

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Revised depreciation  
study for Sanford Site by  
Florida Power & Light Company.

DOCKET NO. 000518-EI  
ORDER NO. PSC-00-1224-PCO-EI  
ISSUED: July 6, 2000

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
E. LEON JACOBS, JR.  
LILA A. JABER

ORDER APPROVING THE PRELIMINARY IMPLEMENTATION OF DEPRECIATION  
RATES AND RECOVERY SCHEDULE

BY THE COMMISSION:

By Order Nos. PSC-99-0073-FOF-EI and PSC-99-0958-FOF-EI, issued January 8, 1999 and May 11, 1999, respectively, in Docket No. 971660-EI, the depreciation rates and capital recovery schedules for Florida Power & Light Company (FPL or company) were revised. The rates and recovery schedules approved for the Sanford units recognized the planned re-powering of Units 3 and 4 by 2003. Since that time, FPL's plans have changed. Current planning is to re-power the Sanford Units 4 and 5 by 2002 and not to re-power Unit 3.

On April 28, 2000, FPL filed a depreciation study addressing the need to revise its depreciation rates and recovery schedules for the Sanford units to reflect the current re-powering plans. The company requested preliminary implementation of its proposed revised depreciation rates and recovery schedules.

FPL has requested, in accord with Rule 25-6.0436, Florida Administrative Code, that it be allowed to implement its proposed depreciation rates and recovery schedule reflecting changes in the re-powering plans for the Sanford site on a preliminary basis. The effect of this proposal is an increase in annual depreciation expense of about \$2.6 million, based on January 1, 2000 investments

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

and reserves. The proposed depreciation rates and recovery schedule is attached hereto as Attachment A and incorporated herein by reference.

Preliminary booking or implementation does not and should not infer that, upon completion of the review of the company's filed study, this Commission will be in full agreement with company life, reserve and salvage proposals, but only that preliminary implementation of the rates and recovery schedules shown on Attachment A are likely to result in more appropriate expenses than retention of the currently effective rates.

At the time of the last depreciation study, FPL's plans were to re-power the Sanford Units 3 and 4 by 2003. FPL now reports that its plans have changed and Units 4 and 5 will be re-powered and not Unit 3. Further, the re-powering will be completed by 2002 rather than 2003. The company has proposed a revision to its recovery schedule as well as revisions to the depreciation rates prescribed for the Sanford site to reflect these changed plans.

A summary of the changes in estimated 2000 expenses for the Sanford site resulting from the company proposed rates which are shown on Attachment A are as follows:

	(\$)
Revised Dep. Rates	912,195
Sanford Re-powering Retirements	<u>3,545,167</u>
Total Change in Annual Expenses	<u><u>2,632,972</u></u>

We hereby approve FPL's proposed rates and recovery schedule for the Sanford site, shown in Attachment A, on a preliminary basis. The rates, recovery schedules, and resulting expenses shall be trued-up when final action is taken by this Commission.

Provision for preliminary implementation is made by Rule 25-6.0436(5), Florida Administrative Code, to permit a more accurate statement of expected expenses during the fiscal year. The preliminary implementation for the proposed rates and recovery schedule for the Sanford Site shall take effect January 1, 2000.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's request for preliminary implementation of its proposed rates and recovery schedule for the Sanford Site is hereby approved. It is further

ORDERED that the preliminary implementation for the proposed rates and recovery schedule for the Sanford Site shall take effect January 1, 2000. It is further

ORDERED that this docket shall remain open pending review and final Commission action concerning the appropriate rates and recovery schedules.

By ORDER of the Florida Public Service Commission this 6th day of July, 2000.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: \_\_\_\_\_

*Kay Flynn*  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

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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 or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is intermediate in nature, may request judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final nor reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Florida Power & Light Company  
 Summary of Changes in Capital Recovery and Depreciation  
 Attachment 1

Sanford Plant	Current Capital Recovery Schedule Net Book Value	Current Accrual (over 5.5 years for Capital Recovery Sch)	Proposed Capital Recovery Schedule Net Book Value	Proposed Accrual (over 2.5 years for Capital Recovery Sch)	Increase (Decrease) in Annual Accrual
Capital Recovery Schedule	7,171,879.00	1,303,978.00	12,122,863.49	4,849,145.40	3,545,167.40
Depreciation Study		3,479,149.37		2,566,954.67	(912,194.70)
<b>Net Increase for both Capital Recovery Schedule and Depreciation Study:</b>					<u><u>2,632,972.70</u></u>

