

WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:

Christiana T. Moore, Florida Public Service Commission, 2540
Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-
6245.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-6.04364 Electric Utilities Dismantlement Studies

(1) Each utility that owns a fossil fuel generating unit is required to establish a dismantlement accrual as approved by the Commission to accumulate a reserve that is sufficient to meet all expenses at the time of dismantlement. 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 dismantlement study for each generating site once every 4 years from the submission date of the previous study unless otherwise required by Commission order. The study shall be site-specific unless a showing is made by the utility that a site-specific study is not possible. 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 and the percentage of ownership by each entity.

(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 recorded 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, revise its annual dismantlement accrual, or transfer a dismantlement reserve without prior Commission approval.

(7) 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.

(8) The accumulated dismantlement reserve and accruals shall be maintained in a subaccount of Account 108 "Accumulated Depreciation" and separate from the accumulated depreciation reserve and expenses. Subsidiary records shall include sufficient detail to allow for separate site or unit reporting.

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

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

History: New _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Pat Lee

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: September 16, 2003

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 29, Number 8, February 21, 2003.

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing 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).

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6 required by (3) is to obtain sufficient information to update cost
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10 the costs.

11 (2) For the purpose of this rule, the following definitions
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14 unforeseeable elements of cost within the defined project scope.

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17 materials and equipment that remain at the fossil fuel generating
18 unit following its retirement from service and restoring the site
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21 physical removal and disposal of plant and site restoration, minus
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18 estimates in current dollars for each unit.

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4 (1) A summary and explanation of material differences between
5 the current study and the utility's last filed study including
6 changes in methodology and assumptions.

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

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

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

19 (6) A utility shall not establish a new annual dismantlement
20 accrual, revise its annual dismantlement accrual, or transfer a
21 dismantlement reserve without prior Commission approval.

22 (7) The annual dismantlement accrual shall be a fixed dollar
23 amount and shall be based on a 4-year average of the accruals
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5 Specific Authority: 350.127(2), 350.115, F.S.

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

7 History: New _____.

8 Rule25-6.04364.ctm

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