JEFF ATWATER
President of the Senate

J.R. Kelly
Public Counsel

STATE OF FLORIDA
OFFICE OF PUBLIC COUNSEL

C/O THE FLORIDA LEGISLATURE
111 WEST MADISON ST.
ROOM 812
TALLAHASSEE, FLORIDA 32399-1400
1-800-342-0222

EMAIL: OPC_WEBSITE@LEG.STATE.FL.US
WWW.FLORIDAOPC.GOV

LARRY CRETUL
Speaker of the House of Representatives

July 16, 2009

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket Nos. 080677-EI & 090130-EI

Dear Ms. Cole:

Enclosed for filing, on behalf of the Citizens of the State of Florida, are the original and 15 copies of the Direct Testimony of Jacob Pous.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

Joe A. McGlothlin

Joseph A. McGlothlin
Associate Public Counsel

Enclosures

JAS:bsr

COM	5
ECR	
GCL	1
OPC	
RCP	1
SSC	1
SGA	1
ADM	
CLK	I

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for increase in rates by Florida Power & Light Company.	)))	Docket No. 080677-EI
In Re: 2009 depreciation and dismantlement study by Florida Power & Light Company.	)))	Docket No. 090130-EI FILED: July 16, 2009

DIRECT TESTIMONY

OF

JACOB POUS

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

Volume 1 of 2

DOCUMENT NUMBER-DATE
07222 JUL 16 8
FPSC-COMMISSION CLERK

TABLE OF CONTENTS

EXHIBITS

Jack Pous FPL Exhibits

DIRECT TESTIMONY

OF

Jacob Pous

On Behalf of the Office of Public Counsel

Before the

Florida Public Service Commission

Docket Nos. 080677-EI & 090130-EI

I. STATEMENT OF QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jacob Pous. My business address is 1912 W Anderson Lane, Suite 202, Austin, Texas 78757.

Q. WHAT IS YOUR OCCUPATION?

A. I am a principal in the firm of Diversified Utility Consultants, Inc. ("DUCI"). A description of my qualifications appears as Exhibit__(JP-Appendix A).

Q. PLEASE DESCRIBE DIVERSIFIED UTILITY CONSULTANTS, INC.

A. DUCI is a consulting firm located in Austin, Texas. DUCI has an international client base. DUCI provides engineering, accounting, and financial services to clients. DUCI provides utility consulting services to municipal governments with utility systems, to end-users of utility services and to regulatory bodies such as state public service commissions. DUCI provides complete rate case analyses, expert testimony, negotiation services and litigation support in electric, gas, telephone, water, and sewer utility matters.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN PUBLIC UTILITY PROCEEDINGS?

A. Yes. Exhibit___(JP-Appendix A) also includes a list of proceedings in which I have previously presented testimony. In addition, I have been involved in numerous utility rate proceedings that resulted in settlements before testimony was filed. In total, I have participated in well over 300 utility rate proceedings in the United States and Canada. I have testified on behalf of the staff of five different state regulatory commissions on subjects relating to appropriate depreciation rates.

Q. WHAT IS YOUR PROFESSIONAL BACKGROUND?

A. I am a registered professional engineer. I am registered to practice as a Professional Engineer in the State of Florida, as well as numerous other states.

Q. ON WHOSE BEHALF ARE YOU PROVIDING THIS TESTIMONY?

A. Florida's Office of Public Counsel ("OPC") engaged me to address the depreciation study and the depreciation aspects of the revenue requirements request of Florida Power

& Light Company ("FPL" or "the Company") pending before Florida Public Service Commission (the "Commission" or "FSPC") in these consolidated proceedings.

II. OVERVIEW

Q. CAN YOU PROVIDE A QUICK OVERVIEW OF THE RELATIVE SIGNIFICANCE OF DEPRECIATION-RELATED MATTERS IN THE CONTEXT OF FPL'S REQUESTED INCREASE IN REVENUES?

A. Yes. In terms of revenue impacts, the subject of depreciation is extremely significant in these consolidated proceedings. In my testimony, I will report the results of my account-by-account analysis of the depreciation study that FPL is sponsoring, the results of which are reflected in FPL's calculation of its revenue requirements. I will identify numerous examples in which FPL's witness overstates depreciation expense, and refute FPL's proposed treatment on the basis of the inappropriate assumptions and rationales that he employed. My approach is a "from the bottom up" type of analysis, in which I review the details of individual accounts and build up the individual adjustments into a total dollar recommendation. In the aggregate, my adjustments amount to $552 million of reduced depreciation expense annually. Approximately $311 million of this annual amount is intended to return to current customers a *portion* of a massive reserve excess that is the result of FPL's having over collected depreciation expense over time; the balance relates to my adjustments to FPL's calculation of annual depreciation expense that the utility should recognize "going forward." When applied to FPL's proposed increase, the impact of my $552 million recommendation is to reduce FPL's revenue requirements dollar for dollar. In other words, when FPL's overly aggressive depreciation practices and proposals, past and present, are modified to conform to available data and reasonable assumptions, the result is to offset more than half of FPL's billion dollar rate increase request for 2010. At first blush, the magnitude of the overall recommendation may be surprising. However, as I will show, the result is the sum of dozens of smaller individual adjustments, each of which is a "standalone" topic and each of which I will document, discuss, and support in detail in the course of my testimony.

Q. HOW HAVE YOU ORGANIZED YOUR TESTIMONY?

A. I will begin with an introductory background section, in which I will define and describe the basic nature and role of depreciation in the context of a regulated electric utility. Next, I will provide an "executive summary" of my analysis. I will then develop the issues that I have identified and my analysis of the appropriate disposition of those issues in detail.

III. GENERAL BACKGROUND

Q. PLEASE BRIEFLY EXPLAIN THE CONCEPT OF DEPRECIATION AS IT APPLIES TO A REGULATED ELECTRIC UTILITY.

A. While the term "depreciation" is commonly used to describe a loss of value due to "wear and tear," it has a precise and specialized meaning as an accounting concept. Depreciation refers to the recoupment of a capital investment, less net salvage, over the useful life of the asset to which the investment relates.

Q. CAN YOU ILLUSTRATE THE MEANING OF THE TERM?

A Yes. Perhaps the best way to explain the concept is to contrast an item that is depreciated with one that is not depreciated. As the example of an item that is not depreciated, let's use copier paper. Assume the utility purchases 1,000 reams of paper for $5,000, and consumes all of the paper within the month in which it was purchased. The utility therefore "expenses" the full $5,000 in the period of the purchase. Assume the utility spends $250,000 on copier paper annually. The annual total cost of copier paper is recorded as a portion of operations and maintenance expense, which is deducted from operating revenues to calculate net income for the year in which the paper was purchased. Recognizing the full cost of the paper purchased in the year is appropriate from a matching standpoint, because the paper was consumed completely in the period in which it was purchased. Moreover, because rates are designed to recover operating costs and provide a return on investment, the annual cost of copier paper is embedded in the rates that the utility charges its customers, and $250,000 of overall revenues serves the purpose of recovering from customers the cost of copier paper consumed during the year.

Q. PLEASE CONTINUE.

A. Now, let's compare that situation with the example of an investment in copper conductor. Assume the conductor costs $100,000 to purchase and install, and the utility expects to use it in the business for forty years. At the end of forty years the utility expects to sell the copper for $30,000 but also anticipates it will incur $10,000 of cost in removing it from the system. This means that its net depreciable investment will be $80,000 ($100,000-$30,000+$10,000). To recognize the full $80,000 in a single year would be to distort the manner in which that investment in copper conductor is employed in the operation of the business. Said differently, the utility expects to "consume" the service value of the conductor—not within a year—but over forty years. Therefore, the investment is "capitalized" and added to rate base. Subsequently, each year 1/40th, or $2,000 of the capitalized cost is recognized as depreciation expense associated with the conductor. Because depreciation expense is a component of the utility's overall cost of providing service, it is reflected in the design of rates that the utility charges customers. The $2,000 of annual depreciation expense associated with the conductor is accumulated with other depreciation and operating expenses and netted against operating revenues to determine net income for the period. Of the revenues collected during the year, $2,000 serves to recoup the portion of the capital investment that is applicable to the period. Accordingly, the utility will reduce its rate base by the annual amount of the $2,000 that it recouped from customers. It does so by recording $2,000 in an account called the accumulated provision for depreciation or reserve. The value of the rate base is calculated by subtracting the total of the accumulated provision by depreciation from the original depreciable value of the investment. Each year the utility incurs depreciation expense, it adds the amount of expense to the reserve, thereby reducing rate base by that amount.

