

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for change in)	DOCKET NO. 900164-EI
Depreciation Rates for Fort)	ORDER NO. 24300
Lauderdale and Port Everglades)	ISSUED: 3/27/91
Power Plants by Florida Power)	
& Light Company.)	
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The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 GERALD L. GUNTER
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTION

ORDER PRESCRIBING DEPRECIATION RATES
AND PROVIDING FOR DISMANTLEMENT COSTS FOR
FLORIDA POWER & LIGHT COMPANY'S FORT LAUDERDALE POWER PLANT

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

As part of its filing in this docket Florida Power & Light Company (FPL or utility) requested implementation, on a preliminary basis, depreciation rates and dismantlement costs for its Port Everglades and Fort Lauderdale power plants. By Order No. 23353, FPL was authorized on an interim basis to implement its proposed depreciation and dismantlement rates for those two power plant effective January 1, 1990. Order No. 23353 also provided that the interim rates would be adjusted, if necessary, upon completion of further review of the study.

On December 21, 1990, by Order No. 23915, the Commission approved final rates for the Port Everglades plant. At the time we were dealing with the final rates of the Port Everglades plant, FPL was filing a revised study for the Fort Lauderdale plant that was precipitated by a repowering of that plant. This docket therefore remained open to review Fort Lauderdale's revised study and what

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depreciation rates and dismantlement costs should be assigned to that plant. The utility's request in its original filing was approved for a January 1, 1990 implementation date. However, as a result of the revised study FPL now requests a January 1, 1991 implementation date for its new depreciation and dismantlement rates.

Our Staff, upon review of FPL's revised study, recommends its approval with the following modifications in the development of depreciation rates:

Reserve Reallocations

FPL has reallocated the reserve at this site to an account by unit level as shown in Attachment 4 to this Order. We agree with our Staff's recommendation and approve the reallocations made by the utility. In addition, our Staff recommends a transfer of \$3,173,546 from Account 343, Prime Movers, to the reserve associated with those assets planned for retirement in 1992, in connection with the repowering project. As pointed out by our Staff this will have the effect of offsetting the estimated unrecovered cost of these assets.

Depreciation and Dismantlement Rates

FPL revised study for Fort Lauderdale was submitted at the end of September, 1990, reflecting assets planned for retirement in connection with the repowering project. Our Staff's recommendation shown in Attachments 1, 2, and 3 is based on that revised study. As shown in the revised study the repowering is planned to remove boilers 4 and 5 and some associated structures and equipment. The removed plant will be replaced with two combined cycle gas turbine units and two reboilers heated by the gas turbine exhaust. According to FPL, asbestos removal will take place in connection with other major projects as they occur in the plants.

FPL's projections of lives for the various strata, and other expected interim net salvage values are being accepted as reasonable. Our Staff has indicated that it does not have any disagreement with the Utility's depreciation rate components other than the assets retiring in connection with the repowering project to be completed in 1992. For those assets, Staff recommends a two-year recovery schedule covering the estimated associated expenses. (Attachment 3) As indicated previously, with the reserve transfer, the associated expenses should now be zero. Recovery schedules such as this should have expenses calculated on a monthly basis, the expense for the month is the net projected amount to be recovered (net plant and expected net salvage) divided by the

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months remaining for recovery-that is, the months to completion of the project. This permits changes in timing or in costs such as asbestos removal, to be considered, and permits full recovery by the end of the project. The withdrawal of these near-term retirements increases the lives of the remaining assets.

Concerning the dismantlement costs, the following two areas of difference exist between FPL and our Staff:

1. FPL's methodology utilizes a "discount" factor that "gives the customers credit for the company's use of internal funds generated" by the depreciation accruals. This is similar to the funding approach used for nuclear decommissioning. However, the reserve for fossil-fuel dismantlement is not funded. Therefore, the Utility's "discount" factor is not appropriate through the depreciation mechanism.
2. For the gross salvage calculation, our Staff is not using FPL's 10% factor for Administration and Engineering and 15% for Contingencies. The inclusion of the additional percentage is difficult to justify because gross salvage from the material removed will differ from projections either negative or positive.

