

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Adoption 25-6.04361, F.A.C.,	)	DOCKET NO. 900124-EI
Subcategorization of Electric Plant	)	ORDER NO. 25085
for Depreciation.	)	ISSUED: 9/23/91
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NOTICE OF RULEMAKING

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has initiated rulemaking to adopt Rule 25-6.04361, F.A.C., relating to subcategorization of electric plant for depreciation.

The attached Notice of Rulemaking will appear in the September 27, 1991, edition of the Florida Administrative Weekly. If requested, a hearing will be held at the following time and place:

9:30 a.m., Friday, December 9, 1991  
 Room 122, Fletcher Building  
 101 East Gaines Street  
 Tallahassee, Florida

Written requests for hearing and written comments or suggestions on the rule must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, FL 32399, no later than October 21, 1991.

By Direction of the Florida Public Service Commission, this  
23rd day of SEPTEMBER, 1991.



STEVE TRIBBLE, Director  
 Division of Records & Reporting

( S E A L )

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DOCUMENT NUMBER-DATE

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 900124-EI

RULE TITLE:

RULE NO.:

Subcategorization of Electric Plant  
for Depreciation

25-6.04361

PURPOSE AND EFFECT: The purpose of proposed Rule 25-6.04361, F.A.C., is to prescribe the methodology electric utilities shall follow in conducting depreciation studies and setting depreciation rates. This methodology is designed to group together items which are relatively homogeneous in functional areas, expected life, and salvage characteristics. The effect will be more valid and reliable depreciation studies within a company, as well as greater uniformity among the companies in depreciation studies and depreciation rates.

SUMMARY: The proposed rule specifies that depreciation rate design accounts shall be in accordance with those prescribed by the Federal Energy Regulatory Commission (FERC). Those accounts shall be further broken down by certain subaccounts specified in the rule. Subsection (2) describes certain situations where new subaccounts must be established, even though the subaccount is not presently specified in the rule. Subsection (3) gives the utilities some flexibility in developing subaccounts where appropriate for its own situation.

According to the type of plant involved, the rule specifies

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the particular FERC accounts which will be used in the design of depreciation rates. Those accounts represent various units of plant for which depreciation rates will be developed. These units are often composed of smaller subunits or components, each with a different potential life, depending on the planning of the specific company. For depreciation purposes only, the accounts shall be stratified into various groups of items with similar life patterns. These subaccount groupings will help facilitate the design of a depreciation rate for the account which is more valid and reliable because the various components have been taken into consideration.

RULEMAKING AUTHORITY: 350.127(2), F.S.

LAW IMPLEMENTED: 366.04(2)(a), 366.05(1), F.S.

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THIS RULE: The electric utilities should not be subject to any significant additional expenses due to the adoption of the proposed rule. This is due to the fact that basically the same data that is currently submitted to the Commission will be utilized in following the methodology prescribed in the proposed rule. This assumes that the methodology will be used to facilitate depreciation studies and develop depreciation rates, and not for accounting purposes which would cause significant expense due to additional booking activity.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE

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PROCEEDING. IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:  
TIME AND DATE: 9:30 A.M., December 9, 1991

PLACE: Room 122, 101 East Gaines Street, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THIS RULE AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399

THE FULL TEXT OF THE RULE IS:

25-6.04361 Subcategorization of Electric Plant for Depreciation.

(1) Depreciation rate design accounts shall be in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts for Public Utilities and Licensees (USOA), Code of Federal Regulations, Title 18, Subchapter C, Part 101, as adopted by Rule 25-6.014, F.A.C. New depreciation subaccounts, as listed in subsection (5) below, shall be established under these accounts. This subcategorization shall group together items which are relatively homogeneous in expected life and salvage characteristics.

(2) New depreciation subaccounts must be established to subcategorize a plant which meets the following criteria:

(a) Introduction of a new technology: for example, flue gas desulphurization, heat pipes, or fluidized bed combustors.

(b) The present inclusion of an obsolescent/dying technology:

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for example, pneumatic monitoring systems.

(c) A major installation that is facing near-term retirement: for example, a generating unit, line, or station.

(3) Additionally, a company may develop depreciation subaccounts within a listed account as appropriate for its own situation. However, a company shall not establish a new subaccount (except subaccounts required by (2)) that would represent less than 10% of the original primary account.

(4) Depreciation reserve, plant activity data, gross salvage, and costs of removal, shall be maintained for each depreciation category for which a depreciation rate is to be developed.

(5) The following accounts and subaccounts shall be used in the design of depreciation rates:

(a) Steam Production Plant. The following accounts shall be maintained, at a minimum, on a plant site basis. It is preferable, however, that the accounts be maintained for each individual unit within each plant site. Stratification within each account for use in determining the depreciation rate of the account shall be established in accord with their potential life patterns and planning of the specific company. An example of stratification groupings, which may be used, are shown below under Structures and Improvements, Account 311.

1. Structures and Improvements, Account 311.

Suggested stratification groupings are as follows:

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- a. Valves
  - b. Pumps, HVAC ductwork, roads
  - c. Piping systems
  - d. Building structures, tanks, lighting, vents
2. Boiler Plant Equipment, Account 312.
  3. Turbogenerator Units, Account 314.
  4. Accessory Electric Equipment, Account 315.
  5. Miscellaneous Power Plant Equipment, Account 316.

