantlement date less study date), which is the projected period for accruing those dismantlement costs. The Utility's use of the remaining life is a shorter period due to expected interim retirements of the various short-lived strata/components.

Having reviewed the Utility's study and considering the modifications proposed by Staff, we find that FPL depreciation and dismantlement rates should be prescribed consistent with Staff's recommendation. The specific rates and components approved by this order are set forth in Attachments 1 through 3 to this Order. The new rates will decrease by about \$686,000 annually those approved by Order No. 23353 and the expenses booked during 1990 shall be trued-up to conform to the rates approved here.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the depreciation and dismantlement rates set forth in Attachments 1 through 3 to this Order are hereby approved for Florida Power & Light Company's Fort Myers power plant. It is further

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ORDERED that this docket be closed if no petition for formal proceeding is timely filed.

By ORDER of the Florida Public Service Commission, this 21st
day of DECEMBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
900495.bmi

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 January 14, 1991.

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.

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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.

FLORIDA POWER AND LIGHT CO.
 FORT MYERS POWER PLANT
 REVISED DEPRECIATION RATES AS OF 1-1-90

ATTACHMENT 1
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ACCOUNT	< - - - PRELIMINARY - - >				< - - - - ORDERED - - - >			
	REM. LIFE	NET SALV.	RES.	DEPR. RATE	REM. LIFE	NET SALV.	RES.	DEPR. RATE
	yr.s	%	%	%	yr.s	%	%	%
Common:								
311 Structures	18.8	(5)	47.5	3.1	18.8	(5)	47.5	3.1
312 Boiler Plt.Eq.	16.6	(13)	51.7	3.7	16.6	(13)	51.7	3.7
314 Turbogen.	12.9	(4)	55.9	3.7	12.9	(4)	55.9	3.7
315 Access.Plt.Eq.	15.5	(3)	48.0	3.5	15.5	(3)	48.0	3.5
316 Misc.Pwr.Plt.	18.4	(1)	36.2	3.5	18.4	(1)	36.2	3.5
Unit 1:								
311 Structures	3.5	(5)	97.8	2.1	10.2	(5)	97.8	0.7
312 Boiler Plt.Eq.	3.5	(13)	83.2	8.5	10.2	(13)	83.2	2.9
314 Turbogen.	3.5	(4)	93.3	3.1	10.2	(4)	93.3	1.0
315 Access.Plt.Eq.	3.5	(3)	89.3	3.9	10.2	(3)	89.3	1.3
316 Misc.Pwr.Plt.	3.5	(1)	83.4	5.0	10.2	(1)	83.4	1.7
Unit 2:								
311 Structures	18.8	(5)	55.2	2.7	18.8	(5)	55.2	2.7
312 Boiler Plt.Eq.	16.6	(20)	62.7	3.4	16.6	(20)	62.7	3.4
314 Turbogen.	12.9	(4)	67.2	2.9	12.9	(4)	67.2	2.9
315 Access.Plt.Eq.	15.5	(3)	61.5	2.7	15.5	(3)	61.5	2.7
316 Misc.Pwr.Plt.	0.0	0	0.0	0.0	0.0	0	0.0	0.0
Gas Turbines:								
341 Structures	9.5	(2)	82.7	2.0	9.5	(2)	82.7	2.0
342 Fuel Holders	9.5	(2)	87.0	1.6	9.5	(2)	87.0	1.6
343 Prime Movers	9.5	(2)	69.3	3.4	9.5	(2)	69.3	3.4
344 Generators	9.5	(2)	68.1	3.6	9.5	(2)	68.1	3.6
345 Access.Electric	9.5	(1)	59.3	4.4	9.5	(1)	59.3	4.4
346 Misc.Pwr.Plt.	9.5	(1)	73.7	2.9	9.5	(1)	73.7	2.9

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FLORIDA POWER AND LIGHT CO.
 FORT MYERS POWER PLANT
 PROJECTED DISMANTLEMENT EXPENSES

ACCOUNT	PRELIMINARY ANNUAL RATE %	ORDERED ANNUAL RATE %
Common:		
311 Structures	0.9	1.4
312 Boiler Plt.Eq.	32.2	38.7
314 Turbogen.	0.0	0.0
315 Access.Plt.Eq.	0.0	0.0
316 Misc.Pwr. Plt.	0.0	0.3
Unit 1:		
311 Structures	4.6	1.7
312 Boiler Plt.Eq.	1.4	0.5
314 Turbogen.	0.0	(0.2)
315 Access.Plt.Eq.	0.0	(1.2)
316 Misc.Pwr. Plt.	0.0	(0.7)
Unit 2:		
311 Structures	2.4	3.6
312 Boiler Plt.Eq.	0.3	0.4
314 Turbogen.	0.0	0.1
315 Access.Plt.Eq.	0.0	(0.9)
316 Misc.Pwr. Plt.	0.0	0.0
Gas Turbines:		
341 Structures	0.0	0.0
342 Fuel Holders	0.9	1.1
343 Prime Movers	0.8	1.0
344 Generators	0.0	0.0
345 Access.Elect.	2.3	3.0
346 Misc.Pwr.Plt.	0.0	2.1

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FLORIDA POWER AND LIGHT CO.
 FORT MYERS POWER PLANT

RESERVE REALLOCATIONS

<u>ACCOUNT</u>	1-1-90 <u>RESERVE</u> \$
Common:	
311 Structures	2,435,067
312 Boiler Plt.Eq.	98,646
314 Turbogen.	48,346
315 Access.Plt.Eq.	86,712
316 Misc.Pwr. Plt.	257,229
Unit 1:	
311 Structures	2,405,824
312 Boiler Plt.Eq.	7,088,599
314 Turbogen.	5,596,377
315 Access.Plt.Eq.	1,208,709
316 Misc.Pwr. Plt.	123,953
Unit 2:	
311 Structures	1,677,984
312 Boiler Plt.Eq.	11,654,518
314 Turbogen.	8,317,504
315 Access.Plt.Eq.	1,368,780
316 Misc.Pwr. Plt.	0
Gas Turbines:	
341 Structures	13,195,050
342 Fuel Holders	2,105,394
343 Prime Movers	14,345,501
344 Generators	10,783,029
345 Access.Elect.	1,163,952
346 Misc.Pwr.Plt.	695,416