

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Approval of) DOCKET NO. 920389-EI
Depreciation Rates and Dismantle-) ORDER NO. PSC-92-1433-FOF-EI
ment Accrual for Scherer Unit 4) ISSUED: 12/11/92
by Florida Power and Light)
Company.)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING DEPRECIATION RATES AND DISMANTLEMENT ACCRUAL

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

This order prescribes depreciation rates and provides for decommissioning for use at Florida Power and Light Company's Scherer Unit 4 production station and related common facilities. The Company began the purchase of the Scherer Unit from Georgia Power Company in July 1991. The purchase is to be made in four installments, to be completed June, 1995.

Depreciation Rates

We find that the company has appropriately allocated the overall reserve among the components as shown on Attachment 1, and we approve the allocations. We also approve the depreciation rates the company has proposed, as they are shown on Attachment 3. The new depreciation rates should be implemented as of July 11, 1991, the date of the first installment of the purchase of FPL's interest in the unit, and the time the unit came into service for FPL. Investment and reserve will be transferred from the books of Georgia Power to FPL over the period July 11, 1991 through June 1, 1995.

DOCUMENT NUMBER-DATE

14356 DEC 11 1992

Dismantlement

We approve the provision of \$680,935 annually for dismantlement, as shown on Attachment 2. That amount reflects three changes to the fossil fuel dismantlement study that Florida Power and Light filed. Those changes are:

1) The inflation indices should be referenced from the most current edition of the DRI Long-Range Focus available.

2) In Docket No. 910890-EI, Florida Power Corporation's recent rate case, we determined that the Metals and Metal Products index was more appropriate than the Intermediate Materials, Supplies and Components index for estimating salvage value. The Metals and Metal Products index should be used to measure salvage value in this dismantlement study.

3) A 20% contingency factor should be used in the dismantlement study instead of a 25% factor, consistent with our decision in Docket No. 910890-EI. FPL states that its 25% factor is not simply a contingency factor. It is made up of 10% for uncertainty inherent in any estimate, 5% for such items as site gradings, mulching and seeding, and 10% for overhead items such as project management, site security, and FPL support labor. FPL's contingency factor may be made up of different components than FPC's factor, but we do not have enough evidence to compare and contrast the two contingency factors here, and we believe it is important to treat the companies and their ratepayers in a consistent manner.

With these changes, the appropriate annual accrual for Plant Scherer Unit 4 based on inception in July 1991 is \$340,468 for 1991 and \$680,935 thereafter.

Based on the foregoing, it is

ORDERED that the depreciation rates for Scherer Unit 4 shown on Attachment 3 are approved. It is further

ORDERED that the provision for decommissioning shown on Attachment 2 is approved. It is further

ORDERED that this docket shall be closed if no objections to this order or requests for hearing are filed within 21 days of the date of issuance of this order.

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By ORDER of the Florida Public Service Commission this 11th
day of December, 1992.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MCB:bmi

by: Kay Fejn
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 4, 1993.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in

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the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Attachment 1

FLORIDA POWER AND LIGHT CO.
SCHERER UNIT 4
DEPRECIATION RESERVE AS OF 7-11-91

<u>ACCOUNT</u>	<u>RECOMMENDED</u> <u>(COMPANY ALLOCATION)</u> <u>RESERVE</u> \$
Site Common:	
311 Structures	803,630
312 Boiler Plt.Eq.	758,286
314 Turbogen.	110,494
315 Access.Plt.Eq.	35,029
316 Misc.Pwr.Plt.	754,449
Units 3 & 4 Common:	
311 Structures	68,197
312 Boiler Plt.Eq.	400,146
314 Turbogen.	10,117
315 Access.Plt.Eq.	7,892
316 Misc.Pwr.Plt. #	0
Unit 4:	
311 Structures	832,775
312 Boiler Plt.Eq.	4,409,285
314 Turbogen.	1,978,633
315 Access.Plt.Eq.	391,746
316 Misc.Pwr.Plt.	96,134

No assets.

Attachment 2

FLORIDA POWER AND LIGHT

Computation of Annual Accrual

	Plant.....
Scherer	Year of last Study.....
1991	Capital Recovery Year.....
2029	Cost @ Study.....
11,082,708	Future \$ 1st Yr Exp.....
23,174,261	Future \$ 2nd Yr Exp.....
57,226,221	Amount To Accrue.....
80,400,482	PV of Amount to Accrue.....
11,082,708	Capital Recovery Years.....
39.0	Compounded Inflation.....
5.21%	Ending Bal of Reserve.....
(0)	Accum Reserve 12/31/90.....
0	1991
663,709	1992
698,160	
	TOTAL 1991 - 1992
	2 YEAR AVERAGE
	ANNUAL ACCRUAL
1,361,869	
680,935	

Attachment 3

FLORIDA POWER AND LIGHT CO.
 SCHERER UNIT 4
 DEPRECIATION RATES AS OF 7-11-91

<u>ACCOUNT</u>	REM.	NET	RECOMMENDED	
	<u>LIFE</u>	<u>SALV.</u>	<u>RES.</u>	<u>DEPR.</u>
	yr.s	%	%	%
Site Common:				
311 Structures	34.0	(5)	10.7	2.8
312 Boiler Plt.Eq.	31.0	(20)	13.0	3.5
314 Turbogen.	27.0	(4)	11.4	3.4
315 Access.Plt.Eq.	27.0	(3)	11.9	3.4
316 Misc.Pwr.Plt.	8.0	(1)	25.6	9.4
Units 3 & 4 Common:				
311 Structures	27.0	(5)	11.0	3.5
312 Boiler Plt.Eq.	35.0	(20)	10.4	3.1
314 Turbogen.	26.0	(4)	11.7	3.6
315 Access.Plt.Eq.	25.0	(3)	12.1	3.6
316 Misc.Pwr.Plt. #	0.0	(0)	0	0.0
Unit 4:				
311 Structures	33.0	(5)	5.5	3.0
312 Boiler Plt.Eq.	29.0	(20)	6.9	3.9
314 Turbogen.	27.0	(4)	7.0	3.6
315 Access.Plt.Eq.	25.0	(3)	7.1	3.8
316 Misc.Pwr.Plt.	17.8	(1)	9.4	5.1

No assets.