Sanford Plant		Depreciable Plant Balance 31-Dec-99	Current Depreciation Rates	Depreciation Accrual	Current Capital Recovery Schedule	Current Capital Recovery Accrual	Total Current Accrual	Proposed Depreciable Plant Balance 31-Dec-99	Proposed Depreciation Rates	Proposed Depreciation Accrual	Proposed Capital Recovery Schedule	Proposed Capital Recovery Accrual	Total Proposed Accrual	Increase/ (Decrease) in Total Accrual
a	Account b	c	d	e = c x d	f	g = f/5.5	h = e + g	i	j	k = i x j	l	m = l/2.5	n = k + m	o = n - h
Common	311	23,878,129.55	2.80%	668,587.63				23,878,129.55	3.20%	764,100.15				
	312	207,590.37	3.50%	7,265.66				207,590.37	1.00%	2,075.90				
	314	1,693,850.28	2.30%	38,958.56				1,693,850.28	2.50%	42,346.26				
	315	449,476.54	2.20%	9,888.48				449,476.54	2.20%	9,888.48				
	316	424,926.07	4.90%	20,821.38				424,926.07	6.80%	28,894.97				
		26,653,972.81		745,521.71	1,148,727.00	208,495.82	954,017.53	26,653,972.81		847,305.76	1,148,909.10	459,563.64	1,306,869.40	362,851.88
Unit 3	311	583,574.72	2.40%	14,005.79				1,180,525.42	3.10%	36,596.29				
	312	665,488.21	2.40%	15,971.72				9,062,136.24	3.10%	280,926.22				
	314	5,415,744.25	2.30%	124,562.12				5,640,249.56	2.80%	157,926.99				
	315	1,419,164.46	3.00%	42,574.93				1,590,263.85	4.20%	66,791.08				
	316	2,393.79	2.40%	57.45				325,961.11	1.50%	4,889.42				
		8,086,365.43		197,172.01	1,587,760.00	288,683.84	485,855.85	17,799,136.18		547,130.00	0.00	0.00	547,130.00	61,274.35
Unit 4	311	2,528,899.07	2.00%	50,577.98				2,528,899.07	2.30%	58,164.88				
	312	3,475,256.51	2.60%	90,356.67				3,475,256.51	5.80%	194,614.36				
	314	11,277,733.73	2.90%	327,054.28				11,277,733.73	3.50%	394,720.68				
	315	3,233,266.38	2.40%	77,596.39				3,233,266.38	2.30%	74,365.13				
	316	47,370.60	4.80%	2,273.79				47,370.60	2.40%	1,136.89				
		20,562,526.29		547,861.11	4,437,392.00	806,798.55	1,354,659.66	20,562,526.29		723,001.74	4,575,402.90	1,830,161.16	2,553,162.90	1,198,503.25
Unit 5	311	2,434,665.32	2.70%	65,735.96				2,213,006.00	1.50%	33,195.09				
	312	29,152,911.95	4.20%	1,224,422.30				725,515.00	1.50%	10,882.73				
	314	16,157,510.83	3.50%	565,512.88				13,091,759.00	2.70%	353,477.49				
	315	3,454,894.30	2.80%	96,737.04				2,545,531.00	2.00%	50,910.62				
	316	1,064,304.48	3.40%	36,186.35				45,706.00	2.30%	1,051.24				
		52,264,286.88		1,988,584.54	0.00	0.00	1,988,584.54	18,621,517.00		449,517.17	6,398,551.49	2,559,420.60	3,008,937.76	1,020,343.23
Totals		107,567,151.41		3,479,149.37	7,171,879.00	1,303,978.00	4,763,127.37	83,637,152.28		2,566,954.67	12,122,863.49	4,849,145.40	7,416,100.07	2,632,972.70

SCHEDULE I

FLORIDA POWER & LIGHT COMPANY  
PLANT & RESERVE BALANCES  
BALANCES AT 12/31/99

\*\*\* Existing Rates \*\*\*  
(from Order PSC-99-0073-FOF-EI, dated 1/8/99)

