

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: 1990 Depreciation and)	DOCKET NO. 900555-FI
Decommissioning Studies for)	ORDER NO. 24082
Manatee Power Plant, Riviera)	ISSUED: 2-7-91
Power Plant and Sanford Power)	
Plant of Florida Power & Light)	
Company.)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 BETTY EASLEY
 FRANK S. MESSERSMITH
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTION

ORDER PRESCRIBING DEPRECIATION RATES AND PROVIDING FOR
 DISMANTLEMENT COSTS FOR FLORIDA POWER & LIGHT COMPANY'S
 MANATEE, RIVIERA, AND SANFORD POWER PLANTS

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.

As part of its filing in this docket, Florida Power & Light Company (FPL or Utility) requested implementation, on a preliminary basis, depreciation rates and dismantlement costs for its Manatee, Riviera and Sanford power plants by Order No. 23353, FPL was authorized on an interim basis to implement its proposed rates for those plants effective January 1, 1990. Order No. 23353 also provided that the interim rates would be adjusted, if necessary, upon completion of further review of the study. Our Staff, upon further review of FPL's study recommended the following modifications in the development of the depreciation rates:

MANATEE STATION At the time the study was made, overhauls of Units 1 and 2 were planned for 1992-1993. Planning for these overhauls has been shifted to 1995. We agree with our Staff's recommendation that this creates a change in the life of the affected account, Account 314.

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SANFORD STATION The Utility proposed retaining the retirement date of 1994 for Unit 3, which was the estimated date underlying the rates for this unit in the last depreciation represcription. Since the Utility's Ten-Year Plan does not project a retirement for this unit, and considering it will be 41 years old in the year 2000, we agree with our Staff's recommendation that at least a major overhaul to extend the life will be required at or near the end of the decade. We approve Staff's recommendation of the remaining life of 10.2 years that is based on a year 2000 "recovery" date, with the resulting 10.5 years shortened by an interim retirement rate of 0.5%.

UNITS OUT OF SERVICE

In its extended review our Staff recommends the following modifications to the Utility's provisions for cost of dismantlement:

Subsequent to its initial filing the Utility submitted a request for "Decommissioning Cost Recovery" for Riviera Unit 2 (currently in Long-Term Reserve Shutdown) and Sanford Units 1 and 2 (currently retired). The record reflects that site-specific dismantlement studies were performed for each of these units.

RIVIERA UNIT 2 As shown in Attachment 2 to this Order the depreciation reserve for this Unit currently exceeds expected dismantlement cost by \$240,966. FPL proposes to amortize this surplus over a five-year period (1990-1994) at the rate of \$48,193 per year.

SANFORD UNITS 1 AND 2 These units are retired, but certain items remain on site i.e., fuel tanks, piping, the boiler/turbine building and miscellaneous equipment. As discussed in previous dockets, provisions for dismantlement cost are of recent concern, the mechanism is still under development. The cost related to the dismantlement of these two Units should have been recovered during their service lives. In order to accomplish this as soon as possible our Staff does not agree with FPL's proposed amortization of the \$732,701 cost of dismantle over a five-year period. Staff recommends that the surplus (discussed above) at Riviera Unit 2 be considered as an offset of \$240,966 of these projected costs at Sanford Unit 1 and 2. This offset, with a transfer of \$491,735 from Sanford Unit 1 as shown on Attachment 2 to this Order will satisfy the provisions of estimated cost of dismantlement of

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Sanford Units 1 and 2. The combination of the offset and reserve transfer will result in a net zero expense for the combination of the Utility-proposed five-year amortization for Riviera Unit 1 and Sanford Units 1 and 2. We approve Staff's recommendation as shown in Attachment 2 for a one-year write-off of these expenses.

UNITS IN SERVICE

In regard to the dismantlement cost development for the units that are still in service, the following modifications which we approve were recommended by Staff:

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 funding approach used for nuclear decommissioning. However, a reserve for fossil-fuel dismantlement is not funded. Therefore, the Utility'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. The inclusion of the additional percentage 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 having considered the modifications proposed by Staff, we find that FPL's depreciation and dismantlement cost rates should be prescribed consistent with Staff's recommendation. The specific rates and components approved by this Order are set forth in Attachment 1 to this Order. The new rates will decrease by approximately \$180,000 annually those approved by Order No. 23353 and the expenses booked during 1990 shall be trued-up to conform for the rates and costs approved here.

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In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the depreciation rates and dismantlement costs set forth in Attachments 1 and 2 to this Order are hereby approved for Florida Power & Light Company's Manatee, Riviera, and Sanford power plants. It is further

ORDERED that this Order shall become final unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review. It is further

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

By Order of the Florida Public Service Commission, this
7th day of FEBRUARY, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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.

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 28, 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.

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.