Q. IN ADDITION TO THE BASIC DEFINITION, WHAT ELSE CAN BE GLEANED FROM YOUR EXAMPLES?

A. First, the examples illustrate a major difference between depreciation expense and other operating expenses. In the case of copier paper, the utility must make a cash outlay during each annual period. In the case of the conductor, there is an initial outlay of cash to purchase and install the conductor; thereafter, the recognition of the annual component of expense applicable to the period does not involve cash outlays. For this reason, depreciation is referred to as a "non-cash" expense. However, the dollars that are collected and applied to defray this non-cash expense are as real to the utility and the customers who pay them through rates as the dollars that were expended to acquire the capital item or pay for the copier paper.

Q. DOES THE EXAMPLE OF THE CONDUCTOR ILLUSTRATE ANY OF THE ISSUES TO WHICH A DEPRECIATION STUDY MAY GIVE RISE?

A. Certainly. The example illustrates the determination of the appropriate useful life; the assumed salvage value upon retirement; and the projected cost of removing the item from service that the utility will incur to realize the salvage. While the analytical techniques, which may involve statistical measurements, actuarial analyses, and review of historical and comparative industry data, can become technical and involved, all of the debates surrounding the establishing of appropriate depreciation rates involve the interplay between and among service lives and related remaining lives, salvage values, and cost of removal. If the utility assumes too short a useful life, the total depreciation expense will be allocated over too few periods, and the expense recognized in a single period will be higher than it should be. If a utility understates expected salvage or overstates the cost of removing the item upon retirement, it will overstate the amount of depreciation expense that is allocated over the life of the asset. When in my testimony I observe that FPL has been overly aggressive in proposing depreciation rates, I mean that it continues to attempt to overstate depreciation expense currently through one or more of these means.

The example of the copper conductor also illustrates another important point. Depreciation practices applicable to assets that have long useful lives very quickly give rise to issues of intergenerational equity. For instance, if a utility has reason to believe that the conductor will be in service for forty years, but proposes to depreciate it over only five years, the utility would be calling on current customers to bear an inordinate proportion of the cost of the investment, thereby subsidizing future customers, who will pay none of the cost of the asset providing service to them in the future.

There is another point that belongs in this introductory section. Setting depreciation rates necessarily involves the use of estimates and projections. If the estimates and projections are inaccurate, or if circumstances change such that estimates that were good at the time they were made are no longer valid, a utility's depreciation posture can require corrective action. Earlier I mentioned the reserve or the accumulated provision for depreciation, which serves to provide a "running total" of the extent to which individual assets or groups of assets have been depreciated. It is useful to compare the actual reserve to the "theoretical reserve," or the reserve that would be necessary to enable the utility to remain "on course" to recoup its investment ratably over the current estimate of life of the asset or assets in question at a given point in time. If a "reserve excess" or "reserve deficiency" is discovered in the course of a periodic depreciation study, corrective action can be devised. The time frame that is appropriate for addressing an excess or a deficiency is in part a function of the severity of the imbalance. If the degree to which the actual depreciation experience is ahead of or behind schedule is slight, the typical regulatory response is to devise modified depreciation rates that will cure the imbalance over the remaining life of the asset. However, if the imbalance is so severe that it amounts to unfair and inequitable treatment of customers or the utility, the regulators have the obligation and the means with which to require remedial action that is more direct and immediate. In my testimony, I will demonstrate that by over collecting depreciation expense in the past, FPL has built a massive depreciation reserve excess-- so massive that the Commission should require FPL to return a portion of the excess to customers over a four year period.

Q. WHAT DO YOU MEAN BY "DEPRECIATION RATES"?

A. A depreciation rate differs from the tariff rates that are applied to a customer's usage to calculate a bill for service. In the above example, I noted that $1/40^{th}$ of the investment in conductor cable would be quantified as depreciation expense for the annual period. This translates into a "depreciation rate" of 2.5% of the investment annually. However, this is only a step in the ratemaking process. The depreciation rate is applied to the original gross investment to calculate the annual depreciation expense that the utility should recognize on its books. When the Commission conducts a revenue requirements case, the total depreciation expense is rolled into the overall revenue requirement that retail rates are then designed to recover.

Q. DO YOU HAVE ANY ADDITIONAL OBSERVATIONS OF A GENERAL NATURE BEFORE YOU BEGIN THE PRESENTATION OF YOUR ANALYSIS OF FPL'S DEPRECIATION STUDY?

A. Yes. Generally speaking, it is in an electric utility's financial self-interest to collect more dollars from customers than fewer dollars, to collect those dollars sooner than later, and, once having collected dollars, to keep them rather than returning them to customers. This is true of depreciation practices. Because depreciation expense results in revenues that do not have a concurrent cash outlay associated with them, depreciation expense is a source of cash flow, and higher depreciation expense means greater cash flow. Plus, recouping more of an investment in early years than would be warranted by the comparison of actual and theoretical reserves would reduce the risk of not recouping the investment in later years. Accordingly, even though issues of depreciation affect the timing of recoupment of capital investments rather than whether the utility should recover its claimed capital costs, a utility has an incentive to favor higher depreciation expense and higher depreciation reserves. The Commission therefore must scrutinize the utility's practices and studies to ensure that current customers are not called on to bear more than their appropriate share of the depreciation expense.

IV. EXECUTIVE SUMMARY

Q. PLEASE PRESENT YOUR MAIN POINTS IN SUMMARY FASHION.

A. As authorized by the terms of the settlement that the Commission approved in Docket No. 050045, FPL's most recent rate proceeding, during each of the years 2006, 2007, 2008, and 2009 FPL recorded a credit to depreciation expense of $125 million. Each credit of $125 million had the effect of reducing the accumulated provision for depreciation or reserve (thereby increasing rate base), and increasing net income by that amount. Over the past four years, then, FPL reduced its depreciation reserve by $500 million, which had the effect of increasing rate base by that same amount. Despite these credits, FPL's own depreciation study still shows a reserve excess of $1.25 billion. Had FPL not applied depreciation credits of $125 million per year over the past four years, its study would show a reserve excess of $1.75 billion, not $1.25 billion. However, as I will show, the claimed excess of $1.25 billion is an understatement. It reflects the result of inappropriate assumptions and rationales that FPL's depreciation witness employed in the course of his depreciation study. The real excess reserve is far greater than the $1.25 billion that FPL claims. My analysis, based upon data, assumptions, and rationales that I develop and support in detail, reveals that FPL has a current reserve excess of $2.75 billion. The excess reserve would be even higher were I to incorporate a more realistic useful life for combined cycle generators than the inadequate 25 year life that FPL's witness employs, or recognize the impact of other issues.

The massive reserve excess necessarily means that current and past customers have paid FPL far more than would be needed to enable FPL to be on track to recoup its investment in plant over the service lives of the plant. FPL proposes to correct the reserve excess by modifying the amount of depreciation on a going forward basis over its claimed 22 years of remaining life. In view of the size of the excess that customers have paid, the size of its overall rate increase request and the resulting justification for remedying the situation, FPL's proposed response is unrealistic and unacceptable. FPL's proposal would be inadequate and unfair to current customers, even if the value of $1.25 billion that it assigns to the excess reserve were anywhere near the appropriate amount. The corrected imbalance of $2.75 billion has the effect of increasing the impetus to return the excess to customers more rapidly.

Bearing in mind that I have demonstrated a total reserve excess of $2.75 billion, the Commission should at a minimum require FPL to amortize its identified $1.25 billion of the excess reserve to customers over a period of four years. By returning only this portion to customers over a period more rapid than the remaining life, the Commission conservatively will leave FPL with a substantial cushion of excess in its reserve. Moreover, as OPC witness Dan Lawton testifies, requiring this more equitable treatment will not adversely affect FPL's strong, robust financial condition.

When the $1.25 billion amount is amortized over four years, $311 million is available to reduce revenue requirements in each year, including the 2010 test period. The amortization should first be applied to offset the $78 million annual accrual that FPL associates with a claimed deficiency in certain accounts. The balance has the effect of reducing FPL's revenue requirements.

The above measures are needed to address FPL's mammoth depreciation reserve excess, which is the result of past practices and over collections. I have also examined the appropriate amount of depreciation expense that FPL should be allowed to recognize annually on a going forward basis. I find that FPL has overstated its need for depreciation expense. The overstatement of overall depreciation expense results from having employed inappropriate service lives, understating expected salvage, and overstating the projected cost of removing assets upon retirement. I have described the flaws in FPL's claims and have supported my proposed alternatives in the detailed discussion that follows. As a result of my detailed analysis, I recommend that the Commission reduce FPL's proposed annual depreciation expense by $240.6 million based on plant as of December 31, 2009 as reflected in the Company's depreciation study.

