

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of
revised fossil dismantlement
studies by Florida Power & Light
Company.

DOCKET NO. 030558-EI
ORDER NO. PSC-03-0872-PCO-EI
ISSUED: July 29, 2003

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER GRANTING PRELIMINARY APPROVAL
FOR DISMANTLEMENT ACCRUALS

BY THE COMMISSION:

In Order No. 24741, issued July 1, 1991, in Docket No. 890186-EI, the Commission established the methodology for accruing the costs of dismantlement for fossil fueled production plants. The methodology is dependent on three factors: estimated base costs for dismantlement, projected inflation, and a contingency factor. Order No. 24741 required electric companies to file site specific dismantlement studies at least once every four years in connection with their comprehensive depreciation studies. On June 20, 2003, Florida Power & Light Company (FPL) filed its revised fossil dismantlement site-specific cost studies. FPL has requested preliminary implementation of its proposed revised annual dismantlement accruals, effective January 1, 2003.

The Commission approved FPL's current fossil dismantlement accruals in Order No. PSC-00-0293-PAA-EI, issued February 14, 2000, in Docket No. 981166-EI. The annual accruals were effective January 1, 1999. In that Order, the Commission directed FPL to file its next regularly scheduled fossil dismantlement site-specific studies no later than September 17, 2002. In Order No. PSC-01-2376-PAA-EI, issued December 10, 2001, in Docket No. 011088-EI, the Commission granted FPL an extension until April 30, 2004,

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FPSC-COMMISSION CLERK

to file its updated fossil dismantlement studies. FPL needed the extension of time because of staffing limitations brought about by the review of its retail rates in Docket No. 001148-EI. In approving the extension of time, the Commission stated that in the event of a settlement in Docket No. 001148-EI, the filing date should be revisited. Thereafter, on March 14, 2002, the parties in Docket No. 001148-EI, In Re: Review of the Retail Rates of Florida Power & Light Company, filed a Stipulation and Settlement (Stipulation) that extended FPL's existing revenue sharing plan through the end of 2005. The Commission approved the Stipulation by Order No. PSC-02-0501-AS-EI, issued April 11, 2002. The Stipulation precludes the revision of FPL's depreciation rates for the term of the Stipulation, but does not preclude the revision of FPL's dismantlement accruals. As a result of the Settlement, FPL has filed its dismantlement studies one year earlier than anticipated.

We approve FPL's proposed annual dismantlement accruals, as shown on Attachment A, on a preliminary basis. FPL's dismantlement expenses will increase by an estimated \$918,000 for 2003. The expenses should be trued-up when we take final action in this docket, which we expect to occur in November, 2003.

Preliminary implementation does not imply that we will automatically accept FPL's proposals when we complete our review of its study. Preliminary implementation only means that the proposed accruals shown on attachment A are likely to result in more appropriate expenses than the current dismantlement accruals. In either case, the accruals will be trued-up upon final Commission action in this docket.

Since FPL's 1998 dismantlement study, base cost estimates for the various dismantlement activities have changed as shown below:

FOSSIL DISMANTLEMENT BASE COST ESTIMATES		
	1998 Study	2003 Study
	(\$)	(\$)
Cape Canaveral	11,310,465	12,698,822
Cutler	7,204,220	7,890,950

FOSSIL DISMANTLEMENT BASE COST ESTIMATES		
	1998 Study	2003 Study
	(\$)	(\$)
Fort Lauderdale	16,234,272	21,013,706
Ft. Myers	23,015,656	19,659,288
Manatee	30,454,351	38,735,568
Martin	48,610,494	57,422,630
Port Everglades	29,028,327	36,502,177
Putnam	7,821,728	7,774,579
Riviera	15,323,103	17,066,500
Sanford	27,583,232	27,356,897
Scherer	19,144,381	25,868,542
St. Johns River Power Park	16,136,613	17,652,261
Turkey Point	22,577,038	24,277,678
Total	274,443,880	313,919,598

Both the 1998 cost estimates and the 2003 cost estimates include a 16% contingency factor. According to FPL, the increase in cost estimates is due in part to changes in labor rates, an extension of the recovery periods to recognize the repowering of certain units, the addition of the simple cycle Martin Unit 8, and an increase in burial costs at Manatee, Fort Lauderdale, and Port Everglades.

As mentioned above, we expect to complete the final review of FPL's fossil dismantlement study in November, 2003. Until then, we approve the implementation of the proposed dismantlement accruals shown on Attachment A on a preliminary basis, effective January 1, 2003.

Based on the foregoing, it is

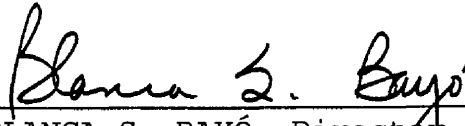
ORDERED that Florida Power and Light Company may implement the proposed fossil dismantlement accruals specified in this Order on a preliminary basis, beginning January 1, 2003, with provision for

ORDER NO. PSC-03-0872-PCO-EI
DOCKET NO. 030558-EI
PAGE 4

a true-up of expenses when the Commission takes final action on the dismantlement study. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 29th
Day of July, 2003.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

ORDER NO. PSC-03-0872-PCO-EI
DOCKET NO. 030558-EI
PAGE 5

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

**FLORIDA POWER AND LIGHT COMPANY
PRELIMINARY IMPLEMENTATION**

Plant Site	Current Annual Accrual	Proposed Annual Accrual	Change in Annual Accrual
Steam Production	(\$)	(\$)	(\$)
Cape Canaveral	641,593	606,925	(34,668)
Cutler	374,541	269,549	(104,992)
Ft. Myers Units 1 & 2	1,243,132	0	(1,243,132)
Manatee	1,638,834	2,543,323	904,489
Martin Units 1 & 2	2,029,877	2,359,945	330,068
Port Everglades	1,688,214	2,129,323	441,109
Riviera	853,591	629,946	(223,645)
Sanford	1,490,155	195,558	(1,294,597)
Scherer	1,155,529	1,276,972	121,443
St. Johns River Power Park	867,729	776,659	(91,070)
Turkey Point	1,230,794	1,106,183	(124,611)
Total Steam Production	13,213,989	11,894,383	(1,319,606)
Other Production			
Fort Lauderdale	1,044,362	1,386,450	342,088
Putnam	442,534	349,433	(93,101)
Martin CC Units 3, 4, & 8	685,841	902,683	216,842
Ft. Myers CC Unit 2	0	787,337	787,337
Sanford CC Units 4 & 5	0	1,004,179	1,004,179
Port Everglades GTs	29,961	19,564	(10,397)
Ft. Lauderdale GTs	20,347	34,554	14,207
Ft. Myers GTs	136,981	112,952	(24,029)
Total Other Production	2,360,026	4,597,152	2,237,126
Total Dismantlement Provision	15,574,015	16,491,535	917,520