

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Adoption of Rule )	DOCKET NO. 900124-EI
25-6.04361, F.A.C., Subcategori- )	
zation of Electric Plant for )	ORDER NO. 25419
Depreciation Studies and Rate )	
Design. )	ISSUED: 12/2/91
_____ )	

NOTICE OF ADOPTION OF RULE

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has adopted Rule 25-6.04361, F.A.C., relating to Subcategorization of Electric Plant for Depreciation Studies and Rate Design.

The rule was filed with the Department of State on November 22, 1991 and will be effective on December 12, 1991. A copy of the relevant portions of the certification filed with the Secretary of State is attached to this Notice.

This docket is closed upon issuance of this notice.

By Direction of the Florida Public Service Commission, this  
2nd day of DECEMBER, 1991.



STEVE TRIBBLE, Director  
 Division of Records & Reporting

( S E A L )

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DOCUMENT NUMBER-DATE  
 11363 DEC -2 1991  
 FPSC-RECORDS/REPORTING

CERTIFICATION OF  
PUBLIC SERVICE COMMISSION ADMINISTRATIVE RULES  
FILED WITH THE  
DEPARTMENT OF STATE

I do hereby certify:

(1) The time limitations prescribed by paragraph 120.54(11)(a), F.S., have been complied with; and

(2) There is no administrative determination under section 120.54(4), F.S., pending on any rule covered by this certification; and

(3) All rules covered by this certification are filed within the prescribed time limitations of paragraph 120.54(11)(b), F.S. They are filed not less than 28 days after the notice required by subsection 120.54(1), F.S., and;

(a) And are filed not more than 90 days after the notice; or

(b) Are filed not more than 90 days after the notice not including days an administrative determination was pending; or

(c) Are filed within 21 days after the adjournment of the final public hearing on the rule; or

(d) Are filed within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

(e) Are filed within 21 days after the date the transcript was received by this agency.

Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the

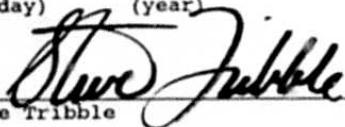
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undersigned agency by and upon their filing with the Department of State.

<u>Rule No.</u>	<u>Rulemaking Authority</u>	<u>Specific Law Being Implemented, Interpreted or Made Specific</u>
25-6.04361	350.127(2)	366.04(2)(a), 366.05(1)

Under the provision of paragraph 120.54(13)(a), F.S., the rules take effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective: \_\_\_\_\_  
(month) (day) (year)

  
\_\_\_\_\_  
Steve Tribble

Director, Division of Records & Reporting  
Title

\_\_\_\_\_  
Number of Pages Certified

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SUMMARY OF RULE

The proposed rule specifies that depreciation rate design accounts shall be in accordance with those prescribed by the Federal Energy Regulatory Commission (FERC). Those accounts shall be further broken down by certain subaccounts specified in the rule. Subsection (2) describes certain situations where new subaccounts must be established, even though the subaccount is not presently specified in the rule. Subsection (3) gives the utilities some flexibility in developing subaccounts where appropriate for its own situation.

According to the type of plant involved, the rule specifies the particular FERC accounts which will be used in the design of depreciation rates. Those accounts represent various units of plant for which depreciation rates will be developed. These units are often composed of smaller subunits or components, each with a different potential life, depending on the planning of the specific company. For depreciation purposes only, the accounts shall be stratified into various groups of items with similar life patterns. These subaccount groupings will help facilitate the design of a depreciation rate for the account which is more valid and reliable because the various components have been taken into consideration.

SUMMARY OF HEARINGS ON THE RULE

No hearings were requested and none were held regarding this rulemaking docket.

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Rule 25-6.04361

FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

The Commission has worked with investor-owned electric utilities to develop a methodology to use in conducting depreciation studies and setting depreciation rates. This methodology is designed to group together items which are relatively homogeneous in functional areas, expected life, and salvage characteristics. Rule 25-6.04361, F.A.C, incorporates this methodology which should result in more valid and reliable depreciation studies within a company, as well as greater uniformity among the companies in depreciation studies and rate design.

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F.A.C.

1        25-6.04361        Subcategorization of Electric Plant for  
2        Depreciation Studies and Rate Design.