The overall impact of my recommendations in the areas of correcting the massive reserve excess and reducing future depreciation expense is to reduce FPL's claimed revenue requirements by $552 million. The resulting depreciation rates have been provided to OPC witness Sheree Brown so they may be applied to the future test year plant balances.

Q. DOES YOUR RECOMMENDATION MEAN THAT FPL WILL NOT RECOVER ANY PART OF ITS CAPITAL INVESTMENT?

A. No, it does not mean that. In my testimony, I have not challenged or sought to disallow recovery of any of the investments in plant. My proposed adjustments affect only the timing of the collection. If the Commission adopts my recommendation, the portion of the reserve excess that is amortized over four years will be added back to rate base at the same time. Over time, FPL will recoup all of the capital investment that the Commission deems prudent and reasonable.

V. ANALYSIS

Q. PLEASE PROCEED WITH YOUR MORE DETAILED PRESENTATION.

A. The Company retained the Gannett Fleming firm to perform a new depreciation study, the results of which are sponsored by Mr. Clarke. The Company's depreciation analysis is based on estimated plant levels through the end of 2009. Based on the plant in service as projected through December 31, 2009 the Company proposes $854,174,408 of depreciation expense. (See Exhibit CRC-1, page 51). In addition, the Company seeks $132,892,978 of additional depreciation expense based on "Future Units" and an additional $78,555,754 of annual depreciation expense for what is identified as "Capital Recovery" items. Finally, the Company seeks $21,567,578 of proposed annual accruals for terminal net salvage based on its fossil dismantlement studies. (See Exhibit K0-8, page 6). The total of these components yields an annual depreciation and dismantlement expense request of $1,087,190,718. After reviewing the Company's presentation, data, responses to discovery requests, and information in the public domain, I conclude that the Company's request is significantly overstated. In fact, rather than a proposed increase in depreciation expense as requested by the Company, a significant reduction of $240,638,975 as set forth on Exhibit_ (JP-1) is warranted, prior to an annual $311,340,104 excess reserve amortization.

At this point, it is worth noting that the Company's requested depreciation expense is higher than it would otherwise had been absent the Company's decision to take $500,000,000 of depreciation credits over the last 4 year period. Had the Company not taken this $500,000,000 of additional depreciation credits, its accumulated provision for depreciation or reserve would have been $500,000,000 higher and the net depreciable balance to be recovered over the remaining life of the investment would have been

$500,000,000 lower. A lower level of net depreciable balance would have resulted in reduced depreciation expense in this filing as well as the future. This is also significant from the standpoint that the Company admits that under its calculation process and assumptions its actual depreciation reserve is $1,245,360,415 higher than its theoretical reserve. Again, had it not been for the $500,000,000 depreciation expense credit taken over the last 4 years, the excess of the actual reserve over the theoretical reserve as proposed by the Company would be $1.75 billion. In other words, the Company has been and continues to be in a significant excess depreciation recovery position; yet, it seeks an increase in depreciation expense. The Company's request for an increase in depreciation expense is inconsistent with the undisputed fact that customers have significantly overpaid depreciation expense historically, even prior to recognition that the depreciation parameters reflected in the Company's study are excessively aggressive and inappropriate. The acceleration of depreciation expense as proposed by the Company is not warranted and should be denied by the Commission. A brief discussion of the various issues I will address in detail later in my testimony follows.

- **Excess Reserve:** The Company, through its depreciation study, admits to a $1.25 billion excess reserve. This level of excess reserve more than doubles when one applies to FPL's production and mass property accounts the different depreciation parameters I recommend and support in my analysis. Consistent with the Commission's prior decisions, it is appropriate to return to customers some portion of the excess reserve over a period shorter than the remaining life. In order to remain conservative, I recommend returning the Company-identified $1.25 billion amount over a 4-year period. Limiting the return of the excess reserve to the Company's identified amount rather than the full amount that results from my recommended adjustments leaves the Company with a substantial cushion of remaining excess reserve, which can be addressed in future depreciation studies. OPC witness Dan Lawton establishes in his testimony that limiting the amount to be amortized to $1.25 billion, and accomplishing the amortization over four years, will assure that the adjustment leaves FPL with very strong financial integrity. The impact of my recommendation is a $311,340,104 annual depreciation expense credit for the next four years.

- **Production Plant Life Spans**: The Company proposes artificially short life spans (the time frame between when a unit goes into service and when it ultimately retires) for the majority of its steam generating investment. The Company has also underestimated the reasonable life expectancy of its investment in combined cycle generation. As a first step toward correcting this situation, I recommend that the life spans for coal-fired units be increased from the low 40-year range as proposed by the Company to 60 years as is now being recognized by other regulators and utilities. I further recommend that the minimum life span for large steam oil or gas-fired generating facilities be set at a minimum of 50 years. The approximate impact of this recommendation is a $32 million reduction to the Company's depreciation expense based on plant as of December 31, 2009.

- **Interim Retirements**: Interim retirements are intended to represent limited downward adjustments to the life span for generating units due to items of investment that will retire and be replaced prior to the ultimate retirement date for a generating facility. The Company has proposed a method that is inappropriate for generation investment and which results in some very unusual occurrences that overstate depreciation expense by millions of dollars. Moreover, the Company's proposed approach has the potential of resulting in excessive return dollars once the Company claims that plant accounts have become fully accrued. The Company's proposed interim retirement results are excessively aggressive, even when measured against the interim retirement results that the Company's depreciation consultant, Gannett Fleming, has proposed elsewhere. Correcting the method and level of interim retirements results in an approximate $54 million annual reduction in depreciation expense based on plant as of December 31, 2009.

- **Interim Production Net Salvage**: There are two types of production net salvage. The first is interim retirement net salvage associated with the interim retirements that are estimated to transpire prior to the final termination of a generating station or unit. The second type of production net salvage is terminal net salvage as reflected in the Company's request for dismantlement costs discussed elsewhere. Based on excessively negative net salvage estimates for interim retirements, and an excessive level of projected interim retirements, the Company seeks in excess of $440,000,000 of interim net salvage to be collected over the remaining life of its generating facilities. Correcting the Company's excessively negative levels of interim retirement related production net salvage results in a $74 million reduction to annual depreciation expense based on plant as of December 31, 2009.

- **<u>Terminal Production Net Salvage</u>**: The Company has presented dismantlement studies for its various generating facilities. These studies represent a worst case scenario of the ultimate disposition of the investment. In addition to assuming the worst case scenario of having to completely remove each facility and restore the site, the Company's assumed approach to demolition is also the most costly option available. Moreover, the Company incorporates an unjustified level of contingencies as well as other costs that further inflate the overall demolition cost estimates artificially. It would be difficult to develop an alternative demolition estimate that would be higher than the Company's request. A review of the Company's proposal, as well as what has actually transpired with recent demolition of generating facilities, would support a reduction to the Company's request. However, rather than recommend a specific adjustment in costs, I recommend the Commission order the Company to develop more realistic and supportable demolition studies for its next rate case. At a minimum, such studies should rely on more cost effective demolition approaches than the costly "reverse construction" approach that FPL presented in this case.

- **Mass Property Life Analysis**: Mass property consists of transmission, distribution and general plant. The Company has relied on its interpretation of actuarial results to propose life characteristics for its various accounts. The Company's proposals are not the best statistical results obtained from its actuarial analysis and fail to recognize other Company specific information which would result in longer average service lives ("ASL"). After reviewing the Company's proposals on an account by account basis, I recommend adjustments to 18 mass property accounts which result in a $49 million reduction to annual depreciation expense, based on plant as of December 31, 2009.

- **Mass Property Salvage Analysis:** Rather than performing an appropriate evaluation of the Company's historical net salvage data to determine its applicability to future net salvage for the remaining investment in the Company's various plant accounts, the Company basically relies on historical averages, whether they are appropriate or not. By failing to investigate or explain significant changes or unusual amounts or occurrences, FPL skewed its future net salvage proposals. Those proposals are not appropriate because they are not indicative of future expectations for the investment in each of the Company's plant accounts. After my review and investigation of information that was available to the Company, but which it chose not to review, I recommend adjustments to the proposed net salvage level for 14 mass property accounts. The standalone impact of these recommendations results in a reduction of $68 million in annual depreciation expense based, on plant as of December 31, 2009.

- **Remaining Life Calculation:** The Company proposes a remaining life calculation method that is inappropriate. The Company's method produces remaining life values that are different from every other utility or consulting firm that I have dealt with for many decades. The Company's method, based on Gannett Fleming's model, incorporates the net salvage impact into the remaining life calculation. The approach also assumes that many vintage additions have no remaining life, even though those vintages continue to be in service. I recommend reliance on the industry standard calculation approach, which actually increases the Company's depreciation expense. The impact of the correct method is reflected in my mass property life recommendations.