Having reviewed the utility's revised study and having considered the modifications proposed by Staff, we find that FPL's depreciation and dismantlement cost rates should be prescribed consistent with Staff's recommendation. The specific rates and components approved by this order were set forth in Attachment 1 and 2 to this Order.

In consideration of the foregoing, it is

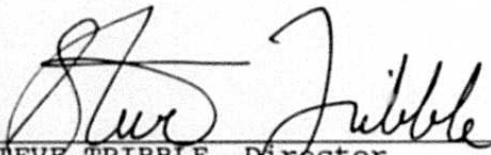
ORDERED by the Florida Public Service Commission that the depreciation rates, dismantlements costs, recovery schedule and reallocation reserve set forth in Attachments 1-4 to this Order are hereby approved for Florida Power & Light Company's Fort Lauderdale power plant effective January 1, 1991. It is further

ORDERED that this Order shall become final and this docket closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review. It is further

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ORDERED that this docket be closed, if no petition for formal proceeding is timely filed.

By Order of the Florida Public Service Commission, this
27th day of MARCH, 1991.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This

petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on April 17, 1991.

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In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer 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 of the effective date 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.

FLORIDA POWER AND LIGHT COMPANY
 FORT LAUDERDALE PLANT
 REVISED DEPRECIATION RATES

ACCOUNT	PRELIMINARY				APPROVED			
	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	ADJUSTED RESERVE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (YRS.)	NET SALVAGE (%)	ADJUSTED RESERVE (%)	REMAINING LIFE RATE (%)
COMMON: (Ordered rates reflect withdrawing assets slated for 1992 retirement and reflect Company-revised study.)								
311 Structures	2.5	(5.0)	84.6	8.1	21.0	(5.0)	64.3	1.9
312 Boiler Plant Equipment	2.5	(20.0)	97.9	8.8	20.0	(20.0)	80.3	2.0
314 Turbogenerator Units	2.5	(4.0)	72.2	12.7	18.6	(4.0)	37.2	3.6
315 Accessory Electric Equip.	2.5	(3.0)	84.1	7.6	15.3	(3.0)	74.9	1.8
316 Misc. Power Plant Equip.	2.5	(1.0)	82.3	7.5	8.3	(1.0)	85.7	1.8
UNIT 4: (Ordered rates reflect withdrawing assets slated for 1992 retirement and reflect Company-revised study.)								
311 Structures	2.5	(5.0)	85.6	7.8	21.0	(5.0)	68.8	1.7
312 Boiler Plant Equipment	2.5	(20.0)	97.9	8.8	19.7	(20.0)	78.9	2.1
314 Turbogenerator Units	2.5	(4.0)	84.7	7.7	18.6	(4.0)	70.6	1.8
315 Accessory Electric Equip.	2.5	(3.0)	84.1	7.6	15.2	(3.0)	75.1	1.8
316 Misc. Power Plant Equip.	2.5	(1.0)	82.3	7.5	14.1	(1.0)	75.4	1.8
UNIT 5: (Ordered rates reflect withdrawing assets slated for 1992 retirement and reflect Company-revised study.)								
311 Structures	2.5	(5.0)	85.4	7.8	21.0	(5.0)	66.6	1.8
312 Boiler Plant Equipment	2.5	(20.0)	97.7	8.9	19.8	(20.0)	78.7	2.1
314 Turbogenerator Units	2.5	(4.0)	84.5	7.8	19.0	(4.0)	69.7	1.8
315 Accessory Electric Equip.	2.5	(3.0)	83.8	7.7	11.8	(3.0)	80.2	1.9
316 Misc. Power Plant Equip.	2.5	(1.0)	82.1	7.6	16.0	(1.0)	71.2	1.9
GAS TURBINES: (Ordered rates reflect Company-revised study.)								
341 Structures	11.5	(2.0)	100.4	0.1	10.5	(2.0)	99.4	0.2
342 Fuel Holders, Prod. & Access.	11.5	(2.0)	91.9	0.9	10.5	(2.0)	92.8	0.9
343 Prime Movers	11.5	(2.0)	86.7	1.3	10.5	(2.0)	75.1	2.6
344 Generators	11.5	(2.0)	92.9	0.8	10.5	(2.0)	93.7	0.8
345 Accessory Electric Equip.	11.5	(1.0)	77.8	2.0	10.5	(1.0)	77.8	2.2
346 Misc. Power Plant Equip.	11.5	(1.0)	84.4	1.4	10.5	(1.0)	85.7	1.5

