

ORIGINAL

9250 West Flagler St., Miami, FL 33174



February 7, 2003

Ms. Blanca Bayo
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard, Room 110
Tallahassee, Florida 32399-0850

030139-EI

COMMISSION
CLERK

FEB -7 PM 4:06

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Re: Depreciation Rates for Sanford Unit Number 4

Dear Ms. Bayo:

Florida Power & Light Company (FPL) requests Commission approval to begin depreciating the Sanford Unit Number 4 (Sanford Unit) using the Whole Life Depreciation Rates currently approved for Martin Power Plant, Unit No. 4. The Sanford Unit is a repowered unit and was not part of the rates approved in 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, or Order Nos. PSC 00-2434-PAA-EI and PSC 01-1337-PAA-EI.

The Sanford Unit repowering involves the installation of four combustion turbines and related HRSGs to supply steam to the existing steam turbine located at the Sanford Plant Site. The new installation will add approximately 576 megawatts of generation at the existing site. The Sanford Unit will operate in simple cycle beginning the end of February 2003 and will begin combine cycle operation in May 2003.

The rates being requested are the same rates approved for Sanford Unit 5 in Order No. PSC-02-1103-PPA-EI., Docket No. 020332-EI issued on August 12, 2002 which were also based on the whole life rates approved for Martin Unit 4. Sanford Unit 4 and 5 are similar to the units installed at Martin Unit No. 4. Martin Unit No. 4 was placed in service in 1994 and had depreciation rates last approved by the Commission in April 1999. The whole life depreciation rates approved for Martin Unit 4 will provide a reasonable capital recovery plan until depreciation studies of the Sanford Unit can be prepared and reviewed and approved by the Commission. The application of whole life rates for the Sanford Unit is appropriate since it has not accumulated any depreciation and, being a new unit, has a remaining life equal to the whole life.

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FPSC ARCHIVE RECORDS

FPL will prepare and file a site specific depreciation and dismantlement study for the Sanford Units 4 and 5 as soon as possible after the units have been placed in service and the plant dollars have been unitized.

In summary, FPL proposes to use the whole life depreciation rates approved for Martin Unit 4 for the Sanford Unit No. 4. Attached is a copy of the summary schedule for the most recent change in depreciation rates submitted by FPL in Docket No. 971660-EI and subsequently approved by the Commission for the Martin Combined Cycle Plant in Order no. PSC-99-0073-FOF-EI. If you or your staff have any questions, please contact me at (561) 694-4331.