- **Combined Impact:** Due to the interaction of life and salvage parameters, life spans, and interim retirement levels, the combined impact of my various recommendations is not simply the summation of each standalone adjustment. As shown on Exhibit__(JP-1), the combined impact of all adjustments, based on plant as of December 31, 2009, and the impact of the future investment from the West County generating units, results in a $551,979,079 reduction to annual depreciation expense.

Q. ARE YOU AWARE OF THE MAGNITUDE OF YOUR RECOMMENDED ADJUSTMENT RELATIVE TO THE COMPANY'S REQUEST?

A. Yes. My recommendation must be viewed in two distinct categories: the return of a portion of excess reserve in the amount of $311 million for the next 4 years; and, $241 million in normal annual depreciation adjustments. Thus, the $241 million of annual normal depreciation adjustments represents approximately 25% of the Company's request for normal depreciation expense, including the impact of "Future Unit" depreciation amounts.

To place my recommended adjustments in proper perspective, it is necessary to recognize that the Company has significantly over collected depreciation expense from prior and current customers. The intent underlying the concept of depreciation is that the Company should recover 100% of what it is due, no more and no less. If the Company over collects in earlier periods, then the remaining life approach to depreciation requires that a lower level of depreciation must be charged in the future in order to reach 100% recovery over the life of the investment. There can be no doubt that the Company has significantly over recovered depreciation expense from customers. However, as the Commission will see once it reviews the individual account and generating unit discussions contained in the balance of my testimony, the Company has proposed unrealistically short life spans or ASLs and excessively negative net salvage values in an apparent attempt to minimize the level of excess reserve it would present in its depreciation study.

To remain conservative in my level of adjustments, I have not proposed in this proceeding longer life spans for almost $7 billion of investment in new combined cycle generating facilities. The Company's proposal for mid 20-year life spans for this new investment is artificially short. Extending the assumption to 35-year life spans for this type of generation would have resulted in substantial further reductions to the Company's request. In addition, the Company's terminal demolition cost estimates for its generating facilities are excessively high. Correcting the Company's request with a more realistic and reasonable scenario would further reduce the level of annual depreciation expense.

The Company did not reach this position of being in a significant excess reserve position overnight, and should not be required to correct it overnight. However, allowing the Company to correct its situation over the remaining life is simply unfair and unjust, as this Commission has determined in prior proceedings. While my recommendation represents a substantial reduction to the Company's depreciation expense, it is a fair and reasonable first step in a process that might take several rate cases. Delaying the beginning of the correction to the Company's huge over collection would only exacerbate the problem and continue an unreasonable level of intergenerational inequity.

<u>VI. DEPRECIATION</u>

Q. PLEASE ELABORATE ON THE BASIC DEFINITION OF DEPRECIATION THAT YOU PROVIDED IN THE GENERAL BACKGROUND SECTION.

A. There are two commonly-cited definitions of depreciation. The first, from the Federal Energy Regulatory Commission ("FERC"), appears in Title 18 of the Code of Federal Regulation ("CFR"), Part 101:

> 'Depreciation', as applied to depreciable plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are

> known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.

The second definition, from the American Institute of Certified Public Accountants ("AICPA"), is similar:

> Depreciation accounting is a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any) over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation. Depreciation for the year is a portion of the total charge under such a system that is allocated to the year. Although the allocation may properly take into account occurrences during the year, it is not intended to be a measurement of the effect of all such occurrences.

Q. WHAT ARE THE TWO GENERAL FORMULAS USED IN DETERMINING DEPRECIATION RATES?

A. The *whole life* and the *remaining life* techniques are the most commonly used formulas. The whole life technique is as follows:

$$\text{Depreciation Rate (\%)} = \frac{\left[\dfrac{\text{Original Cost} - \text{Net Salvage}}{\text{Average Service Life}}\right]}{\text{Original Cost}}$$

The remaining life technique is as follows:[1]

$$\text{Depreciation Rate (\%)} = \frac{\left[\dfrac{\text{Original Cost-Accumulated Provision for Depreciation} - \text{Net Salvage}}{\text{Average Service Life}}\right]}{\text{Original Cost}}$$

The two formulas should equal each other when the difference between the theoretical reserve and the actual Accumulated Provision for Depreciation ("APFD") is recovered over the remaining life of the investment under the whole life formula.

Q. ARE THERE ADDITIONAL CONSIDERATIONS IN DEPRECIATION BEYOND THE DEFINITIONS?

A. Yes. The definitions provide only a general outline of the overall utility depreciation concept. In order to arrive at a depreciation-related revenue requirement in a rate proceeding, a depreciation system must be established.

Q. WHAT IS A DEPRECIATION SYSTEM?

A. A depreciation system constitutes the method, procedure, and technique employed in the development of depreciation rates.

[1] A theoretical depreciation reserve calculation is developed and compared to the actual accumulated provision for depreciation in conjunction with the whole life technique. If the differential is significant, an amortization of the differential for some period of time may be recommended.

Q. BRIEFLY DESCRIBE WHAT IS MEANT BY "METHOD".

A. Method identifies whether a straight-line, liberalized, compound interest, or other type of calculation is being performed. The straight-line method is normally employed for utility depreciation proceedings.

Q. BRIEFLY DESCRIBE WHAT IS MEANT BY "PROCEDURE".

A. "Procedure" identifies a calculation approach or grouping. For example, procedures can reflect the grouping of only a single item, items by vintage (year of addition), items by broad group or total grouping, and equal life groupings. The average life group ("ALG") procedure is used by the vast majority of utilities.

Q. PLEASE BRIEFLY DESCRIBE WHAT IS MEANT BY "TECHNIQUES".

A. There are two main categories of "techniques" with various sub-groupings: the whole life technique, and the remaining life technique. The whole life technique simply reflects the calculation of a depreciation rate based on the whole life (e.g., a ten-year life would imply a ten percent depreciation rate over the life of a plant using a straight-line depreciation method). The remaining life technique recognizes that depreciation is a forecast or estimation process that is never precisely accurate and requires true-ups in order to recover only 100% of what a utility is entitled to over the entire life of the investment. Therefore, as time passes, the remaining life technique attempts to recover the remaining unrecovered balance over the remaining life or other period of time. Most utilities rely on a remaining life technique in utility rate matters.

Q. DO THE METHODS, PROCEDURES, AND TECHNIQUES INTERACT WITH ONE ANOTHER?

A. Yes. Different depreciation rates will result depending on what combination of method, procedure, and technique is employed. Differences can occur even if the same average service life and net salvage values are employed at the outset.

Q. HOW ARE THE LIFE AND REMAINING LIFE DETERMINED?

A. The determination of the appropriate life to associate with production plant differs from the corresponding determination for mass property, which includes transmission, distribution and general plant. The estimation of production plant life relies on a life span method. The life span method requires an estimate of the probable future retirement date and the impact of interim additions, both of which are discussed in detail later in my testimony. The estimation of mass property plant life (average service life, or ASL) normally relies on an actuarial analysis. This approach recognizes a dispersion pattern of retirements in the life estimation process. The industry relies on a series of standardized dispersion patterns identified as Iowa Survivor curves to arrive at the appropriate ASL for a category of mass property. Exhibit__(JP-Appendix B) to my testimony provides additional detail regarding Iowa Survivor curves.

Once an overall life for production plant and an ASL for mass property have been determined, a remaining life can be calculated. The remaining life for mass property is dependent not only on the ASL, but also on the Iowa Survivor curve selected.

Q. WHAT IS NET SALVAGE?

A. Net salvage is the value obtained from retired property (the gross salvage) less the cost of removal. Net salvage can be either positive in cases where gross salvage exceeds cost of removal, or negative in cases where cost of removal is greater than gross salvage.

Q. HOW DOES NET SALVAGE IMPACT THE CALCULATION OF DEPRECIATION?

A. The intent of the depreciation process is to allow the Company to recover 100% of investment less net salvage. Therefore, if net salvage is a positive 10%, then the utility should only recover 90% of its investment through annual depreciation charges, under the theory that it will recover the remaining 10% through net salvage at the time the asset retires (e.g., 90% + 10% = 100%). Alternatively, if net salvage is a negative 10%, then the utility should be allowed to recover 110% of its investment through annual depreciation charges so that the negative 10% net salvage that is expected to occur at the end of the property's life will still leave the utility whole (i.e., 110% - 10% = 100%).

