

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed adoption of Rule  
25-6.04364, F.A.C., Electric  
Utilities Dismantlement Studies.

DOCKET NO. 030714-EI  
ORDER NO. PSC-03-1393-FOF-EI  
ISSUED: December 11, 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

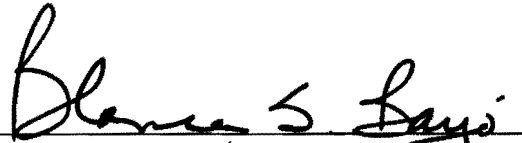
NOTICE OF ADOPTION OF RULE

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has adopted Rule 25-6.04364, Florida Administrative Code, relating to electric utilities dismantlement studies, without changes.

The rule was filed with the Department of State on December 10, 2003 and will be effective on December 30, 2003. A copy of the rule as filed with the Department is attached to this Notice.

This docket is closed upon issuance of this notice.

By ORDER of the Florida Public Service Commission, this 11th day of December, 2003.



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

( S E A L )

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25-6.04364 Electric Utilities Dismantlement Studies

(1) Each utility that owns a fossil fuel generating unit is required to establish a dismantlement accrual as approved by the Commission to accumulate a reserve that is sufficient to meet all expenses at the time of dismantlement. The purpose of the study required by (3) is to obtain sufficient information to update cost estimates based on new developments, additional information, technological improvements, and forecasts; to evaluate alternative methodologies; and to revise the annual accrual needed to recover the costs.

(2) For the purpose of this rule, the following definitions shall apply:

(a) "Contingency Costs." A specific provision for unforeseeable elements of cost within the defined project scope.

(b) "Dismantlement." The process of safely managing, removing, demolishing, disposing, or converting for reuse the materials and equipment that remain at the fossil fuel generating unit following its retirement from service and restoring the site to a marketable or useable condition.

(c) "Dismantlement Costs." The costs for the ultimate physical removal and disposal of plant and site restoration, minus

any attendant gross salvage amount, upon final retirement of the site or unit from service.

(3) Each utility shall file a dismantlement study for each generating site once every 4 years from the submission date of the previous study unless otherwise required by Commission order. The study shall be site-specific unless a showing is made by the utility that a site-specific study is not possible. A utility may file a study sooner than 4 years. Each utility's dismantlement study shall include:

(a) A narrative describing each fossil fuel generating unit, including the in-service date and estimated retirement date.

(b) A list of all entities owning an interest in each generating unit and the percentage of ownership by each entity.

(c) The dismantlement study methodology.

(d) A summary of the major assumptions used in the study.

(e) The methodology selected to dismantle each generating unit and support for the selection.

(f) The methodology and escalation rates used in converting the current estimated dismantlement costs to future estimated dismantlement costs and supporting documentation and analyses.

(g) The total utility and jurisdictional dismantlement cost estimates in current dollars for each unit.

(h) The total utility and jurisdictional dismantlement cost estimates in future dollars for each unit.

(i) For each year, the estimated amount of dismantlement expenditures.

(j) The projected date each generating unit will cease operations.

(k) For each site, a comparison of the current approved annual dismantlement accruals with those proposed. Current accruals shall be identified as to the effective date and proposed accruals to the proposed effective date.

(l) A summary and explanation of material differences between the current study and the utility's last filed study including changes in methodology and assumptions.

(m) Supporting schedules, analyses, and data, including the contingency allowance, used in developing the dismantlement cost estimates and annual accruals proposed by the utility. Supporting schedules shall include the inflation analysis.

(4) The dismantlement annual accrual shall be calculated using the current cost estimates escalated to the expected dates of

actual dismantlement. The future costs less amounts recovered to date shall then be discounted in a manner that accrues the costs over the remaining life span of the unit.

(5) Dismantlement accruals shall be recorded monthly to assure that the costs for dismantlement have been provided for at the time the production unit or site ceases operations.

(6) A utility shall not establish a new annual dismantlement accrual, revise its annual dismantlement accrual, or transfer a dismantlement reserve without prior Commission approval.

(7) The annual dismantlement accrual shall be a fixed dollar amount and shall be based on a 4-year average of the accruals related to the years between the dismantlement study reviews.

(8) The accumulated dismantlement reserve and accruals shall be maintained in a subaccount of Account 108 "Accumulated Depreciation" and separate from the accumulated depreciation reserve and expenses. Subsidiary records shall include sufficient detail to allow for separate site or unit reporting.

Specific Authority: 350.127(2), 350.115, F.S.

Law Implemented: 366.041, 366.06(1), F.S.

History: New 12/30/03.