ATTACHMENT 1 (PAGE 1 of 2)

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FLORIDA POWER AND LIGHT CO.
 MANATEE, RIVIERA AND SANFORD POWER PLANTS
 REVISED DEPRECIATION AND DISMANTLEMENT RATES
 EFFECTIVE 1-1-90

ACCOUNT	REM. LIFE	NET SALV. \$	DEPR. RATE \$	DISMANTLE. RATE \$
Manatee Plant				
Common:				
311 Structures	20.0	(5)	3.4	1.6
312 Boiler Plt.Eq.	17.3	(13)	5.2	1.9
314 Turbogen.	15.8	(4)	4.6	(0.1)
315 Access.Plt.Eq.	18.1	(3)	4.7	2.9
316 Misc.Pwr.Plt.	16.5	(1)	4.8	(0.1)
Unit 1:				
311 Structures	19.3	(5)	3.7	0.9
312 Boiler Plt.Eq.	17.1	(20)	4.6	0.3
314 Turbogen.	15.8	(4)	4.1	(0.1)
315 Access.Plt.Eq.	17.8	(3)	3.8	0.2
316 Misc.Pwr.Plt.	12.4	(1)	4.9	1.1
Unit 2:				
311 Structures	20.0	(5)	3.7	3.8
312 Boiler Plt.Eq.	17.3	(20)	4.7	0.4
314 Turbogen.	13.2	(4)	5.3	(0.1)
315 Access.Plt.Eq.	18.1	(3)	3.9	0.4
316 Misc.Pwr.Plt.	16.5	(1)	4.2	4.2
Riviera Plant				
Common:				
311 Structures	21.0	(5)	3.3	7.8
312 Boiler Plt.Eq.	18.0	(13)	2.4	0.7
314 Turbogen.	15.3	(4)	1.9	(0.2)
315 Access.Plt.Eq.	17.2	(3)	3.0	0.2
316 Misc.Pwr.Plt.	14.8	(1)	1.4	0.0
Unit 3:				
311 Structures	20.0	(5)	1.1	9.1
312 Boiler Plt.Eq.	17.2	(20)	1.7	0.4
314 Turbogen.	22.0	(4)	1.1	0.2
315 Access.Plt.Eq.	16.9	(3)	1.1	(0.7)
316 Misc.Pwr.Plt.	13.7	(1)	0.4	5.7
Unit 4:				
311 Structures	22.0	(5)	1.1	14.1
312 Boiler Plt.Eq.	18.0	(20)	1.7	0.5
314 Turbogen.	23.0	(4)	1.3	0.3
315 Access.Plt.Eq.	17.2	(3)	1.6	(0.9)
316 Misc.Pwr.Plt.	14.8	(1)	0.7	6.2

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FLORIDA POWER AND LIGHT CO.
 MANATEE, RIVIERA AND SANFORD POWER PLANTS
 REVISED DEPRECIATION AND DISMANTLEMENT RATES
 EFFECTIVE 1-1-90

ACCOUNT	REM. LIFE yr.s	NET SALV. %	DEPR. RATE %	DISMANTLE. RATE %
Sanford Plant				
Common:				
311 Structures	20.0	(5)	4.1	1.9
312 Boiler Plt.Eq.	18.0	(13)	4.9	(0.1)
314 Turbogen.	15.0	(4)	4.7	(0.1)
315 Access.Plt.Eq.	15.6	(3)	4.5	(0.1)
316 Misc.Pwr.Plt.	13.6	(1)	5.1	3.0
Unit 3:				
311 Structures	10.2	(5)	2.4	3.5
312 Boiler Plt.Eq.	10.2	(13)	3.3	0.9
314 Turbogen.	10.2	(4)	2.4	0.1
315 Access.Plt.Eq.	10.2	(3)	3.3	(1.5)
316 Misc.Pwr.Plt.	10.2	(1)	2.2	(0.1)
Unit 4:				
311 Structures	19.6	(5)	3.2	0.5
312 Boiler Plt.Eq.	18.0	(20)	4.1	0.3
314 Turbogen.	14.8	(4)	3.6	0.0
315 Access.Plt.Eq.	15.6	(3)	3.5	(0.1)
316 Misc.Pwr.Plt.	13.6	(1)	4.6	(0.2)
Unit 5:				
311 Structures	20.0	(5)	3.1	3.4
312 Boiler Plt.Eq.	16.5	(20)	4.1	0.3
314 Turbogen.	14.7	(4)	3.7	0.0
315 Access.Plt.Eq.	14.8	(3)	3.6	(0.1)
316 Misc.Pwr.Plt.	12.5	(1)	6.4	(0.2)

ATTACHMENT 2
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FLORIDA POWER AND LIGHT CO.
 RIVIERA AND SANFORD POWER PLANTS
 PROVISION FOR
 PROJECTED DISMANTLEMENT EXPENSES
 UNITS RETIRED OR ON LONG TERM RESERVE SHUTDOWN

	Perceived Reserve (Deficit) or Surplus	Annual Expense 1 yr. Write-off
Riviera Unit 2 (Long Term Reserve Shutdown)	\$240,966	(\$240,966)
Sanford Units 1 & 2 (Retired)		
With transfers shown below:	(\$240,966)	\$240,966

Ordered reserve transfers from Sanford Unit 3
 to Sanford Units 1 & 2 dismantlement provision:

<u>Sanford Unit 3 Account</u>	<u>1-1-90 Current Reserve</u> \$	<u>Transfer to Units 1&2</u> \$	<u>Unit 3 Resulting Reserve</u> \$
311	2,180,479	(75,409)	2,105,070
312	6,667,627	(230,589)	6,437,038
314	4,064,332	(140,559)	3,923,773
315	1,192,749	(41,249)	1,151,500
316	113,611	(3,929)	109,682
Totals	14,218,798	(491,735)	13,727,063

(With these reserve transfers, the expense of provision for dismantlement of Riviera Unit 2 and Sanford Units 1 and 2 nets out zero, making it practicable to write of the entire amounts in 1990.)