Q. PLEASE IDENTIFY SOME OF THE MAJOR FACTORS THAT AFFECT A DEPRECIATION "SYSTEM."

A. The concept of depreciation utilized for utility ratemaking has evolved over time. Currently, there are still many different combinations of methods, procedures, and techniques employed in the development of utility depreciation rates. A depreciation system must, among other things, be systematic and rational. The regulator must further take into the account the quality, quantity, and timeliness of data relied upon, as well as the quality of the judgment employed by the depreciation analysts. Given the subjectivity involved in the various estimation processes, judgment plays an important role in establishing depreciation rates. While judgment is critical, that does not mean that an analyst can simply refer to "judgment" as the basis for a proposal without providing meaningful factual support for that "judgment," nor can "judgment" serve as the basis for ignoring relevant facts.

Q. WHAT ARE THE KEY ELEMENTS OF THE DEPRECIATION FORMULA AT ISSUE IN THIS PROCEEDING?

A. The life parameters and net salvage for the mass property accounts in the above formula are at issue. Also, the treatment of the Company's excess reserve is at issue in this case.

VII. RESERVE IMBALANCE

Q. WHAT IS THE FUNDAMENTAL PURPOSE OF DEPRECIATION?

A. As I have stated, depreciation is the recovery of invested capital less net salvage over the life of the investment. It is intended to match the recovery of the investment less net salvage with the periods of time in which the related asset is employed, thereby recouping the investment from all of the customers that received the benefit of the investment.

Q. IS THE RECOVERY OF CAPITAL THROUGH DEPRECIATION A PRECISE PROCESS?

A. No. The depreciation process for utility ratemaking relies on forecasting the future life and net salvage of the investment. As with any forecasting process, there are inherent inaccuracies that will exist whether due to inappropriate forecasts of mortality characteristics or real changes in life and salvage characteristics over time. In recognition of the inherent inaccuracies, depreciation studies should be performed on a regular basis and should incorporate a true-up provision to address recognized excesses or deficiencies that are indentifies.

Q. HOW ARE RESERVE EXCESSES OR DEFICIENCIES INDENTIFIED?

A. The normal process is to calculate what is called a theoretical reserve and compare that value to the actual book reserve of the utility. The theoretical reserve is the calculated balance that would be in the accumulated provision for depreciation (FERC Account 108), sometimes called the reserve, at a point in time if current depreciation parameters (i.e., current life and salvage estimates) had been applied from the outset. The theoretical reserve measures the amount of depreciation expense a utility should have collected in order to be "on schedule" with respect to recovering its investment over the life of the depreciable asset. The book reserve reflects what *actually* has been collected or incurred. One can compare the book reserve to the theoretical reserve. If the book reserve is greater than the theoretical reserve, then the utility has collected more than is needed as of that point in time; it is ahead of schedule. The difference is a reserve excess. If the theoretical reserve is greater than the book reserve, the utility has under collected as of that point, it is behind schedule and a reserve deficiency exists.

Q. WHAT ARE THE GUIDING PRINCIPLES THAT SHOULD BE CONSIDERED IN DETERMINING THE CAPITAL RECOVERY PATTERN THROUGH DEPRECIATION OVER TIME?

A. In my opinion, the overriding considerations of fairness and equity that govern the utility ratemaking process mandate adherence to the matching principle. In other words, the generation of customers that causes an expense or cost to be incurred should be the generation of customers that pays for such expense or cost through the rates charged for usage of the final product, in this case electricity. The matching principle attempts to achieve the goal of eliminating intergenerational inequities. Intergenerational inequities occur when one set or generation of customers pays too much or too little for its use of the investment necessary to provide electricity, and transfers either an undue benefit or undue burden to some future set of customers.

Q. HAS THIS COMMISSION HISTORICALLY RECOGNIZED THE MATCHING PRINCIPLE WHEN IT COMES TO CAPITAL RECOVERY THROUGH DEPRECIATION?

A. Yes. When capital recovery becomes materially imbalanced between generations of customers, as measured by the difference between the theoretical and book reserve, normally one of two industry options is employed. The two options for truing-up or correcting the imbalance are (1) to amortize the calculated differences over a short period of time, or (2) to simply implement new depreciation rates based on the remaining life technique where the recovery period is the remaining life. This Commission has established a long and identifiable policy of correcting material reserve imbalances by (1) reserve transfers, (2) one time reserve adjustments based on changes to revenue requirement areas other than depreciation, and (3) amortizing the reserve differences over periods much shorter than the remaining life of the investment. In addition to these practices, this Commission recently approved a settlement in FPL's last rate case that allowed FPL to reduce revenue requirements by $500 million over a four year period, or $125 million per year through credits to depreciation expense. (See Exhibit CRC-1, page 69). Rigid adherence to "remaining life" concepts would not have permitted this flexibility.

Q. CAN YOU PROVIDE EXAMPLES OF THIS COMMISSION'S LONG AND IDENTIFIABLE POLICIES TO WHICH YOU REFER?

A. Yes. In the area of implementing corrective reserve transferences, some examples of this Commission's previous actions are Gulf Power Company in Docket No. 880053-EI and Marianna Electric Division by Florida Public Utilities Company in Docket No. 010669-EI. These examples occurred during the time frame of the 1980s through the early 2000s. (See Order Nos.19901, PSC-01-2270-PAA-EI). An example of a Commission action to change the depreciation reserve due to revenue requirements from an area other than depreciation is Tampa Electric Company in Docket No. 860868-EI. (See Order No. 19438). Finally, examples of depreciation reserve differences that the Commission required to be amortized over periods shorter than the average remaining life are General Telephone Co. in Docket No. 840049-TL, City Gas Company in Docket No. 890203-GU, and FPL in Docket No. 970410-EI. (See Order Nos. 14929, 22115, PSC-97-0499-FIF-EI).

Q. WHAT HAS THE COMMISSION STATED AS ITS UNDERLYING POLICY OR BASIS WHEN ADDRESSING THE TREATMENT OF RESERVE DIFFERENCES OR INTERGENERATIONAL INEQUITIES?

A. The Commission has adopted the position that depreciation reserve differences "*should be recovered as fast as possible*, unless such recovery prevents the Company from earning a fair and reasonable return on its investments." (Emphasis added). (See Order No. PSC-93-1839-FOF-EI). In another case, the Commission adopted a one-year write-off for a portion of a utility's reserve deficit by stating that "we believe that it [the deficit] should be *written off as quickly as possible*." (Emphasis added). (See Order No. 13918). In yet another case, the Commission addressed the fairness issue as it relates to intergenerational inequity. In establishing a funded nuclear decommissioning reserve the Commission stated "[f]*airness dictates* that those receiving services and imposing costs be obligated to pay those costs, instead of placing the risk of recovery on other ratepayers who may not get service from the nuclear units." (Emphasis added). It went on to state, "that a further delay in changing rates to recognize the responsibility of current ratepayers to pay the full cost of operating the nuclear generators *simply continued an already unfair situation*. We determined that *it was unfair that current ratepayers were not paying their full share and could therefore properly change FP&L's and FPC's rates to alleviate unfair, unjust and unreasonable rates*." (Emphasis added). (See Order No. 13427).

Q. IN THE CASES YOU CITED, DID THE AMOUNT OF THE RESERVE IMBALANCE THAT THE COMMISSION DECIDED TO CORRECT OVER A PERIOD SHORTER THAN THE REMAINING LIFE APPROACH A BILLION DOLLARS?

A. No.

Q. HOW HAVE YOU NORMALLY HANDLED RESERVE MATERIAL IMBALANCE SITUATIONS LIKE THIS?

A. Before this Commission in Docket No. 050078-EI, I recommended that Progress Energy Florida's ("PEF") $844 million of excess reserve above the $504 million of excess reserve PEF itself identified be amortized back to customers over a 4-year period. (See Mr. Pous' Direct Testimony at page 34 in the PEF case). That case settled prior to the scheduled evidentiary hearing. In other cases, utilities normally perform frequent depreciation studies and implement corrected measures so as not to get too far out of line with current depreciation expectations. In this case, FPL identifies over *$1.2 billion* dollars of excess reserve based on its proposed depreciation parameters. (See Exhibit CRC-1, page 53).

Rather than acting on such a significant level of excess with an immediate and meaningful response, the Company in this case proposes "business as usual." That approach would attempt to correct the excess reserve situation over the average 22.31-year remaining life of all its current investment. Particularly in view of the fact that, as I will demonstrate later, the actual magnitude of the reserve excess is $2.75 billion – in other words, more than twice as great as the amount the Company identified-I-do not believe this is an appropriate reaction to the facts and circumstance presented in this case. The magnitude of the intergenerational inequity compels an immediate and sizeable departure from the remaining life approach to mitigate the degree of unfairness that otherwise would be imposed on current customers. It is also worth noting that the Company's proposed "business as usual" approach differs from the settlement in the last case. In that settlement, all parties agreed to allow FPL to, at its option, reduce depreciation expense during a 4-year period at the rate $125 million per year. Whether or not it was intended as a remedial step at the time, the measure prevented FPL's current reserve excess imbalance from being $500 million greater in this case.

