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Public Service Commission

October 29, 2003

HAND DELIVER

Mr. Scott Boyd, Interim Director
Joint Administrative Procedures Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

RE: Docket No. 030714-EI - Proposed Adoption of Rule 25-6.04364, F.A.C., Electric Utilities Dismantlement Studies

Dear Mr. Boyd:

The Commission has approved the adoption of Rule 25-6.04364 without changes.

We plan to file the rule for adoption on November 6, 2003.

Sincerely,

Christiana T. Moore
Associate General Counsel

04364ADOPT.CTM

Enclosure

cc: Division of the Commission Clerk
and Administrative Services

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FPSC-COMMISSION CLERK

1 **25-6.04364 Electric Utilities Dismantlement Studies**

2 (1) Each utility that owns a fossil fuel generating unit is
3 required to establish a dismantlement accrual as approved by the
4 Commission to accumulate a reserve that is sufficient to meet all
5 expenses at the time of dismantlement. The purpose of the study
6 required by (3) is to obtain sufficient information to update cost
7 estimates based on new developments, additional information,
8 technological improvements, and forecasts; to evaluate alternative
9 methodologies; and to revise the annual accrual needed to recover
10 the costs.

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

13 (a) "Contingency Costs." A specific provision for
14 unforeseeable elements of cost within the defined project scope.

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

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

24 (3) Each utility shall file a dismantlement study for each
25 generating site once every 4 years from the submission date of the

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1 previous study unless otherwise required by Commission order. The
2 study shall be site-specific unless a showing is made by the
3 utility that a site-specific study is not possible. A utility may
4 file a study sooner than 4 years. Each utility's dismantlement
5 study shall include:

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

8 (b) A list of all entities owning an interest in each
9 generating unit and the percentage of ownership by each entity.

10 (c) The dismantlement study methodology.

11 (d) A summary of the major assumptions used in the study.

12 (e) The methodology selected to dismantle each generating unit
13 and support for the selection.

14 (f) The methodology and escalation rates used in converting
15 the current estimated dismantlement costs to future estimated
16 dismantlement costs and supporting documentation and analyses.

17 (g) The total utility and jurisdictional dismantlement cost
18 estimates in current dollars for each unit.

19 (h) The total utility and jurisdictional dismantlement cost
20 estimates in future dollars for each unit.

21 (i) For each year, the estimated amount of dismantlement
22 expenditures.

23 (j) The projected date each generating unit will cease
24 operations.

25 (k) For each site, a comparison of the current approved annual

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1 dismantlement accruals with those proposed. Current accruals shall
2 be identified as to the effective date and proposed accruals to the
3 proposed effective date.

4 (l) 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
24 related to the years between the dismantlement study reviews.

25 (8) The accumulated dismantlement reserve and accruals shall

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1 be maintained in a subaccount of Account 108 "Accumulated
2 Depreciation" and separate from the accumulated depreciation
3 reserve and expenses. Subsidiary records shall include sufficient
4 detail to allow for separate site or unit reporting.

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

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

7 History: New _____.

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