(b) Nuclear Power Production Plant. The following accounts shall be maintained, at a minimum, on a plant site basis. It is preferable, however, that the accounts be maintained for each individual unit within each plant site. Stratification within the accounts for use in determining depreciation rates for the accounts shall be established in accord with their potential life patterns and planning of the specific company. In addition, subaccounts shall be established for the components and facilities that are expected to retire and be decommissioned upon receipt of the license termination as well as those components and facilities which are subject to retention to generate electricity with another steam source after the removal of the current nuclear steam generating components.

1. Structures and Improvements, Account 321.
2. Reactor Plant Equipment, Account 322.
3. Turbogenerator Units, Account 323.

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4. Accessory Electric Equipment, Account 324.

5. Miscellaneous Power Plant Equipment, Account 325.

(c) Other Production Plant. The following accounts shall be maintained, at a minimum, on a plant site basis. Stratification within the accounts for use in determining depreciation rates for the accounts shall be established in accord with their potential life patterns and usage of the specific company.

1. Structures and Improvements, Account 341.

2. Fuel Holders, Producers, And Accessories, Account 342.

3. Prime Movers, Account 343.

4. Generators, Account 344.

5. Accessory Electric Equipment, Account 345.

6. Miscellaneous Power Plant Equipment, Account 346.

(d) Transmission Plant. The following accounts shall be used:

1. Easements, Account 351.

2. Structures and Improvements, Account 352.

3. Station Equipment, Account 353.

4. Towers and Fixtures, Account 354.

5. Poles and Fixtures, Account 355.

6. Overhead Conductors and Devices, Account 356.

7. Underground Conduit, Account 357.

8. Underground Conductors and Devices, Account 358.

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9. Roads and Trails, Account 359.

10. Additional accounts or subaccounts shall be established in accord with potential life patterns and planning of the specific company.

(e) Distribution Plant. The following accounts shall be used:

1. Easements, Account 360.

2. Structures and Improvements, Account 361.

3. Station Equipment, Account 362.

4. Poles, Towers and Fixtures, Account 364.

5. Overhead Conductors and Devices, Account 365.

6. Underground Conduit, Account 366.

7. Underground Conductors and Devices, Account 367.

8. Line Transformers, Account 368.

9. Services, Account 369.

10. Meters, Account 370.

11. Installation on Customers Premises, Account 371.

12. Street Lighting and Signal Systems, Account 373

13. Additional accounts or subaccounts shall be established in accord with potential life patterns and planning of the specific company.

(f) General Plant. The following accounts shall be used:

1. Easements, Account 389.

2. Structures and Improvements, Account 390.

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3. Office Furniture and Equipment, Account 391. The following subaccounts shall be used:

- a. Furniture. The investment in this subaccount shall be amortized over a 7 year period.
- b. Office Accessories. The investment in this subaccount shall be amortized over a 5 year period.
- c. Office, Mailing, and Duplicating Equipment. The investment in this subaccount shall be amortized over a 7 year period.
- d. Computer Equipment. The investment in this subaccount shall be amortized over a 5 year period.

4. Transportation Equipment, Account 392. The following subaccounts shall be used:

- a. Passenger Cars.
- b. Light Trucks. This subaccount shall include trucks of one ton in capacity or less.
- c. Heavy Trucks. This subaccount shall include trucks of greater than one ton capacity.
- d. Tractors and Trailers.
- e. Special Purpose Vehicles.
- f. Aircraft.
- g. Investments associated with marine equipment.

motorcycles and single-occupant vehicles shall be subaccounted and amortized over a 5 year period.

5. Stores Equipment, Account 393. The following subaccounts shall be used:

- a. Handling equipment.
- b. Storage and Portable Handling Equipment. This subaccount shall be amortized over a 7 year period.

6. Tools, Shop and Garage Equipment, Account 394. The following subaccounts shall be used:

- a. Fixed or Stationary Equipment.
- b. Portable Tools and Equipment. This subaccount shall be amortized over a 7 year period.

7. Laboratory Equipment, Account 395. The following subaccounts shall be used:

- a. Fixed or Stationary Equipment.
- b. Portable Equipment. This subaccount shall be amortized over a 7 year period.

8. Power Operated Equipment, Account 396.

9. Communication Equipment, Account 397. The following subaccounts shall be used:

- a. Company Official Communication Equipment.
- b. Optic Electronics Equipment.

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c. Other Communication Equipment.

10. Miscellaneous Equipment, Account 398. This account shall be amortized over a 7 year period.

11. Additional accounts or subaccounts shall be established in accord with potential life patterns and planning of the specific company.

(6) Depreciation rates developed after January 1, 1992 shall be based on the account classifications in this rule. In implementing these rates the following procedures shall be followed:

(a) Reserve activity data, plant activity data, gross salvage, and costs of removal are to be recorded to the new accounts and subaccounts for activity subsequent to January 1, 1992.

(b) The separation of investments and reserves under prior accounts into balances relating to new accounts and subaccounts under this rule may require estimation. Where vintaged distributions are not maintained, separation into accounts and subaccounts may require synthesization.

(c) If an existing account is essentially compatible with an account listed in the rule, that account shall be deemed to be in compliance with this rule.

Specific Authority: 350.127(2) F.S.

Law Implemented: 366.04(2)(a), 366.05(1) F.S.

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History: New, \_\_\_\_\_.

NAME OF PERSON ORIGINATING PROPOSED RULE: Mike Wilkerson, Division  
of Auditing and Financial Analysis

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULE:  
Florida Public Service Commission

DATE PROPOSED RULE APPROVED: September 10, 1991

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.