Q. DOES THE EXCESS LEVEL OF RESERVE AFFECT REVENUE REQUIREMENTS?

A. Yes. The effect of the excess reserve imbalance on revenue requirements is significant, no matter the approach undertaken to correct this situation. The shorter the period utilized to return the excess to current customers, the greater the revenue requirement impact in this case. For example, the Company-identified $1.25 billion excess reserve is already reflected in the Company's filing and is partially responsible for the Company's recommended increase in depreciation expense of only $23 million annually prior to the impact of Future Units and special Capital Recovery requests. (See Exhibit CRC-1, page 51). However, had the Company's calculated excess reserve been credited back to current customers over a period shorter than the remaining life utilized by the Company in its calculation, the overall revenue requirement impact would be a decrease in depreciation expense.

Q. SHOULD THE CORRECTIVE TREATMENT OF A RESERVE IMBALANCE DIFFER DEPENDING ON WHETHER IT IS MATERIAL EXCESS OR A MATERIAL DEFICIENCY?

A. No. The identical rationale should be applied to either scenario.. In this regard, it is important to note that under the depreciation process the utility will not be "harmed" by a corrective adjustment. The matter is one of the timing of recovery. On the other hand, imbalances have prejudicial impacts on certain customers.

Q. WHY DO YOU REFER TO *MATERIAL* IMBALANCES RATHER THAN IMBALANCES IN GENERAL?

A. Any process that involves estimates will result in actual values that differ from the predicted values. As previously noted, I do not believe most utilities allow identified imbalances of this magnitude to be created. Generally speaking, by revisiting the reserve situation with a comprehensive study every few years, one would reasonably expect the variance between the theoretical reserve and the book reserve to stay within reasonable bounds. When reserve imbalances occur, they are normally treated through the remaining life process. Not every discrepancy between theoretical and book reserves is so large as to require a departure from the method of recalculating the accrual that will retire the asset over its remaining life. However, the greater the disparity in the reserve, the greater the level of intergenerational inequity that exists. The greater the level of intergenerational inequity, the more compelling becomes the corresponding rationale for addressing the imbalance over a shorter period.

Q. IS THERE ANY REASONABLE QUESTION IN THIS CASE WHETHER A SIGNIFICANT OR MATERIAL EXCESS IN THE DEPRECIATION RESERVE EXISTS?

A. No, in my view there is no room for argument on this question. The Company identifies a $1.25 billion excess in its depreciation study. I submit that this level of excess must be considered material and significant by any reasonable measuring index. Moreover, the $1.25 billion size of the reserve excess reported in FPL's depreciation study has been artificially *understated* by the effect of inappropriate net salvage and life estimates. When restated to adjust for the distortions created by the inappropriate net salvage and life assumptions, the reserve excess is not $1.25 billion, but well over $2.7 billion as shown on Schedule (JP-2). The magnitude of the excess is so huge, and the prejudicial impact of the imbalance on current customers is so great, that fairness compels a departure from FPL's "business as usual" remaining life approach so that current customers do not continue to subsidize future customers to such a large extent.

Q. ARE YOU STATING THAT THE COMPANY INTENTIONALLY ACCELERATED THE RECOVERY OF CAPITAL BY EMPLOYING OVERLY AGGRESSIVE DEPRECIATION PARAMETERS IN THE PAST?

A. No, in part because I did not investigate the prior depreciation requests to the point where I could determine if the depreciation parameters contained therein could be characterized as being too aggressive at those periods in the past. For whatever reason or combination of reasons, the fact is that the prior depreciation parameters and actual historical events have resulted in the material excess imbalance that exists today. While it would be interesting to know the cause of each component of the material imbalance from an academic standpoint, the need to correct the imbalance situation now is not dependent on what caused the material excess reserve position. In fact, while some might feel the need to know what precisely caused the material imbalance when determining the corrective option to employ (shorter amortization period or remaining life), I submit that customers who have paid more than their cost of service in the past care less about the factors that led to the over collection and more about the action taken to correct the situation. Moreover, the matching principle is indifferent as to the cause of the intergenerational inequity. The real issue, as previously recognized and acted on by this Commission in the context of reserve deficiencies, is the elimination of the (excess) imbalance "as fast as possible" as previously stated by the FPSC. Finally, while it is easy to identify that a component of the excess reserve is due to the longer expected life of the Company's nuclear units, this component does not account for the very significant level of the excess reserve that exists.

Q. YOU HAVE USED THE TERM "MATERIAL IMBALANCE" SEVERAL TIMES. IS THERE A PRECISE POINT AT WHICH THE IMBALANCE BECOMES MATERIAL?

A. No, not really. However, I am aware of one jurisdiction that has quantified a 5% difference between the theoretical and book reserve as the point at which a correction process will be implemented.

Q. WHAT PERCENTAGE LEVEL OF RESERVE IMBALANCE EXISTS FOR FPL?

A. The Company admits to a 13% excess reserve imbalance as of the end of 2009. (See Exhibit CRC-1, page 53). This 13% level is prior to the additional $1.5 billion level of excess reserve based on my recommended net salvage and life adjustments. Recognition of the additional $1.5 billion amount would drive the excess to 33%, or $2.75 billion. Further additional excess reserve associated with items such as FPL's unrealistically short life spans for combined cycle generation only adds to the severity of the problem.

Q. GIVEN FPL's REMAINING LIFE APPROACH TO THE RESERVE INBALANCE, WHAT REMAINING LIFE PERIOD IS REFLECTED IN THE COMPANY'S DEPRECIATION STUDY?

A. The Company's depreciation study reflects an overall 22.31-year remaining life for its entire remaining unrecovered depreciable investment prior to recognition of Future Units and its Capital Recovery request.

Q. WHAT IS THE BASIS FOR THE COMPANY'S TREATMENT OF THIS MATTER?

A. The Company's depreciation study is silent on this matter.

Q. DOES THIS POSITION COMPORT WITH COMMISSION PRECIDENT?

A. As previously noted, the Commission often has employed the recovery of a reserve imbalance over periods shorter than the remaining life.

Q. HAS THE COMPANY'S DEPRECIATION EXPERT PREVIOUSLY TESTIFIED IN FLORIDA?

A. No.

Q. DOES THIS POSITION TAKEN BY FPL ADEQUATELY ADDRESS THE INTERGENERATIONAL INEQUITY THAT EXISTS FOR CURRENT CUSTOMERS?

A. No. For example, the 20-year change in the number of residential customers on an actual and forecasted basis is 39%, as set forth on page 42 of the Company's Ten-Year Site Plan dated April 1, 2009. While this is a sizeable change in the customer base, it tells only part of the story. The 39% growth is a net number and does not identify how many customers left or will leave the system. Thus, the change in customers corresponding to the remaining life period employed by FPL for the return to customers of its prior acceleration of depreciation expense, at least for the residential class, could easily be over 50%. I submit that the current intergenerational inequity that exists due to the current excess of the depreciation reserve created by prior accelerated levels of depreciation (whether intentional or not) cannot reasonably be addressed or rectified by relying on a 22.31-year remaining life period.

Q. **DOES MR. CLARKE'S RELIANCE ON THE REMAINING LIFE APPROACH TO ADDRESS RESERVE IMBALANCES IN OTHER JURISDICTIONS DIMINISH THE NEED TO FOLLOW FPSC'S LONG AND IDENTIFIABLE PRECEDENT?**

A. No. In my opinion it would be unfair to customers to deny them the *same treatment afforded utilities* by the FPSC when the situation was reversed. Inconsistent application of concepts in the rate setting process causes uncertainty. Needless uncertainty in the ratemaking process is not in the public interest and can result in higher rate case expenses and other higher costs in the future.

Q. **IS THERE A VALID CONCERN REGARDING A POTENTIAL TURNAROUND OF THE EXCESS RESERVE IN THE NEAR TERM FUTURE?**

A. No. While the excess reserve level identified by the Company is sizeable, I am confident that it will increase if the Company's proposed depreciation rates are adopted. Even with my recommended excess reserve amortization, which would amortize only $1.25 billion of a $2.75 billion excess more rapidly than the remaining life, the Company is well protected until the next depreciation study. Because I have purposely tempered my recommendation to be conservative, under the circumstances I believe there is no realistic scenario under which FPL could swing to a reserve deficiency prior to the next study. Certainly, that extremely remote prospect is more than outweighed by the prejudice to current customers if the Commission were to take no action to address the severe imbalance more rapidly than the remaining lives of the assets. My position is that there is no realistic basis or possibility that the excess reserve would turnaround and become a deficiency by the time of the next depreciation study is completed in four years.