3        (1) Depreciation rate design accounts shall be in accordance  
4        with the Federal Energy Regulatory Commission's Uniform System of  
5        Accounts for Public Utilities and Licensees (USOA), Code of Federal  
6        Regulations, Title 18, Subchapter C, Part 101, as adopted by Rule  
7        25-6.014, F.A.C. New depreciation subaccounts, as listed in  
8        subsection (5) below, shall be established under these accounts.  
9        This subcategorization shall group together items which are  
10       relatively homogeneous in expected life and salvage  
11       characteristics.

12       (2) New depreciation subaccounts must be established to  
13       subcategorize a plant which meets the following criteria:

14       (a) Introduction of a new technology: for example, flue gas  
15       desulphurization, heat pipes, or fluidized bed combustors.

16       (b) The present inclusion of an obsolescent/dying technology:  
17       for example, pneumatic monitoring systems.

18       (c) A major installation that is facing near-term retirement:  
19       for example, a generating unit, line, or station.

20       (3) Additionally, a company may develop depreciation  
21       subaccounts within a listed account as appropriate for its own  
22       situation. However, a company shall not establish a new subaccount  
23       (except subaccounts required by (2)) that would represent less than  
24       10% of the original primary account.

25       (4) Depreciation reserve, plant activity data, gross salvage,

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1 and costs of removal, shall be maintained for each depreciation  
 2 category for which a depreciation rate is to be developed.

3 (5) The following accounts and subaccounts shall be used in  
 4 the design of depreciation rates:

5 (a) Steam Production Plant. The following accounts shall be  
 6 maintained, at a minimum, on a plant site basis. It is preferable,  
 7 however, that the accounts be maintained for each individual unit  
 8 within each plant site. Stratification within each account for use  
 9 in determining the depreciation rate of the account shall be  
 10 established in accord with their potential life patterns and  
 11 planning of the specific company. An example of stratification  
 12 groupings, which may be used, are shown below under Structures and  
 13 Improvements, Account 311.

14 1. Structures and Improvements, Account 311.

15 Suggested stratification groupings are as follows:

- 16 a. Valves  
 17 b. Pumps, HVAC ductwork, roads  
 18 c. Piping systems  
 19 d. Building structures, tanks, lighting, vents

20 2. Boiler Plant Equipment, Account 312.

21 3. Turbogenerator Units, Account 314.

22 4. Accessory Electric Equipment, Account 315.

23 5. Miscellaneous Power Plant Equipment, Account 316.

24 (b) Nuclear Power Production Plant. The following accounts  
 25 shall be maintained, at a minimum, on a plant site basis. It is

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1 preferable, however, that the accounts be maintained for each  
2 individual unit within each plant site. Stratification within the  
3 accounts for use in determining depreciation rates for the accounts  
4 shall be established in accord with their potential life patterns  
5 and planning of the specific company. In addition, subaccounts  
6 shall be established for the components and facilities that are  
7 expected to retire and be decommissioned upon receipt of the  
8 license termination as well as those components and facilities  
9 which are subject to retention to generate electricity with another  
10 steam source after the removal of the current nuclear steam  
11 generating components.

- 12 1. Structures and Improvements, Account 321.
  - 13 2. Reactor Plant Equipment, Account 322.
  - 14 3. Turbogenerator Units, Account 323.
  - 15 4. Accessory Electric Equipment, Account 324.
  - 16 5. Miscellaneous Power Plant Equipment, Account 325.
- 17 (c) Other Production Plant. The following accounts shall be  
18 maintained, at a minimum, on a plant site basis. Stratification  
19 within the accounts for use in determining depreciation rates for  
20 the accounts shall be established in accord with their potential  
21 life patterns and usage of the specific company.
- 22 1. Structures and Improvements, Account 341.
  - 23 2. Fuel Holders, Producers, And Accessories, Account  
24 342.
  - 25 3. Prime Movers, Account 343.

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- 1 4. Generators, Account 344.  
2 5. Accessory Electric Equipment, Account 345.  
3 6. Miscellaneous Power Plant Equipment, Account 346.  
4 (d) Transmission Plant. The following accounts shall be

5 used:

- 6 1. Easements, Account 351.  
7 2. Structures and Improvements, Account 352.  
8 3. Station Equipment, Account 353.  
9 4. Towers and Fixtures, Account 354.  
10 5. Poles and Fixtures, Account 355.  
11 6. Overhead Conductors and Devices, Account 356.  
12 7. Underground Conduit, Account 357.  
13 8. Underground Conductors and Devices, Account 358.  
14 9. Roads and Trails, Account 359.  
15 10. Additional accounts or subaccounts shall be  
16 established in accord with potential life patterns  
17 and planning of the specific company.

