

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval to begin depreciating Fort Myers Combustion Turbines 3A and 3B using whole life depreciation rates currently approved for Martin Power Plant, Unit No. 4, by Florida Power & Light Company.

DOCKET NO. 030512-EI  
ORDER NO. PSC-03-0869-PAA-EI  
ISSUED: July 28, 2003

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman  
J. TERRY DEASON  
BRAULIO L. BAEZ  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING APPROVAL TO BEGIN DEPRECIATING FORT MYERS  
COMBUSTION TURBINES 3A AND 3B

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

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 the company) were revised. The rates and recovery schedules approved recognized

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the company's future repowering plans for the Fort Myers and Sanford sites.

On March 10, 1999, the parties to 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 1). By Order No. PSC-99-0519-AS-EI, issued March 17, 1999, the Stipulation was approved. Pursuant to paragraph 8 of Stipulation 1, the depreciation rates addressed in Order No. PSC-99-0073-FOF-EI were not to be increased for the term of the Stipulation period, which ended April 15, 2002.

By Order No. PSC-00-2434-PAA-EI, issued December 19, 2000, in Docket No. 001437-EI, depreciation rates were approved for the repowered Fort Myers simple cycle generating facilities. Also, Order No. PSC-01-1337-PAA-EI, issued June 19, 2001, in Docket No. 010107-EI, approved depreciation rates for FPL's Martin simple cycle expansion project.

Subsequently, on March 14, 2002, the parties to Docket No. 001148-EI, In Re: Review of the Retail Rates of Florida Power & Light Company, filed a Joint Motion For Approval Of Stipulation And Settlement together with a Stipulation and Settlement (Stipulation 2). Stipulation 2 extended FPL's existing revenue sharing plan through the end of 2005. By Order No. PSC-02-0501-AS-EI, issued April 11, 2002, Stipulation 2 was approved. Pursuant to paragraph 10 of Stipulation 2, the depreciation rates addressed in Order Nos. PSC-99-0073-FOF-EI, PSC-00-2434-PAA-EI, and PSC-01-1337-PAA-EI are not to be revised for the term of the Stipulation and Settlement.

On June 3, 2003, FPL filed a request to begin depreciating the Fort Myers Combustion Turbines 3A and 3B. FPL asked to use the whole life depreciation rates that have already been approved for the Martin Plant, Unit 4 and Common, to be effective with the in-service date of June 1, 2003.

We have jurisdiction in this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.07 Florida Statutes.

DEPRECIATION RATES

The Fort Myers Combustion Turbines 3A and 3B (Fort Myers Combustion Turbines) are peaking units and began simple cycle operation on June 1, 2003. The new installations will add approximately 314 megawatts of generation at the Fort Myers site.

According to FPL, the Fort Myers Combustion Turbines are similar to the six combustion turbines installed at Fort Myers in 2000 and 2001, in that FPL is using the latest combustion system design, with higher firing temperatures and lower heat rates, resulting in improved performance. Until a specific depreciation and dismantlement study is prepared for the Fort Myers Combustion Turbines, FPL requests that the underlying whole life rates approved for the Martin Common and Combined Cycle Unit No. 4 be implemented. These rates are the same as approved by Order No. PSC-00-2434-PAA-EI for the Fort Myers six combustion turbines installed as part of the Fort Myers repowering project. The depreciation rates for the Martin Common and Combined Cycle Unit No. 4 were approved in Order No. PSC-99-0073-FOF-EI.

There are no currently prescribed depreciation rates that apply to the Fort Myers Combustion Turbines. We believe that FPL's request to use the underlying whole life rates prescribed for the Martin Common and Combined Cycle Unit No. 4 does not violate the current Stipulation approved by Order No. PSC-02-0501-AS-EI, which states:

. . . depreciation rates as addressed in Order Nos. PSC-99-0073-FOF-EI, PSC-00-2434-PAA-EI and PSC-01-1337-PAA-EI will not be changed for the term of this Stipulation and Settlement.

Approval of FPL's request for the Fort Myers Combustion Turbines does not change those depreciation rates currently prescribed since these are new units. We, therefore, approve FPL's request to implement the underlying whole life depreciation rates currently approved for the Martin Common and Combined Cycle Unit No. 4 for the Fort Myers Combustion Turbines.

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By Order No. PSC-02-1103-PAA-EI, FPL is required to file its next comprehensive depreciation study by October 30, 2005, with an implementation date of January 1, 2006, for new depreciation rates. It is anticipated that site specific studies for the Fort Myers Combustion Turbines will be included in the 2005 filing.

Depreciation rates for new installations shall be implemented when the installations become commercially operational. Accordingly, depreciation rates for the Fort Myers Combustion Turbines 3A and 3B shall be effective with their in-service date, June 1, 2003.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company shall begin depreciating Fort Myers Combustion Turbines 3A and 3B using whole life depreciation rates currently approved for Martin Power Plant, Unit No. 4. It is further

ORDERED that the depreciation rates shall be effective with their in-service date, June 1, 2003. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

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By ORDER of the Florida Public Service Commission this 28th  
Day of July, 2003.

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

By: Marcia Sharma  
Marcia Sharma, Assistant Director  
Division of the Commission Clerk  
and Administrative Services

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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 that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 18, 2003.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

**FLORIDA POWER AND LIGHT COMPANY  
Fort Myers Combustion Turbines 3A and 3B**

**APPROVED  
DEPRECIATION RATES**

<b>Accounts</b>	<b>Average Service Life</b>	<b>Net Salvage</b>	<b>Whole Life Depreciation Rate</b>
<b>Common</b>	<b>(Yrs.)</b>	<b>(%)</b>	<b>(%)</b>
341 Structures & Improvements	21.0	(4.0)	5.0
342 Fuel Holders, Producers and Accessories	22.0	0.0	4.5
343 Prime Movers	8.8	(2.0)	11.6
345 Accessory Elec. Eqpt.	25.0	(1.0)	4.0
346 Misc. Eqpt.	12.6	0.0	7.9
<b>Combustion Turbines</b>			
341 Structures & Improvements	25.0	(4.0)	4.2
342 Fuel Holders, Producers and Accessories	21.0	0.0	4.8
343 Prime Movers	18.5	(2.0)	5.5
344 Generators	25.0	0.0	4.0
345 Accessory Elec. Eqpt.	14.5	(1.0)	7.0
346 Misc. Eqpt.	15.0	0.0	6.7