

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval to begin depreciating new technology solar photovoltaic plant sites for DeSoto and Space Coast Solar Energy Centers over a 30-year period, effective with in-service dates of units, by Florida Power & Light Company.

DOCKET NO. 080543-EI
ORDER NO. PSC-08-0731-PAA-EI
ISSUED: November 3, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING DEPRECIATION OF SOLAR PLANT SITES

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 (F.A.C.).

Background

Pursuant to Rule 25-6.0436(3)(a), F.A.C., electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts as prescribed in Rule 25-6.0141, F.A.C. Rule 25-6.0436(3)(b), F.A.C., further provides that “[u]pon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category.” On August 13, 2008, Florida Power & Light Company (FPL) filed its petition to establish depreciation rates for its new technology solar photovoltaic plant sites, DeSoto and Space Coast Solar Energy Centers. The units were authorized for inclusion in the Environmental Cost Recovery Clause by Order No. PSC-08-0491-PAA-EI, issued on August 4, 2008, in Docket No. 080281-EI, In re: Petition for approval of Solar Energy Projects for Recovery through Environmental Cost Recovery Clause, by Florida Power & Light Company.

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

DOCUMENT NUMBER-DATE

10342 NOV-3 08

FPSC-COMMISSION CLERK

Decision

FPL is requesting approval to begin depreciating two solar photovoltaic plant sites, DeSoto and Space Coast Solar Energy Centers, over a 30-year period. The DeSoto facility is expected to go into full-service operation by December 2009, while the Space Coast facility is expected to go into full-service operation by July 2010. The DeSoto Next Generation Solar Energy Center will be constructed on FPL-owned property in DeSoto County, Florida. The Space Coast Next Generation Solar Energy Center will be constructed on federal land at the Kennedy Space Center. FPL has negotiated a 30-year lease of this federal land with the Kennedy Space Center in order to construct the project.

Both sites will use photovoltaic panels. The panels will be purchased from SunPower Corporation. SunPower provided information to FPL indicating that the design life of the panels and the associated tracking system is 30 years. SunPower warrants that the panels will produce at least 80 percent of their rated power output at the end of 25 years. Based on this information, FPL believes that 30 years is a good estimation of the depreciable life of the project. FPL proposes the use of a 3.3 percent whole life depreciation rate with zero net salvage for each plant account involved in these facilities.

FPL currently plans to utilize the Other Production function accounts and is currently evaluating the retirement unit structure that it will employ. The company will prepare and file a site-specific depreciation study for each facility as soon as it becomes operational.

We find that the 30-year life proposed by FPL is appropriate, based on the information provided by SunPower. Use of this life with zero net salvage results in a whole life depreciation rate of 3.3 percent. This rate shall be used for the following subaccounts and they shall be established with a 30-year life and a whole life depreciation rate of 3.3 percent:

- 30300 Intangible Plant
- 34100 Structures and Improvements
- 34300 Other Generation Plant
- 34500 Accessory Electric Equipment

FPL has also requested that a depreciation rate for the DeSoto and Space Coast Solar Energy Centers be effective as the systems are placed into service, either in increments or as a whole. As mentioned above FPL expects the DeSoto facility to be in full-service operation by December 2009, and the Space Coast facility is expected to be in full-service operation by July 2010. Through discussion with the company, it has been determined that an effective date of January 1, 2009, would meet FPL's need to establish a rate prior to placing the first solar plant in service.

When depreciation studies are filed pursuant to Rule 25-6.0436, F.A.C., the requested effective date for the implementation of the revised depreciation rates is either the beginning of

the same fiscal year during which the study is filed or a later date. An effective date of January 1, 2009, is consistent with the rule. Therefore, we approve the effective date of January 1, 2009.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's request to begin depreciating two solar photovoltaic plant sites, DeSoto and Space Coast Solar Energy Centers, over a 30-year period with a whole life depreciation rate of 3.3 percent is approved as provided herein. It is further

ORDERED that the rates approved herein shall be effective January 1, 2009. It is further

ORDERED that if no person whose substantial interests are affected by this proposed agency action files a protest within 21 days of the issuance of the order, this docket shall be closed upon issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 3rd day of November, 2008.



ANN COLE
Commission Clerk

(S E A L)

MCB

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.

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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 24, 2008.

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.