

M E M O R A N D U M

MARCH 28, 1996

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12:00

FPSC-RECORDS/REPORTING

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (JOHNSON) *WJ RUE*

RE: DOCKET NO. 950359-EI - PETITION TO ESTABLISH AMORTIZATION SCHEDULE FOR NUCLEAR GENERATING UNITS TO ADDRESS POTENTIAL FOR STRANDED INVESTMENT BY FLORIDA POWER & LIGHT COMPANY.

0461-EE

Attached is a FINAL ORDER APPROVING PROPOSAL TO RESOLVE ISSUES RELATING TO FLORIDA POWER AND LIGHT COMPANY'S PETITION TO ESTABLISH A NUCLEAR AMORTIZATION SCHEDULE to be issued in the above-referenced docket. (Number of pages in Order - 4)

VDJ/js
Attachment
cc: Division of Electric and Gas
I: 950359FO.VDJ

8/0

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to establish) DOCKET NO. 950359-EI
amortization schedule for) ORDER NO. PSC-96-0461-FOF-EI
nuclear generating units to) ISSUED: April 2, 1996
address potential for stranded)
investment by Florida Power &)
Light Company.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

FINAL ORDER APPROVING PROPOSAL TO RESOLVE ISSUES RELATING TO
FLORIDA POWER & LIGHT COMPANY'S PETITION
TO ESTABLISH A NUCLEAR AMORTIZATION SCHEDULE

BY THE COMMISSION:

On March 31, 1995, Florida Power & Light Company (FPL or Company) filed its petition for authorization to establish an amortization schedule, effective January 1, 1995, for its nuclear generating units to address the potential for stranded investment. FPL requested that it be allowed to charge and record for its nuclear generating units a fixed and permanent \$30 million annual amortization expense. In addition, for 1995 and 1996, the Company requested approval to charge and record an additional amount of amortization expense equal to 100% of base rate revenues produced by retail sales between FPL's current "low band" and "most likely sales forecast" and 50% of the base rate revenues produced by retail sales above FPL's current "most likely sales forecast" for 1995 and 1996.

In Order No. PSC-95-0672-FOF-EI PSC, we approved the Company's request to begin preliminary implementation of the amortization schedule. We allowed the Company to record amortization expense in a separate subaccount of the Accumulated Provision for Depreciation for each nuclear generating unit. The account where the expense would be recorded was to be determined by us at the hearing.

DOCUMENT NUMBER-DATE

03764 APR-28

FPSC-RECORDS/REPORTING

At the hearing held in this docket on March 13, 1996, the following proposal was presented to resolve all issues identified by the Company and our staff:

1. FPL shall apply the additional 1995 depreciation expense, of approximately \$126 million, booked in accord with preliminary implementation approved in Order PSC-95-0672-FOF-EI to the reserve deficiency in nuclear production, which was calculated to be \$175,304,010 as of January 1, 1994.
2. Commencing in 1996, FPL shall record an annual \$30 million in nuclear amortization. The expense amount is final; however, the account to which it is booked remains subject to determination by the Commission in a future proceeding such as a generic stranded cost docket.
3. FPL shall record an additional expense in 1996 and 1997 equal to 100% of base rate revenues produced by retail sales between its "low band" and "most likely sales forecast" for 1996 as filed in this docket, and at least 50% of the base rate revenues produced by retail sales above FPL's "most likely sales forecast" for 1996 as filed in this docket. Any additional expense recorded as a result of this provision will be first applied to correct the remaining reserve deficiency existing in nuclear production; second, to correct the reserve deficiency existing in FPL's other production facilities, which was calculated to be \$60,338,330 as of January 1, 1994; third, to write off the net amount of book-tax timing differences that were flowed through in prior years and remain to be turned around in future periods; and fourth, to write off the Unamortized Loss on Reacquired Debt.

At the hearing, our staff recommended approval of the proposal. Upon consideration, we believe that the proposal represents a reasonable resolution of the issues and find that it should be approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company shall apply the additional 1995 depreciation expense, of approximately \$126 million authorized pursuant to Order PSC-95-0672-FOF-EI to the reserve deficiency in nuclear production. It is further

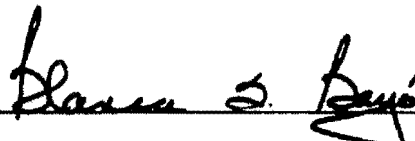
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ORDERED that commencing 1996, Florida Power & Light Company shall record an annual \$30 million in nuclear amortization. The account to which the amortization is booked shall be subject to determination by the Commission in a future proceeding. It is further

ORDERED that Florida Power & Light Company shall record an additional expense in 1996 and 1997 equal to 100% of base rate revenues produced by retail sales between its "low band" and "most likely sales forecast" for 1996, and at least 50% of the base rate revenues produced by retail sales above FPL's "most likely sales forecast" for 1996 as more fully described in the body of this Order. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 2nd day of April, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

VDJ

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.

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Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater 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 after the issuance 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.