Q. WHAT IS YOUR SPECIFIC PROPOSAL REGARDING THE TREATMENT OF THE RESERVE EXCESS?

Q. I recommend an approach that should satisfy all concerns if all or even a portion of my recommended adjustments to net salvage and life parameters are adopted. I recommend (1) that $44,906,153 of unrecovered costs due to the early retirement of the Cape Canaveral and the Riviera stations be offset out of the $410 million of Company identified excess reserve for steam production investment (See Exhibit CRC-1, pages 53, 55 and 56), (2) $168,234,989 of unrecovered costs due to the nuclear uprates be offset out of the $377.5 million of Company identified excessive reserve for nuclear production investment (See Exhibit CRC-1, pages 53 and 57), (3) that $101,081,858 of unrecovered costs due to relating to Meters – Obsolete by AMI be offset out of the $340 million of Company identified excess reserve for the distribution function, (Id.), and (4) the remaining $931,137,415 of the Company identified excess reserves be returned to customers over the next 4-years. The excess reserve associated with my significant adjustments to net salvage and life parameters can be returned to customers over the remaining life of the assets in this case. This latter aspect provides a safety cushion for those that may believe that one is necessary, while providing the most representative generation of customers available the return of a significant portion of their prior overpaid depreciation expense. This approach addresses the matching principle as it relates to the intergenerational inequity problem, but not to the degree that this Commission has previously found appropriate in other cases. This approach also takes into account the need to gauge the impact of a shorter amortization period so as to protect the financial integrity of the Company. I have discussed the impact of my recommended adjustment with OPC's financial, policy and accounting witnesses, who confirmed that FPL can implement my recommendation *and* maintain the healthy coverage ratios adequate to access the capital markets on reasonable terms. Dan Lawton addresses this subject in detail.

Q. **WHY DID YOU CHOOSE A 4-YEAR AMORTIZATION PERIOD?**

A. The 4-year period is not only within the range of periods previously adopted by this Commission for other cases where a reserve deficiency was present, it also corrects the intergenerational equity situation in an effective but manageable manner. Further, the 4-year period provides sufficient time for the Company to gain additional experience and perform and present a new, complete and well-documented depreciation study within the normal cycle required by the Commission's rule on the mater. The 4-year time frame is also equal to the short amortization period the Company proposes for its Capital Recovery schedule request. (See Exhibit CRC-1, page 55). Finally, one must always recognize that the ratemaking process already disadvantages current customers in the intergenerational inequity scenario. Remember, those generations of customers nearer to the end of the useful life of an investment pay much less for service than do customers at the beginning of the useful life. While future customers will not see a difference in the actual product (i.e., a kwh of energy or a Kw of capacity), a different price will be paid for specific assets. Payment for electricity near the end of the useful life of an investment is associated with heavily depreciated investment. Recognition of heavily depreciated investment results in a much smaller return on investment being required for that asset. Therefore, it is inappropriate to violate the strong and identifiable precedent employed by this Commission in the past by penalizing current customers for the benefit of future customers.

Q. **WHAT IS THE IMPACT ON REVENUE REQUIREMENTS IF YOUR BIFURCATED APPROACH TO THE MULTI BILLION RESERVE EXCESS IS ADOPTED?**

R. Amortizing the $1,245,360,415 excess reserve FPL has identified as of December 31, 2009 over a 4-year period result in a $311,340,104 reduction in depreciation expense, and a corresponding reduction to that amount in the Company's overall revenue requirements prior to the impact of jurisdictional allocation.

VIII. REMAINING LIFE CALCULATION

Q. WHAT ISSUE DO YOU ADDRESS IN THIS PORTION OF YOUR TESTIMONY?

A. Normally the actual quantification of the remaining life for an account is not an issue. However, the presentation by the Company in this case relies on an inappropriate and inaccurate calculation.

Q. HAS GANNETT FLEMING CALCULATED THE REMAINING LIFE FOR THE COMPANY'S INVESTMENT CORRECTLY?

A. No. Based on my extensive experience dealing with numerous consultants and utilities, Gannett Fleming's calculation of remaining life is unique and incorrect.

Q. HOW DOES GANNETT FLEMING CALCULATE THE REMAINING LIFE FOR THE COMPANY'S INVESTMENT?

A. The Company's process allocates the actual book reserve to the individual surviving balances for each account based on the theoretical or calculated reserve. However, in the process of performing such allocation Gannett Fleming incorporates two unique aspects to the remaining life calculation.

Q. WHAT IS THE FIRST UNIQUE ASPECT OF GANNETT FLEMING'S REMAINING LIFE CALCULATIONS?

A. Gannett Fleming incorrectly limits the allocated book reserve to the surviving balance of an individual vintage, adjusted for proposed net salvage. As shown on Exhibit CRC-1, page 720 for Account 397.8 – Communications Equipment – Fiber Optics, the Company has limited column 4, allocated book reserve for the years 1994 through 2003 to the original cost as set forth in column 2. Gannett Fleming incorporates this artificial limitation in spite of the fact that the investment from 2003 back through 1994 still is in service and is still part of the original cost to which the Company applies its approved depreciation rate. In other words, the Company did not actually stop calculating and booking depreciation expense for the investments made between 1994 and 2003, since those investments are still in service and the account is not fully accrued. Therefore, the Company's artificial limitation is inconsistent with actual practice of the Company for the calculation and booking of depreciation expense.

Q. IS GANNETT FLEMING'S APPROACH CONSISTENT WITH STANDARD GROUP OR MASS PROPERTY DEPRECIATION CONCEPTS?

A. No. When performing mass property or group depreciation analysis, the individual items should not be segregated for individual treatment. Some items of plant will retire before the average service life while others will retire after the average service life, but as the name implies, on average the accruals over the life will equal the total investment adjusted for salvage. Simply put, one item of plant may actually accrue 150% of its original cost while another equivalent dollar level investment may actually only last half the average life and under accrue its recovery. However, the average of the two items still recovers 100% of the combined investment for the Company. This is standard depreciation theory which has been violated by Gannett Fleming's remaining life calculation approach.

Q. WHAT IS THE SECOND PROBLEM WITH GANNETT FLEMING'S REMAINING LIFE CALCULATION?

A. Gannett Fleming also recognizes the impact of net salvage parameters in the remaining life calculation rather than after the remaining life calculation.

Q. ARE YOU STATING THAT UNDER GANNETT FLEMING'S APPROACH A CHANGE IN NET SALVAGE WOULD CHANGE THE REMAINING LIFE CALCULATION FOR AN ACCOUNT?

A. Yes. By incorporating the impact of net salvage into the allocation of reserve and limiting the allocation of reserve in those years where the recovery of the full investment and the net salvage are assumed to be completed, Gannett Fleming has presented a scenario where net salvage changes impact the calculation of remaining life. This is illogical and inappropriate.

Q. CAN YOU PROVIDE A SPECIFIC EXAMPLE OF GANNETT FLEMING'S REMAINING LIFE CALCULATION ERROR?

A. Yes. Exhibit (JP-3) is an example of the difference between the proper remaining life calculation and Gannett Fleming's approach for an account with a zero level of net salvage. In other words, net salvage is not a factor in this example. As can be seen in the example and Exhibit CRC-1, page 720, the Company's remaining life calculation totally ignores all investments from 2003 back through 1994. While the same overall dollars will be recovered the remaining life for each vintage surviving plant is different and the allocation of the actual reserve to each vintage will be different if Gannett Fleming's artificial limitation for the years 2003 back to 1994 is permitted. In fact, for 2009 Gannett Fleming's approach takes the theoretical $78,150 of reserve and increases it to $278,425. The $278,425 is subtracted from original cost before dividing by that vintages specific remaining life. If that amount has been excessively increased due to Gannett Fleming's artificial limitation of accrued reserve for older vintages, it modifies the impact of the 9.61 remaining life that is associated with 2009 additions. As can be seen on Exhibit __(JP-3), the corrected calculation assigns only $223,526 to the reserve in 2009, or $54,899 less than Gannett Fleming's approach. This means the dollar level of recovery associated with the longest remaining life value is increased due to the additional $54,899 of allocated reserve under Gannet Fleming's approach.

Q. IS YOUR APPROACH FOR CALCULATING REMAINING LIFE THE STANDARD IN THE INDUSTRY?

A. Yes. Over the past 35 plus years of performing hundreds of depreciation studies across the country and in Canada, I have duplicated the remaining life calculation performed by every major consulting firm dealing in the area of depreciation and for many of the largest utilities in the nation, some of which perform their studies in house. It is only

Gannett Fleming that calculates the remaining life in a manner that is different from every other entity I have dealt with in the past 35 years.