ATTACHMENT 2
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FLORIDA POWER AND LIGHT COMPANY
 FORT LAUDERDALE PLANT
 PROVISION FOR PROJECTED DISMANTLEMENT EXPENSES

ACCOUNT	PRELIMINARY	COMMISSION APPROVED
	ANNUAL RATE (%)	ANNUAL RATE (%)
COMMON:		
311 Structures	0.0	(0.4)
312 Boiler Plant Equipment	0.0	(0.4)
314 Turbogenerator Units	0.0	(0.5)
315 Accessory Electric Equip.	0.0	(0.3)
316 Misc. Power Plant Equip.	0.0	30.3
UNIT 4:		
311 Structures	13.0	17.4
312 Boiler Plant Equipment	0.5	0.2
314 Turbogenerator Units	0.0	0.0
315 Accessory Electric Equip.	0.8	0.4
316 Misc. Power Plant Equip.	0.0	(0.7)
UNIT 5:		
311 Structures	13.0	17.4
312 Boiler Plant Equipment	0.5	0.2
314 Turbogenerator Units	0.0	0.1
315 Accessory Electric Equip.	0.9	1.1
316 Misc. Power Plant Equip.	0.0	(0.5)
GAS TURBINES:		
341 Structures	0.0	0.1
342 Fuel Holders, Prod. & Access.	0.0	0.0
343 Prime Movers	0.0	0.0
344 Generators	0.0	0.0
345 Accessory Electric Equip.	0.1	0.2
346 Misc. Power Plant Equip.	0.0	0.0

ATTACHMENT 3
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FLORIDA POWER AND LIGHT COMPANY
 FORT LAUDERDALE POWER PLANT
 TWO YEAR RECOVERY SCHEDULE FOR 1992 REPOWERING

ACCOUNT	ESTIMATED		NEGATIVE		RESERVE	TO BE	PERIOD	1991	1992
	RETIRING INVEST.	NET SALVAGE	RESERVE	TRANSFER					
1992 Repowering Retirement	14,155,351 (\$)	(8,040,822) (\$)	19,022,827 (\$)	3,173,546 (\$)	0 (\$)	2	0 (\$)	0 (\$)	

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FLORIDA POWER AND LIGHT COMPANY
 FORT LAUDERDALE PLANT
 APPROVED RESERVE ALLOCATIONS

ACCOUNT	1-1-91 REALLOCATED RESERVE
	(\$)
COMMON:	
311 Structures	3,824,826
312 Boiler Plant Equipment	300,264
314 Turbogenerator Units	42,969
315 Accessory Electric Equip.	332,351
316 Misc. Power Plant Equip.	3,068
UNIT 4:	
311 Structures	1,369,126
312 Boiler Plant Equipment	565,075
314 Turbogenerator Units	4,839,874
315 Accessory Electric Equip.	1,005,717
316 Misc. Power Plant Equip.	33,378
UNIT 5:	
311 Structures	538,598
312 Boiler Plant Equipment	642,038
314 Turbogenerator Units	4,176,151
315 Accessory Electric Equip.	264,774
316 Misc. Power Plant Equip.	15,546
GAS TURBINES:	
341 Structures	4,306,989
342 Fuel Holders, Prod. & Access.	609,264
343 Prime Movers	26,874,350
344 Generators	28,389,443
345 Accessory Electric Equip.	4,885,593
346 Misc. Power Plant Equip.	826,829

* Denotes restated reserve after \$3.2 million transfer to reserve associated with retiring assets.