Sincerely,


Donald L. Babka

Director Regulatory and Tax Accounting

cc. Pat Lee

William G. Walker, III

Attachment

PLANT & RESERVE BALANCES
BALANCES AT 12/31/97

Account Number	Account Description	Plant Balance At 12/31/97 a	Reserve Balance At 12/31/97 b	Reserve Ratio c	Reserve Ratio When Approved d	Service Life		Net Salvage g	Depreciation Rate		Estimated Annual Accrual j	Service Life			Depreciation Rate			Estimated Annual Accrual p	Change In Annual Accrual q
						Average Life e	Remaining Life f		Whole Life h	Remaining Life i		Average Life k	Remaining Life l	Net Salvage m	Whole Life n	Remaining Life o			
Martin Combined Cycle Common																			
341	Structures & Improvements	\$40,062,842	\$10,028,672	25.03%	16.4%	22.0	20.0	-2.0%	4.6%	4.3%	\$1,722,702	21.0	17.6	-4.0%	5.0%	4.4%	\$1,762,765	\$40,063	
342	Fuel Holders, Producers and Accessories	\$3,512,818	\$751,752	21.40%	18.5%	23.0	21.0	-2.0%	4.4%	4.0%	\$140,505	22.0	19.0	0.0%	4.5%	4.1%	\$144,017	\$3,512	
343	Prime Movers	\$34,819,980	\$12,420,780	35.89%	19.9%	6.6	5.1	-2.0%	15.5%	16.1%	\$5,573,817	8.8	6.6	-2.0%	11.6%	10.0%	\$3,481,998	(\$2,111,819)	
344	Generators	\$0	\$0	0.00%	0.0%	0.0	0.0	0.0%	0.0%	0.0%	\$0	0.0	0.0	0.0%	0.0%	0.0%	\$0	\$0	
345	Accessory Electric Equipment	\$4,678,011	\$1,163,943	24.89%	18.4%	25.0	24.0	-1.0%	4.0%	3.4%	\$158,984	25.0	21.0	-1.0%	4.0%	3.6%	\$168,338	\$9,352	
346	Miscellaneous Power Plant Equipment	\$4,078,523	\$1,308,545	32.08%	16.9%	12.6	11.1	-1.0%	8.0%	7.6%	\$310,044	12.6	9.1	0.0%	7.9%	7.5%	\$305,964	(\$4,080)	
Total Martin Combined Cycle Common		\$68,950,872	\$25,678,702	29.53%	17.8%	11.2	9.6	-2.0%	9.1%	8.8%	\$7,906,052	13.4	10.7	-2.0%	7.6%	6.8%	\$5,843,080	(\$2,062,972)	
Martin Combined Cycle Unit 3																			
341	Structures & Improvements	\$1,947,931	\$655,677	33.66%	27.9%	25.0	24.0	-2.0%	4.1%	3.1%	\$80,386	24.0	21.0	-4.0%	4.3%	3.3%	\$64,282	\$3,896	
342	Fuel Holders, Producers and Accessories	\$887,253	\$127,317	14.68%	5.8%	21.0	19.4	-2.0%	4.9%	5.0%	\$43,383	21.0	17.4	0.0%	4.8%	4.9%	\$42,495	(\$868)	
343	Prime Movers	\$149,522,435	\$22,853,000	15.28%	2.8%	17.3	15.8	-2.0%	5.9%	6.3%	\$9,419,913	18.7	15.3	-2.0%	5.5%	5.7%	\$8,522,779	(\$697,134)	
344	Generators	\$24,478,950	\$4,181,034	17.00%	8.8%	25.0	23.0	-2.0%	4.1%	4.1%	\$1,003,555	24.0	21.0	0.0%	4.2%	4.0%	\$979,078	(\$24,477)	
345	Accessory Electric Equipment	\$19,069,742	\$4,628,353	24.27%	10.5%	14.6	13.1	-1.0%	6.9%	6.9%	\$1,315,812	14.5	11.0	-1.0%	7.0%	7.0%	\$1,334,882	\$19,070	
346	Miscellaneous Power Plant Equipment	\$531,739	\$126,543	23.80%	16.8%	25.0	24.0	-1.0%	4.0%	3.5%	\$18,611	15.0	11.5	0.0%	6.7%	6.6%	\$35,095	\$18,484	
Total Martin Combined Cycle Unit 3		\$196,416,050	\$32,551,924	16.57%	4.6%	17.7	16.2	-2.0%	5.8%	6.0%	\$11,881,640	18.7	15.4	-2.0%	5.5%	5.5%	\$10,978,611	(\$883,029)	
Martin Combined Cycle Unit 4																			
341	Structures & Improvements	\$1,676,926	\$612,306	32.82%	26.3%	25.0	24.0	-2.0%	4.1%	3.2%	\$60,062	25.0	21.0	-4.0%	4.2%	3.4%	\$63,815	\$3,753	
342	Fuel Holders, Producers and Accessories	\$653,293	\$116,571	17.84%	11.3%	21.0	19.6	-2.0%	4.9%	4.6%	\$30,051	21.0	17.6	0.0%	4.8%	4.7%	\$30,705	\$654	
343	Prime Movers	\$144,937,527	\$27,303,753	18.84%	7.3%	17.9	16.4	-2.0%	5.7%	5.8%	\$6,406,377	16.5	15.1	-2.0%	5.5%	5.5%	\$7,971,564	(\$434,813)	
344	Generators	\$29,283,816	\$4,612,621	16.45%	8.2%	25.0	23.0	-2.0%	4.1%	4.1%	\$1,199,816	25.0	21.0	0.0%	4.0%	4.0%	\$1,170,553	(\$29,263)	
345	Accessory Electric Equipment	\$15,199,687	\$3,538,529	23.28%	9.3%	14.6	13.1	-1.0%	6.9%	7.0%	\$1,063,978	14.5	11.0	-1.0%	7.0%	7.1%	\$1,079,178	\$15,200	
346	Miscellaneous Power Plant Equipment	\$475,879	\$108,413	22.78%	15.7%	25.0	24.0	-1.0%	4.0%	3.6%	\$17,132	15.0	11.5	0.0%	6.7%	6.7%	\$31,864	\$14,752	
Total Martin Combined Cycle Unit 4		\$192,407,128	\$36,492,393	18.97%	7.6%	18.4	16.9	-2.0%	5.5%	5.6%	\$10,777,416	18.9	15.4	-2.0%	5.4%	5.4%	\$10,347,699	(\$429,717)	
Martin Combined Cycle Site																			
341	Structures & Improvements	\$43,687,699	\$11,296,655	25.74%	17.4%	22.0	20.0	-2.0%	4.6%	4.2%	\$1,843,150	21.0	18.0	-4.0%	5.0%	4.3%	\$1,890,862	\$47,712	
342	Fuel Holders, Producers and Accessories	\$5,033,162	\$995,840	19.78%	14.8%	22.0	21.0	-2.0%	4.6%	4.2%	\$213,919	22.0	18.5	0.0%	4.5%	4.3%	\$217,217	\$3,298	
343	Prime Movers	\$328,078,842	\$62,583,543	19.02%	6.1%	15.0	13.5	-2.0%	6.8%	7.1%	\$23,400,107	16.7	13.5	-2.0%	6.1%	6.1%	\$19,958,341	(\$3,443,768)	
344	Generators	\$53,740,766	\$8,973,855	16.70%	8.5%	25.0	23.0	-2.0%	4.1%	4.1%	\$2,203,371	25.0	21.0	0.0%	4.0%	4.0%	\$2,149,631	(\$53,740)	
345	Accessory Electric Equipment	\$38,945,440	\$9,330,825	23.96%	11.0%	15.4	13.9	-1.0%	6.6%	6.5%	\$2,538,774	15.3	11.7	-1.0%	6.6%	6.6%	\$2,562,396	\$43,622	
346	Miscellaneous Power Plant Equipment	\$5,087,141	\$1,543,501	30.34%	16.8%	14.0	12.5	-1.0%	7.2%	6.7%	\$345,787	13.0	9.5	0.0%	7.7%	7.3%	\$372,943	\$27,158	
Total Martin Combined Cycle Site		\$475,774,150	\$94,724,019	19.91%	8.1%	16.3	14.7	-2.0%	6.3%	6.4%	\$30,545,108	17.5	14.3	-2.0%	5.8%	5.7%	\$27,169,390	(\$3,375,718)	