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Public Service Commission

June 14, 1996

Mr. W. G. Walker, III  
Florida Power & Light Company  
215 South Monroe Street  
Suite 810  
Tallahassee, FL 32301

Re: Docket Number 960527-EI

Dear Mr. Walker:

As we have begun our review of the depreciation study filed in the above referenced docket, the following questions have developed. Please provide your responses to our inquiries by July 26, 1996. Should you wish to discuss anything relating to this requested information, please telephone either Jeanette Bass at 904-413-6461, or me at 904-413-6453.

1. For each of the combined cycle units under review, the estimated capital recovery dates have been revised since the last study. Staff would like to understand how the new estimated recovery dates were determined. Please provide any information which is available relating to these changes.

ACK \_\_\_\_\_ 2. Please describe the premises and reasoning process used in estimating the replacement intervals.  
AFA \_\_\_\_\_  
APP \_\_\_\_\_

CAF \_\_\_\_\_ 3. a. From conversations with the Company, staff understands that the previous Schedule V information for these units cannot be directly compared with the Schedule V information provided in this docket, in part due to the unitization process. Please provide a short summary description of the unitization process, and explain how it gives rise to this situation.  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG \_\_\_\_\_

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- b. In some cases, there was detail information in the last Schedule V which is no longer shown. For example, Ft. Lauderdale Unit 4, under Account 341.4, Cooling Systems, had sub-accounts 341.411 and 341.412 in the last study. For the equipment and investment which was related to those sub-accounts, please explain how the information in the Schedule V of the current study relates to the previous Schedule V.
4. In the last study, the Schedule V for the Ft. Lauderdale Unit 4 Cooling System (Account 341.4) showed investment of \$1,773,948 with an age of 9.3 years. The December 31, 1995 data shows investment of \$1,528,980 with an age of 2.5 years. Was all of the pre-1993 investment retired after the 1993 filing? Please provide some insight or explanation for this seemingly illogical change in age.

There are similar instances scattered throughout the Schedule V data provided in this study, for the various units at all three sites. That is, a comparison of the Schedule V data in the previous study with the current Schedule V leads to conclusions which appear questionable. Please provide any information or insight which will go toward alleviating the concern(s) which develop in these cases.

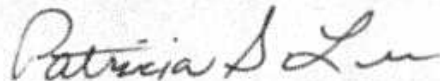
5. The transmittal letter with this study mentions that there is "better information" concerning the lives of combustion turbine blades incorporated in this study than was previously available. From conversations with the Company, staff understands the turbine blades in use at Martin and Ft. Lauderdale are experiencing shorter lives than had been projected. However, staff understands that a longer life is now associated with the turbine blades installed at Putnam.
  - a. Regarding the increase in life expectancy for the blades at Putnam, it appears that this is not related to the state-of-the-art technology associated with the turbine blades installed at the other two sites. Staff would like an overview as to the differences between these technologies, and some explanation of the reasons behind the increase in life expectation for the Putnam blades.
  - b. It is understood that the Martin and Ft. Lauderdale combined cycle installations are state-of-the-art; in fact, staff understands that these installations incorporate numerous designs and technological applications which are still being refined. Staff would like to know, in general, what types of new technologies are being introduced in these installations. Please provide summary information regarding the portions of these installations which represent new technology, and how the real life situation at these installations has varied from what was expected.

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6. For some items, the relationship between remaining life and the capital recovery date of the unit raises questions. As an example, the Ft. Lauderdale Common Plant has a capital recovery date of 2018. A small investment in site preparation (Account 341.0051) is shown as retiring in 2007, and the investment relating to foundations for the Yard Lighting System (Account 341.1034) is shown as retiring in 2013. Why is it reasonable to assume these items will be replaced prior to the retirement of the unit?
7. In the last study, the Control/Instrumentation (Sub-Account 341.4264) portion of the Ft. Lauderdale Unit 4 Cooling System, Account 341.413, was expected to serve without replacement for the life of the unit. In the current study, replacement is expected in 20 years. Please explain the reasoning behind the current view.

Thank you for your cooperation in responding to these questions.

Sincerely,



Patricia S. Lee  
Utility Systems Engineer Supervisor

PSL:jb:jmw

cc: Don Babka, Florida Power & Light Company  
K. M. Davis, Florida Power & Light Company  
M. M. Childs, Florida Power & Light Company  
Office of Public Counsel  
Division of Records & Reporting  
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