

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

UNDOCKETED

IN RE: PROPOSED ADOPTION OF RULE 25-6.04364 - ELECTRIC
UTILITIES DISMANTLEMENT STUDIES

NOTICE OF PROPOSED RULE DEVELOPMENT

TO

ALL INTERESTED PERSONS

ISSUED: February 13, 2003

NOTICE is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated the development of Rule 25-6.04364, Florida Administrative Code, to adopt provisions relating to electric utilities dismantlement studies.

The attached Notice of Proposed Rule Development will appear in the February 21, 2003, edition of the Florida Administrative Weekly. A rule development workshop will be held at the following time and place:

Florida Public Service Commission
9:30 a.m., March 25, 2003
Betty Easley Conference Center
Room 182, 4075 Esplanade Way
Tallahassee, Florida

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).


DOCUMENT NUMBER-DATE

01465 FEB 13 8

FPSC-COMMISSION CLERK

UNDOCKETED
NOTICE OF PROPOSED RULE DEVELOPMENT
PAGE 2

By Direction of the Florida Public Service Commission, this
13th day of February, 2003.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

CTM

UNDOCKETED
NOTICE OF PROPOSED RULE DEVELOPMENT
PAGE 3

NOTICE OF PROPOSED RULE DEVELOPMENT

FLORIDA PUBLIC SERVICE COMMISSION

UNDOCKETED

RULE TITLE: RULE NO.:

Electric Utilities Dismantlement Studies 25-6.04364

PURPOSE AND EFFECT: The purpose of this rule is to set forth the requirements for determination of the annual dismantlement accrual, for filing dismantlement studies, and for information to be included in the studies.

SUBJECT AREA TO BE ADDRESSED: Dismantlement Studies

SPECIFIC AUTHORITY: 350.127(2), 350.115, FS

LAW IMPLEMENTED: 366.041, 366.06(1), FS

A RULE DEVELOPMENT WORKSHOP WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M. - Tuesday, March 25, 2003

PLACE: Betty Easley Conference Center, Room 182, 4075 Esplanade Way, Tallahassee, Florida

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or

speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT IS: Pat Lee, Division of Economic Regulation, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, 850-413-6453, PLee@psc.state.fl.us.

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS:

25-6.04364 Electric Utilities Dismantlement Studies

(1) The purpose of this rule is to ensure that each utility that owns a fossil fuel generating unit maintains a reserve that is sufficient to meet all removal expenses at the time of dismantlement by establishing dismantlement accruals. The purpose of the study required by (3) is to obtain sufficient information to update cost estimates based on new developments, additional information, technological improvements, and forecasts; to evaluate alternative methodologies; and to revise the annual accrual needed to recover the costs.

(2) For the purpose of this rule, the following definitions shall apply:

(a) "Contingency Costs." A specific provision for

unforeseeable elements of cost within the defined project scope.

(b) "Dismantlement." The process of safely managing, removing, demolishing, disposing, or converting for reuse the materials and equipment that remain at the fossil fuel generating unit following its retirement from service and restoring the site to a marketable or useable condition.

(c) "Dismantlement Costs." The costs for the ultimate physical removal and disposal of plant and site restoration, minus any attendant gross salvage amount, upon final retirement of the site or unit from service.

(3) Each utility shall file a site-specific dismantlement study for each generating site once every 4 years from the submission date of the previous study unless otherwise required by Commission order. A utility may file a study sooner than 4 years. Each utility's dismantlement study shall include:

(a) A narrative describing each fossil fuel generating unit, including the in-service date and estimated retirement date.

(b) A list of all entities owning an interest in each generating unit, the percentage of ownership by each entity, and documentation showing the status of each entity in providing its share of the total dismantlement costs.

- (c) The dismantlement study methodology.
- (d) A summary of the major assumptions used in the study.
- (e) The methodology selected to dismantle each generating unit and support for the selection.
- (f) The methodology and escalation rates used in converting the current estimated dismantlement costs to future estimated dismantlement costs and supporting documentation and analyses.
- (g) The total utility and jurisdictional dismantlement cost estimates in current dollars for each unit.
- (h) The total utility and jurisdictional dismantlement cost estimates in future dollars for each unit.
- (i) For each year, the estimated amount of dismantlement expenditures.
- (j) The projected date each generating unit will cease operations.
- (k) For each site, a comparison of the current approved annual dismantlement accruals with those proposed. Current accruals shall be identified as to the effective date and proposed accruals to the proposed effective date.
- (l) A summary and explanation of material differences between the current study and the utility's last filed study including

changes in methodology and assumptions.

(m) Supporting schedules, analyses, and data, including the contingency allowance, used in developing the dismantlement cost estimates and annual accruals proposed by the utility. Supporting schedules shall include the inflation analysis.

(4) The dismantlement annual accrual shall be calculated using the current cost estimates escalated to the expected dates of actual dismantlement. The future costs less amounts recovered to date shall then be discounted in a manner that accrues the costs over the remaining life span of the unit.

(5) Dismantlement accruals shall be accumulated monthly to assure that the costs for dismantlement have been provided for at the time the production unit or site ceases operations.

(6) A utility shall not establish a new annual dismantlement accrual without prior Commission approval.

(7) A utility shall not change its annual dismantlement accrual without prior Commission approval.

(8) The annual dismantlement accrual shall be a fixed dollar amount and shall be based on a 4-year average of the accruals related to the years between the dismantlement study reviews.

(9) The accumulated dismantlement reserve and accruals shall

UNDOCKETED
NOTICE OF PROPOSED RULE DEVELOPMENT
PAGE 8

be maintained as a subaccount for each site separate from the
accumulated depreciation reserve and expenses.

Specific Authority: 350.127(2), 350.115, F.S.

Law Implemented: 366.041, 366.06(1), F.S.

History: New _____.