- 18 (e) Distribution Plant. The following accounts shall be  
19 used:

- 20 1. Easements, Account 360.  
21 2. Structures and Improvements, Account 361.  
22 3. Station Equipment, Account 362.  
23 4. Poles, Towers and Fixtures, Account 364.  
24 5. Overhead Conductors and Devices, Account 365.  
25 6. Underground Conduit, Account 366.

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- 1 7. Underground Conductors and Devices, Account 367.
- 2 8. Line Transformers, Account 368.
- 3 9. Services, Account 369.
- 4 10. Meters, Account 370.
- 5 11. Installation on Customers Premises, Account 371.
- 6 12. Street Lighting and Signal Systems, Account 373
- 7 13. Additional accounts or subaccounts shall be
- 8 established in accord with potential life patterns
- 9 and planning of the specific company.
- 10 (f) General Plant. The following accounts shall be used:
- 11 1. Easements, Account 389.
- 12 2. Structures and Improvements, Account 390.
- 13 3. Office Furniture and Equipment, Account 391. The
- 14 following subaccounts shall be used:
- 15 a. Furniture. The investment in this subaccount
- 16 shall be amortized over a 7 year period.
- 17 b. Office Accessories. The investment in this
- 18 subaccount shall be amortized over a 5 year
- 19 period.
- 20 c. Office, Mailing, and Duplicating Equipment.
- 21 The investment in this subaccount shall be
- 22 amortized over a 7 year period.
- 23 d. Computer Equipment. The investment in this
- 24 subaccount shall be amortized over a 5 year
- 25 period.

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4. Transportation Equipment, Account 392. The following subaccounts shall be used:
- a. Passenger Cars.
  - b. Light Trucks. This subaccount shall include trucks of one ton in capacity or less.
  - c. Heavy Trucks. This subaccount shall include trucks of greater than one ton capacity.
  - d. Tractors and Trailers.
  - e. Special Purpose Vehicles.
  - f. Aircraft.
  - g. Investments associated with marine equipment, motorcycles and single-occupant vehicles shall be subaccounted and amortized over a 5 year period.
5. Stores Equipment, Account 393. The following subaccounts shall be used:
- a. Handling equipment.
  - b. Storage and Portable Handling Equipment. This subaccount shall be amortized over a 7 year period.
6. Tools, Shop and Garage Equipment, Account 394. The following subaccounts shall be used:
- a. Fixed or Stationary Equipment.
  - b. Portable Tools and Equipment. This subaccount shall be amortized over a 7 year period.

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- 1                   7. Laboratory Equipment, Account 395. The following  
2                   subaccounts shall be used:  
3                   a. Fixed or Stationary Equipment.  
4                   b. Portable Equipment. This subaccount shall be  
5                   amortized over a 7 year period.  
6                   E. Power Operated Equipment, Account 396.  
7                   9. Communication Equipment, Account 397. The  
8                   following subaccounts shall be used:  
9                   a. Company Official Communication Equipment.  
10                  b. Optic Electronics Equipment.  
11                  c. Other Communication Equipment.  
12                  10. Miscellaneous Equipment, Account 398. This account  
13                  shall be amortized over a 7 year period.  
14                  11. Additional accounts or subaccounts shall be  
15                  established in accord with potential life patterns  
16                  and planning of the specific company.  
17                  (6) Depreciation rates developed after January 1, 1992 shall  
18                  be based on the account classifications in this rule. In  
19                  implementing these rates the following procedures shall be  
20                  followed:  
21                  (a) Reserve activity data, plant activity data, gross  
22                  salvage, and costs of removal are to be recorded to the new  
23                  accounts and subaccounts for activity subsequent to January 1,  
24                  1992.  
25                  (b) The separation of investments and reserves under prior

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1 accounts into balances relating to new accounts and subaccounts  
2 under this rule may require estimation. Where vintaged  
3 distributions are not maintained, separation into accounts and  
4 subaccounts may require synthesization.  
5 (c) If an existing account is essentially compatible with an  
6 account listed in the rule, that account shall be deemed to be in  
7 compliance with this rule.  
8 Specific Authority: 350.127(2) F.S.  
9 Law Implemented: 366.04(2)(a), 366.05(1) F.S.  
10 History: New, \_\_\_\_\_.

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