

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Revised depreciation
study for Sanford Site by
Florida Power & Light Company.

DOCKET NO. 000518-EI
ORDER NO. PSC-00-2390-FOF-EI
ISSUED: December 13, 2000

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ

ORDER APPROVING REQUEST FOR WITHDRAWAL OF APPLICATION FOR REVISED
DEPRECIATION RATES AND RECOVERY SCHEDULES AND ORDER REVISING
DEPRECIATION RATES

BY THE COMMISSION:

CASE BACKGROUND

By Order Nos. PSC-99-0073-FOF-EI and PSC-99-0958-FOF-EI, issued January 8, 1999 and May 11, 1999, respectively, in Docket No. 971660-EI, the depreciation rates and capital recovery schedules for Florida Power & Light Company (FPL or company) were revised. The rates and recovery schedules approved for the Sanford units recognized the planned re-powering of Units 3 and 4 by 2003. Subsequent to the above orders, FPL's plans have changed. Current planning is to re-power the Sanford Units 4 and 5 by 2002 and not to re-power Unit 3.

On March 10, 1999, the parties of Docket No. 990067-EI, In Re: Petition for a Full Revenue Requirements Rate Case for Florida Power & Light Company, filed a Joint Motion for Approval of Stipulation and Settlement together with the Stipulation and Settlement (Stipulation). By Order No. PSC-99-0519-AS-EI, issued March 17, 1999, the Stipulation was approved. Pursuant to paragraph 8 of the Stipulation, the depreciation rates addressed in Order No. PSC-99-0073-FOF-EI will not be increased for the term of the Stipulation period, which will end April 15, 2002.

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FPC-RECORDS/REPORTING

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On April 28, 2000, FPL filed a depreciation study in the instant docket addressing the need to revise its depreciation rates and recovery schedules for the Sanford units to reflect the current re-powering plans. The company also requested preliminary implementation of its proposed revised depreciation rates and recovery schedules as of January 1, 2000. By Order No. PSC-00-1224-PCO-EI and Amendatory Order No. PSC-00-1224A-PCO-EI, issued July 6, 2000, and July 7, 2000, respectively, this request was approved. The docket remained open pending review and Commission action concerning the appropriate depreciation rates and recovery schedules under consideration.

At the time of the last depreciation study, FPL's plans were to re-power the Sanford Units 3 and 4 by 2003. Accordingly, this Commission approved a recovery schedule designed to recover the assets estimated to retire at these units over the associated remaining life span and depreciation rates were developed for those assets expected to remain in service with the re-powering. FPL now reports that its plans have changed and Units 4 and 5 will be re-powered and not Unit 3. Furthermore, the re-powering will be completed by 2002 rather than 2003. The instant docket was opened to address the company's proposed revision to its recovery schedule as well as revisions to the depreciation rates prescribed for the Sanford site to reflect the changed plans.

We believe depreciation rates and capital recovery schedules should be revised as soon as the need is perceived, and certainly a change in planning indicates a perceived need. However, FPL is currently operating under a Stipulation that specifically states that depreciation rates approved by Order No. PSC-99-0073-FOF-EI will not be increased for the term of the Stipulation period, which will end April 15, 2002. The revision of depreciation rates and recovery schedules FPL is seeking in this case for the Sanford site represents an increase in the currently prescribed recovery position. Recognizing this, FPL, by its letter of November 8, 2000, requested a withdrawal of its application for revised depreciation rates and recovery schedules for the Sanford Site. We hereby approve FPL's request for withdrawal.

In addition, we find that the depreciation rates approved for preliminary implementation shall be revised to reflect those

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approved by Order No. PSC-99-0073-FOF-EI and PSC-99-0958-FOF-EI as shown on Attachment A. Additionally, the company shall true-up the resulting expenses effective January 1, 2000.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the request of withdrawal of application of Florida Power & Light Company's revised depreciation rates and recovery schedule is hereby approved. It is further

ORDERED that the depreciation rates approved for preliminary implementation be revised to reflect those approved by Order No. PSC-99-0073-FOF-EI and PSC-99-0958-FOF-EI, as shown in Attachment A. It is further

ORDERED that Florida Power & Light Company shall true up the resulting expenses effective January 1, 2000. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 13th day of December, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

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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 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater 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 after the issuance 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.

ATTACHMENT A

FLORIDA POWER AND LIGHT COMPANY
 2000 DEPRECIATION STUDY
 SANFORD DIVISION

ACCOUNT	COMMISSION APPROVED*			
	AVERAGE	NET	01/01/1998	REMAINING
	REMAINING	SALVAGE	RESERVE	LIFE
	LIFE	(%)	(%)	RATE
	(Yrs.)	(%)	(%)	(%)
STEAM PRODUCTION				
Sanford Common (Remaining)				
311 Structures and Improvements	21.0	(2.0)	44.03	2.8
312 Boiler Plant Equip.	22.0	(14.0)	35.99	3.5
314 Turbogenerator Units	22.0	(8.0)	57.32	2.3
315 Accessory Electric Equip.	23.0	(6.0)	54.79	2.2
316 Misc. Power Plant Equip.	10.1	0.0	50.53	4.9
Sanford Unit 3 (Remaining)				
311 Structures and Improvements	21.0	(2.0)	50.88	2.4
312 Boiler Plant Equip.	17.0	(14.0)	73.20	2.4
314 Turbogenerator Units	12.9	(8.0)	78.05	2.3
315 Accessory Electric Equip.	10.2	(6.0)	75.66	3.0
316 Misc. Power Plant Equip.	3.7	0.0	91.10	2.4
Sanford Unit 4 (Remaining)				
311 Structures and Improvements	28.0	(2.0)	45.32	2.0
312 Boiler Plant Equip.	23.0	(14.0)	54.98	2.6
314 Turbogenerator Units	20.0	(8.0)	49.86	2.9
315 Accessory Electric Equip.	20.0	(6.0)	57.24	2.4
316 Misc. Power Plant Equip.	2.5	0.0	87.99	4.8
Sanford Unit 5				
311 Structures and Improvements	15.4	(2.0)	60.54	2.7
312 Boiler Plant Equip.	9.2	(14.0)	75.40	4.2
314 Turbogenerator Units	14.6	(8.0)	56.61	3.5
315 Accessory Electric Equip.	15.1	(6.0)	63.27	2.8
316 Misc. Power Plant Equip.	7.0	0.0	76.20	3.4
Recovery Schedule				
Sanford Repowering Retirements				
5.5 Year Amortization				

*Reflects depreciation rates and recovery schedules approved by Order No. PSC-99-0073-FOF-EI, effective January 1, 1998.