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**Public Service Commission**

August 21, 1997

Donald L. Babka  
Manager of Regulatory & Tax Accounting  
Florida Power & Light Company  
P.O. Box 029100  
Miami, FL 33102

**Re: Docket No. 970785-E1**

Dear Mr. Babka:

As we begin our review of the depreciation status of the investment in equipment for steam generated power at the six sites in this docket, some questions have developed. Please provide the information requested in the attached initial review by September 19, 1997. Should you have any questions, please telephone me at (850) 413-6453 or Jeanette Bass at (850) 413-6461.

Your response to our request is appreciated.

Sincerely,

Patricia S. Lee  
US/C Engineer Supervisor

ACK \_\_\_\_\_

FEA \_\_\_\_\_

PSC/JB:lts

cc: W. G. Walker, III  
Matthew M. Childs  
Division of Electric & Gas  
Division of Legal Services  
Office of Public Counsel  
**Division of Records & Reporting**

DOCUMENT NUMBER - DATE  
**08497 AUG 22 97**  
PSC-RECORDS/REPORTING

FLORIDA POWER AND LIGHT COMPANY  
1997 DEPRECIATION STUDY  
DOCKET NO. 970785 - EI

INITIAL REVIEW

1. The data provided in the filing did not include plant or reserve activity since the last study. The Rule 25-6.036(6)(g), Florida Administrative Code, specifies data and calculations to be included in a depreciation study for each category of depreciable plant. Please provide the required information.
2. The most recent filing of depreciation data for these six generation sites was that included in Docket No. 931231-EI. This study presents revised planning in regard to the capital recovery requirements and retirement of these sites. For example, the capital recovery date for the Unit 3 installation at Riviera was formerly 2013, and is now 2002; for Unit 4, the recovery date was 2014, and is now 2003, and the common plant installation also is now 2003 rather than 2014. FPL is proposing shorter lives which appear flow from this revised planning. Unfortunately, the Company has not provided any insight into the dynamics or drivers behind the altered capital recovery dates.
  - a. In order to move forward with analysis of the proposed recovery designs, some knowledge of current Company specific developments and planning is required. Staff needs to specifically understand what has caused FPL to now believe these plants will experience shorter overall life spans. Please provide insight into the current views and approach used by FPL, and explain how those have been applied in revising the planning for the sites involved in this filing.
  - b. In the last study, there was some discussion about the manner in which specific plants are utilized. Please describe the manner in which these six plants are utilized for power production. Also, please provide an overview of any recent or expected changes in the manner of utilization.
3.
  - a. In Order No. PSC-96-0461-FOF-EI in Docket No. 950359-EI, the Company was ordered to book additional depreciation expense amounts in each of the years 1995, 1996, and 1997. For each of the years 1995 and 1996, what was the total amount of that additional depreciation expense booked?
  - b. The Order cited in "a" above directed that the additional expense was first to be applied to correct the reserve deficiency which then existed in the nuclear production accounts. For the years 1995 and 1996, how much of the total additional depreciation expense was applied to the nuclear reserve deficiency?

- c. The Order further directed that the additional expense amount would next be applied to correct reserve deficiencies which existed at FPL's other production facilities (meaning non-nuclear). A perceived deficiency in the amount of \$60,338,330 was identified in that Order, determined by staff calculations based on available Company data as of January 1, 1994.

In each Schedule III of the current filing, the heading for Column "j" refers to "Reserve Deficiency Collected per Docket No. 950359-EI." From the total amount shown in those schedules, it appears that approximately \$66.8 M was applied to the reserves for the six generation sites addressed in the current docket. Please provide the work papers showing how the total amount booked as a result of Docket No. 950359-EI was determined, and explain how that amount was distributed among the sites, and the accounts within each site, in the current filing.

- d. Referring to the total amount of \$66.8 M as described in "c" above, was any expense allocated to sites other than the six involved in this docket? Please provide amounts allocated for other sites, or explain the rationale for allocating the full amount of these expenses from Docket 950359-EI to these six sites exclusively.
4. a. In the current filing, how is the replacement interval related to the service life? More specifically, is the service life shown a function of the replacement interval; i.e., is the service life calculated using the replacement interval value in the calculation?
- b. Is the meaning of the term "replacement interval," and use of the replacement interval value, identical with the practice used in the last filing?
5. a. It appears that all investment for these six sites has now been unitized, while only Riviera and Sanford were unitized at the time of the last study. For those sites not previously unitized, the investment cannot be traced from the last filing to this one. Staff would like to understand reasons for some observed changes in the investment data in the current filing, compared with that in the last filing. For example, the data for Riviera Common, Site drainage System, Account 311.201, shows a decrease in each line item. The decreases are sometimes very small, in some cases less than \$10. The vintages range from 1947 to 1992. Please explain what is represented by the decrease in plant investment.
- b. Staff understands that the process of unitization may result in data which is very different in appearance from previous records. Please explain what, in addition to normal activity of additions, retirements and adjustments, may cause changes in the data at this juncture.

6. Please briefly describe any major overhauls or repowering projects which are anticipated for each of these six generation sites in the next five years.
  
7.
  - a. Are any asbestos projects currently in progress for any of these sites?
  - b. Do any such projects remain to be done?
  - c. If any asbestos projects remain, please identify the amounts estimated to be retired, and estimated year(s) when the project(s) will be undertaken. For those which are planned within the next five years, please provide estimates of the project costs as well.