\*\*\* Proposed Rates \*\*\*

Account Number	Account Description	Plant Balance At 12/31/99 a	Reserve Balance At 12/31/99 b	Reserve Ratio c	Reserve Ratio							Estimated Annual Accrual j	*** Existing Rates ***					Change In Annual Accrual q
					When Approved d	Service Life		Depreciation Rate			*** Proposed Rates ***							
					Average Life e	Remaining Life f	Net Salvage g	Whole Life h	Remaining Life i		Average Life k	Remaining Life l	Net Salvage m	Whole Life n	Remaining Life o	Estimated Annual Accrual p		
<b>Sanford Common</b>																		
311.	Structures & Improvements	\$23,878,130	\$11,351,380	47.54%	44.03%	27.0	21.0	-2.0%	3.8%	2.8%	\$668,588	35.0	17.2	-2.0%	2.9%	3.2%	\$764,100	\$96,512
312.	Boiler Plant Equipment	\$207,591	\$189,619	91.34%	35.99%	21.0	22.0	-14.0%	5.4%	3.5%	\$7,266	30.0	23.0	-14.0%	3.8%	1.0%	\$2,076	(\$5,190)
314.	Turbogenerator Units	\$1,693,845	\$1,037,615	61.26%	57.32%	37.0	22.0	-8.0%	2.9%	2.3%	\$38,959	47.0	18.7	-8.0%	2.3%	2.5%	\$42,346	\$3,387
315.	Accessory Electric Equipment	\$449,478	\$266,059	59.19%	54.79%	23.0	23.0	-6.0%	4.6%	2.2%	\$9,889	49.0	21.0	-6.0%	2.2%	2.2%	\$9,889	\$0
316.	Miscellaneous Power Plant Equi	\$424,926	\$145,595	34.26%	50.53%	21.0	10.1	0.0%	4.8%	4.9%	\$20,821	18.5	9.7	0.0%	5.4%	6.8%	\$28,895	\$8,074
<b>Total Sanford Common</b>		<b>\$26,653,973</b>	<b>\$12,990,268</b>	<b>48.74%</b>	<b>52.44%</b>	<b>27.0</b>	<b>21.0</b>	<b>-2.4%</b>	<b>3.8%</b>	<b>2.4%</b>	<b>\$745,523</b>	<b>35.0</b>	<b>17.1</b>	<b>-2.4%</b>	<b>2.9%</b>	<b>3.1%</b>	<b>\$847,306</b>	<b>\$101,783</b>
<b>Sanford Unit 3</b>																		
311.	Structures & Improvements	\$1,180,526	\$771,828	65.38%	50.88%	29.0	21.0	-2.0%	3.5%	2.4%	\$26,333	42.0	12.0	-2.0%	2.4%	3.1%	\$36,596	\$8,263
312.	Boiler Plant Equipment	\$9,062,143	\$7,564,874	83.48%	73.20%	24.0	17.0	-14.0%	4.8%	2.4%	\$217,491	31.0	9.8	-14.0%	3.7%	3.1%	\$280,926	\$63,435
314.	Turbogenerator Units	\$5,640,251	\$4,642,488	82.31%	78.05%	37.0	12.9	-8.0%	2.9%	2.3%	\$129,726	46.0	9.1	-8.0%	2.3%	2.8%	\$157,927	\$28,201
315.	Accessory Electric Equipment	\$1,590,267	\$1,037,407	65.23%	75.66%	29.0	10.2	-6.0%	3.7%	3.0%	\$47,708	34.0	9.6	-6.0%	3.1%	4.2%	\$66,791	\$19,083
316.	Miscellaneous Power Plant Equi	\$325,961	\$282,200	86.57%	91.10%	40.0	3.7	0.0%	2.5%	2.4%	\$7,823	48.0	8.9	0.0%	2.1%	1.5%	\$4,889	(\$2,934)
<b>Total Sanford Unit 3</b>		<b>\$17,799,148</b>	<b>\$14,298,797</b>	<b>80.33%</b>	<b>69.55%</b>	<b>28.0</b>	<b>15.5</b>	<b>-10.9%</b>	<b>4.0%</b>	<b>1.4%</b>	<b>\$431,061</b>	<b>36.0</b>	<b>9.7</b>	<b>-10.9%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>\$547,129</b>	<b>\$116,046</b>
<b>Sanford Unit 4</b>																		
311.	Structures & Improvements	\$2,528,900	\$1,212,266	47.94%	45.32%	36.0	28.0	-2.0%	2.8%	2.0%	\$50,578	51.0	24.0	-2.0%	2.0%	2.3%	\$58,165	\$7,587
312.	Boiler Plant Equipment	\$3,475,247	\$516,526	14.86%	54.98%	25.0	23.0	-14.0%	4.6%	2.6%	\$90,356	24.0	17.7	-14.0%	4.8%	5.6%	\$194,614	\$104,258
