

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Request for approval to begin depreciating Martin Unit No. 8 and Manatee Unit No. 3 using whole life depreciation rates currently approved for Martin Power Plant, Unit No. 4 and Common, by Florida Power & Light Company.

DOCKET NO. 050300-EI
ORDER NO. PSC-05-0821-PAA-EI
ISSUED: August 11, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLAK EDGAR

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING APPROVAL TO BEGIN
DEPRECIATING MARTIN UNIT NO. 8 AND MANATEE UNIT NO. 3

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 substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On May 3, 2005, Florida Power and Light Company (FPL or company) filed a petition requesting approval to begin depreciating Manatee Unit No. 3 and Martin Unit No. 8, using the whole life depreciation rates as approved by Order number PSC-99-0073-FOF-EI, in Docket No. 971660-EI, In re: 1997 depreciation study by Florida Power & Light Company, for Martin Unit No. 4 and Common.

Pursuant to Rule 25-6.0436(3)(a), Florida Administrative Code (F.A.C.), electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts and sub accounts as prescribed in Rule 25-6.014(1), F.A.C. (i.e., the FERC Uniform Systems of Accounts). Rule 25-6.0436(3)(b), F.A.C, further provides that, "upon establishing a new account or sub account classification, each utility shall request Commission approval of a depreciation rate for the new plant category."

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FPSC-COMMISSION CLERK

FPL established new subaccount classifications within FERC accounts 341 through 346 to record the investment of Manatee Unit No. 3 and Martin Unit No. 8. Each unit will be an 1150 megawatt combined cycle generating facility. The in service date for each unit was initially proposed for July 1, 2005, but they were placed in service on June 30, 2005.

We have jurisdiction for this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes.

Depreciation Rates

FPL has requested, in accordance with our depreciation rules, that it be allowed to implement whole life depreciation rates for Manatee Unit No. 3 and Martin Unit No. 8 that were previously approved for Martin Unit No. 4 and Common Plant.¹ According to FPL, Manatee Unit No. 3 and Martin Unit No. 8 are similar to the units installed at Martin Unit No. 4 because all are installed with the most advanced technology and design for combustion turbines and materials which allows the units to operate at greater efficiency. Martin Unit No. 8 will convert to a new 1150 megawatt combined cycle unit by integrating the existing Combustion Turbine Units 8a and 8b, which are currently operating in simple cycle mode, with two additional combustion turbines, four heat recovery steam generators, and one steam turbine. Also, Manatee Unit No. 3 will be an 1150 megawatt combined cycle generating facility using four combustion turbines fueled with natural gas, each exhausting into a multi-pressure waste heat recovery steam generator, which will supply steam to a single common steam turbine generator.

Once the units are placed in service and the plant dollars have been unitized, FPL will prepare and file site-specific depreciation and dismantlement studies. FPL's next comprehensive depreciation study is due to be filed in 2009. The units were placed in service on June 30, 2005. We, therefore, approve FPL's request to implement the underlying whole life depreciation rates currently approved for Martin Unit No. 4 for Manatee Unit No. 3 and Martin Unit No. 8 until the comprehensive study is made in 2009. The approved rates are attached as Attachment A.

Implementation date

The whole life depreciation rates for Manatee Unit No. 3 and Martin Unit No. 8's new accounts or subaccounts shall be implemented when the plant becomes commercially operational or placed in service. Initially, FPL requested that the whole life depreciation rates for the new units to become effective July 1, 2005, but on June 30, 2005, the plants became commercially operational as combined cycle generating units. We accept the new implementation date and the resulting depreciation rates shall be used in FPL's current depreciation study and rate case consolidated for our review in Docket No. 050045-EI, In re: Petition for rate increase by Florida Power and Light Company, and Docket No. 050188-EI, In re: 2005 comprehensive depreciation study by Florida Power & Light Company.

¹ Components of plant that are shared by two or more generating units at the plant site.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that Florida Power & Light Company shall begin depreciating Manatee Unit No. 3 and Martin Unit No. 8 using the whole life depreciation rates currently approved for Martin Unit No. 4. It is further

ORDERED that the depreciation rates for Manatee Unit No. 3 and Martin Unit No. 8 shall be effective as of June 30, 2005. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 11th day of August, 2005.


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

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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 that is available under Section 120.57, 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 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.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 1, 2005.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

FLORIDA POWER AND LIGHT COMPANY
 Manatee Unit No. 3 and Martin Unit No. 8
 Docket No. 050300-EI

		<u>COMMISSION APPROVED</u>		
		<u>Average</u>	<u>Net</u>	<u>Whole Life</u>
		<u>Service</u>	<u>Salvage</u>	<u>Depreciation</u>
		<u>Life</u>	<u>Rate</u>	<u>Rate</u>
Common				
341	Structures & Improvements	21.0	(4.0)	5.0
342	Fuel Holders, Producers, & Accessories	22.0	0.0	4.5
343	Prime Movers	8.8	(2.0)	11.6
344	Generators	0.0	0.0	0.0
345	Accessory Electric Equipment	25.0	(1.0)	4.0
346	Miscellaneous Equipment	12.6	0.0	7.9
Combined Cycle				
341	Structures & Improvements	25.0	(4.0)	4.2
342	Fuel Holders, Producers, & Accessories	21.0	0.0	4.8
343	Prime Movers	18.5	(2.0)	5.5
344	Generators	25.0	0.0	4.0
345	Accessory Electric Equipment	14.5	(1.0)	7.0
346	Miscellaneous Equipment	15.0	0.0	6.7