

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of depreciation rates for new plant subaccounts by Florida Power Corporation.

DOCKET NO. 001608-EI
ORDER NO. PSC-00-2432-PAA-EI
ISSUED: December 19, 2000

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING APPROVAL OF DEPRECIATION RATES

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.

By Order No. PSC-98-1723-FOF-EI, issued December 18, 1998, in Docket No. 971570-EI, depreciation rates for Florida Power Corporation (FPC or company) were prescribed effective January 1, 1998. The company's next comprehensive depreciation study is due to be filed December 1, 2001 in accordance with Rule 25-6.0436, Florida Administrative Code.

On October 25, 2000, FPC filed a petition requesting approval of depreciation rates for three new combustion turbine (CT) units being installed at its existing Intercession City Plant site. The three new CTs are expected to become operational by December 31, 2000. According to FPC, these units are needed to meet growth and system reliability needs as indicated in its Ten Year Site Plan submitted in April, 2000.

The company has proposed an average service life of 30 years, with a negative net salvage value of 10%, for these units. FPC

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asserts that the life and salvage characteristics for the new CTs are expected to be similar to those prescribed for the existing Intercession peaking units. FPC asserts that the new CTs will have the latest combustion system design and will operate at a lower heat rate, therefore being more efficient. A detailed life and dismantlement analysis will be performed as part of the company's next comprehensive depreciation and dismantlement study, due December 1, 2001.

New installations necessitate establishing applicable depreciation rates. We find that the company's proposed life and salvage values, resulting in a whole life rate of 3.7%, are reasonable, pending a more detailed analysis in 2001.

Depreciation rates for new installations should be implemented when the installations become operational. According to FPC, the three Intercession City CT units are expected to be placed into service in December, 2000. As such, we approve the company's request that the depreciation rate implementation be effective with the associated in-service date of each unit.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation's proposed whole life depreciation rate of 3.7% for its three new Intercession City combustion turbine units is approved. It is further

ORDERED that said depreciation rates shall be implemented upon the respective in-service date of each unit. 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 Records and Reporting, 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 19th
day of December, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

DDH

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 Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 9, 2001.

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

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