314.	Turbogenerator Units	\$11,277,748	\$5,619,595	49.83%	49.86%	26.0	20.0	-8.0%	4.2%	2.9%	\$327,055	36.0	16.8	-8.0%	3.0%	3.5%	\$394,721	\$87,686
315.	Accessory Electric Equipment	\$3,233,266	\$1,985,289	61.40%	57.24%	28.0	20.0	-6.0%	3.8%	2.4%	\$77,598	46.0	19.0	-6.0%	2.3%	2.3%	\$74,365	(\$3,233)
316.	Miscellaneous Power Plant Equi	\$47,373	\$39,130	82.60%	87.99%	28.0	2.5	0.0%	3.6%	4.8%	\$2,274	25.0	7.4	0.0%	4.0%	2.4%	\$1,137	(\$1,137)
<b>Total Sanford Unit 4</b>		<b>\$20,562,534</b>	<b>\$9,372,808</b>	<b>45.58%</b>	<b>60.54%</b>	<b>27.0</b>	<b>21.0</b>	<b>-8.2%</b>	<b>4.0%</b>	<b>2.1%</b>	<b>\$547,861</b>	<b>35.0</b>	<b>17.9</b>	<b>-8.7%</b>	<b>3.1%</b>	<b>3.5%</b>	<b>\$723,002</b>	<b>\$175,141</b>
<b>Sanford Unit 5</b>																		
311.	Structures & Improvements	\$2,213,006	\$1,459,319	65.94%	60.54%	36.0	15.4	-2.0%	2.8%	2.7%	\$59,751	51.0	24.0	-2.0%	2.0%	1.5%	\$33,195	(\$26,556)
312.	Boiler Plant Equipment	\$725,515	\$589,526	81.26%	75.40%	28.0	9.2	-14.0%	4.1%	4.2%	\$30,472	46.0	22.0	-14.0%	2.5%	1.5%	\$10,683	(\$19,569)
314.	Turbogenerator Units	\$13,091,759	\$8,327,253	63.61%	56.61%	27.0	14.6	-8.0%	4.0%	3.5%	\$458,212	36.0	16.2	-8.0%	3.0%	2.7%	\$353,477	(\$104,735)
315.	Accessory Electric Equipment	\$2,545,531	\$1,753,118	68.87%	63.27%	28.0	15.1	-6.0%	3.8%	2.8%	\$71,275	45.0	18.8	-6.0%	2.4%	2.0%	\$50,911	(\$20,364)
316.	Miscellaneous Power Plant Equi	\$45,706	\$37,939	83.01%	76.20%	28.0	7.0	0.0%	3.6%	3.4%	\$1,554	25.0	7.5	0.0%	4.0%	2.3%	\$1,051	(\$503)
<b>Total Sanford Unit 5</b>		<b>\$18,621,517</b>	<b>\$12,167,155</b>	<b>65.34%</b>	<b>62.76%</b>	<b>28.0</b>	<b>14.5</b>	<b>-7.4%</b>	<b>3.8%</b>	<b>3.1%</b>	<b>\$621,264</b>	<b>39.0</b>	<b>17.4</b>	<b>-7.4%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>\$449,517</b>	<b>(\$171,747)</b>
<b>Sanford Site</b>																		
311.	Structures & Improvements	\$29,800,562	\$14,794,793	49.65%	55.35%	28.0	21.0	-2.0%	3.6%	2.2%	\$807,250	37.0	17.8	-2.0%	2.8%	2.9%	\$892,056	\$84,806
312.	Boiler Plant Equipment	\$13,470,496	\$8,860,547	65.78%	68.90%	24.0	18.2	-14.0%	4.8%	2.5%	\$345,585	29.0	12.9	-14.0%	3.9%	3.7%	\$488,499	\$142,914
314.	Turbogenerator Units	\$31,703,606	\$19,626,951	61.91%	61.09%	28.0	16.8	-8.0%	3.9%	2.8%	\$953,952	38.0	15.5	-8.0%	2.8%	3.0%	\$948,471	(\$5,481)
315.	Accessory Electric Equipment	\$7,818,542	\$5,041,873	64.49%	70.10%	28.0	16.7	-6.0%	3.8%	2.1%	\$206,470	43.0	16.6	-6.0%	2.5%	2.5%	\$201,956	(\$4,514)
316.	Miscellaneous Power Plant Equi	\$843,966	\$504,864	59.82%	68.25%	41.0	7.2	0.0%	2.4%	4.5%	\$32,472	27.0	9.4	0.0%	3.7%	4.3%	\$35,972	\$3,500
<b>Total Sanford Site</b>		<b>\$83,637,172</b>	<b>\$48,829,028</b>	<b>58.38%</b>	<b>60.10%</b>	<b>28.0</b>	<b>18.5</b>	<b>-6.7%</b>	<b>3.8%</b>	<b>4.7%</b>	<b>\$2,345,729</b>	<b>36.0</b>	<b>15.8</b>	<b>-6.8%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>\$2,566,954</b>	<b>\$221,225</b>

ATTACHMENT A

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