Q. ARE YOU CURRENTLY PERFORMING A DEPRECIATION REVIEW OF PROGRESS ENERGY FLORIDA?

A. Yes. I am performing the depreciation review in Docket No. 09-007-EI, the current PEF case before this Commission.

Q. HAVE YOU TESTED THE REMAINING LIFE CALCULATION PROGRESS ENERGY FLORIDA HAS RELIED UPON?

A. Yes. PEF performs the same remaining life calculation that I recommend in this proceeding. Thus, if the Commission were to adopt Gannett Fleming's approach for FPL it would then be faced with the dilemma of approving an uncontested remaining life calculation in PEF which is different, but correct.

Q. WHAT DO YOU RECOMMEND?

A. I recommend the Commission reject Gannet Fleming's remaining life and related impacts. The Commission should order the Company to correct and update its remaining life calculations. It should be noted that my recommended depreciation values rely on the correct remaining life calculations.

Q. DOES THE CORRECTION OF THE REMAINING LIFE CALCULATION HAVE OTHER IMPACTS?

A. Yes. Since the remaining life calculation addresses the allocation and level of theoretical reserve it also has an impact on the level of excess reserve the Company claims in this proceeding.

Q. WHY IS THIS IMPORTANT?

A. As noted elsewhere in my testimony I am recommending a significant adjustment to the Company's annual revenue requirements due to partial amortization of the Company's excess reserve over a 4-year period. The total level of excess reserve experienced by the Company differs depending on the remaining life approach utilized by the Company.

IX. PRODUCTION PLANT

A. Introduction

Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S PRODUCTION PLANT RELATED DEPRECIATION REQUEST.

A. The Company has approximately \$11.5 billion of existing generating investment plus an additional \$2.75 billion of future units investment reflected in its depreciation request. (See Exhibit CRC-1, page 51). Associated with this level of investment the Company seeks in excess of \$600 million of annual depreciation expense.

Q. IS DEPRECIATION EXPENSE CALCULATED THE SAME FOR PRODUCTION PLANT AS IT IS FOR TRANSMISSION, DISTRIBUTION OR GENERAL PLANT?

A. No. For production plant the Company relies on a life span approach to depreciation. In addition, the Company seeks additional recovery of costs associated with terminal dismantlement studies that estimate the cost to totally demolish existing generating facilities.

Q. ARE THESE THE ONLY DIFFERENCES?

A. No. For production plant, the Company has proposed the recognition of interim retirements. As discussed later, those interim retirements simply reflect individual items at a power station that are projected to retire before the final plant is retired. For transmission, distribution and general plant analyses, mass property, the concept of interim retirements does not exist.

Q. IS THERE ANOTHER DIFFERENCE BETWEEN PRODUCTION PLANT AND MASS PROPERTY DEPRECIATION?

A. Yes. For production plant, the Company must estimate a future expected retirement year in conjunction with the life span method. Thus, if a generating unit was placed in service in the middle of 2000 with a 60-year life it would be expected to retire in the middle of 2060. Again, the need to forecast a specific future retirement date is not an issue for mass property accounts.

Q. HAVE YOU REVIEWED THE VARIOUS COMPONENTS OF THE COMPANY'S PROPOSED PRODUCTION DEPRECIATION EXPENSE?

A. Yes. After a detailed review, I find that the Company's proposed production plant depreciation request is excessive and must be modified. The Company's proposed life and net salvage parameters can only be characterized as aggressive. In other words, based on available information, the Company's proposed life spans are artificially short, it proposed interim retirement method and results excessively reduce the remaining life for its generating units, its proposed interim net salvage is excessively negative, and its proposed terminal net salvage represents a high-side estimate of a worst case scenario.

Q. IS THE COMPANY'S NEED FOR AN INCREASE IN DEPRECIATION EXPENSE QUESTIONABLE GIVEN THE EXCESS RESERVE POSITION?

A. Yes. The Company proposes a remaining life technique for depreciation. The remaining life technique adjusts the depreciation expense for the future, taking into account whether the existing reserve is excessive or understated. If the existing reserve is excessive in comparison to the theoretical reserve based on the Company-proposed mortality characteristics, then the remaining life technique forces a reduction in annual depreciation expense. In other words, if depreciation expense has been collected on an accelerated basis historically, whether intentionally or not, the rate of recovering the remaining level of expense must be decelerated over the remaining life so that only 100% of cost is recovered.

Q. DOES THE COMPANY ADMIT TO AN EXCESS RESERVE POSITION FOR ITS GENERATION-RELATED DEPRECIATION?

A. Yes. The Company claims an $842 million excess reserve position for production plant. (See Exhibit CRC-1, page 53). However, the true magnitude of the prior accelerated cost recovery is masked in FPL's study by several factors. A proper recognition of the longer life spans, more realistic interim retirement impacts, and less negative net salvage estimates that the data warrant would cause the Company's claimed level of excess reserve to increase significantly. In addition, the Company has returned approximately

$500 million of production plant related excess reserve during the last 4 years. Had it not been for the approximate $500 million depreciation expense credit over the last 4 years, the Company's admitted production plant excess reserve position would stand at $1.3 billion.

Q. WHAT ARE THE MAJOR AREAS OF THE COMPANY'S PRODUCTION PLANT DEPRECIATION REQUEST THAT YOU WILL BE ADDRESSING?

A. I will address the Company's life span estimates for many of its generating facilities, the Company's method and results for interim retirements, and the Company's over statement of negative net salvage.

B. <u>Production Plant Life</u>

Q. WHAT IS THE ISSUE IN THIS PORTION OF YOUR TESTIMONY?

A. This portion of my testimony will deal with limited modifications to the Company's proposed retirement dates for its steam-fired generating facilities.

Q. WHAT LIFE SPANS HAS THE COMPANY PROPOSED FOR ITS VARIOUS STEAM FIRED GENERATORS AT THE EIGHT GENERATING STATIONS ACCOUNTED FOR IN STEAM PLANT ACCOUNTS 311 THROUGH 316?

A. The Company has proposed three future retirement dates for the Company's investment. For the Scherer coal-fired plant, the Company proposes a retirement date in the middle of 2029. For the St. John's River Power Park ("SJRPP"), another coal fired generating facility, the Company proposes a mid 2028 retirement date, and for the remaining 6 steam fired generating stations the Company proposes a mid 2020 retirement date, or only 10 ½ years beyond the end of the depreciation study period of 2009.

Q. WHAT ARE THE OVERALL LIFE SPANS THAT CORRESPOND TO THESE RETIREMENT DATES?

A. The Company's mid 2029 retirement date for its investment in the Scherer plant equates to a 40-year life span for this major coal fired facility. The Company's mid 2028 retirement date for the SJRPP yields a 40 or 41-year life for the two units at that coal-fired facility. The Company's proposed mid 2020 retirement date for the remainder of its steam-fired generating facilities results in the two newer stations, Martin and Manatee, having life spans ranging from 39 to 44 years, and low 50-year to mid 60-year life spans for the remaining stations.

Q. DO ANY OF THE COMPANY'S PROPOSED RETIREMENT DATES FALL WITHIN THE PLANNING HORIZON OF THE COMPANY'S 10-YEAR SITE PLAN?

A. No. Thus, the 10-year site plan for the Company does not support the Company's proposed retirement dates.

Q. ARE THE COMPANY'S PROPOSED RETIREMENT DATES FOR ITS STEAM FIRED GENERATING FACILITIES REASONABLE?

A. No. The Company's proposed life spans for its large coal-fired and large oil and gas-fired generating facilities are conspicuously inadequate or short.

Q. ON WHAT DO YOU BASE YOUR STATEMENT THAT THE LIFE SPANS FOR THE COMPANY'S COAL AND LARGE OIL AND GAS-FIRE GENERATING FACILITIES ARE CONSPICUOUSLY SHORT?

A. There are various reasons, but the most compelling is the fact that the Company has demonstrated through actual operation that it can operate its other oil and gas fired generating facilities for more than 50 years. Moreover, the Company's expectation is that such facilities can operate in excess of 60 years. (See Exhibit CRC-1 at table 14). If the Company has or expects to operate smaller less efficient generating facilities for 60 years or longer, estimated life spans for its much larger and costly generating facilities should not be limited to the low 40-year range. The Company's proposal is contrary to standard economic theory which dictates that large capital intensive investments should be operated to maximum levels in order to deliver the economic worth that such facilities are capable of obtaining.

Q. ARE THERE OTHER REASONS WHY THE COMPANY'S PROPOSED LIFE SPANS APPEAR TO BE UNREASONABLY SHORT?

A. Yes. I have been performing utility depreciation analyses for over 35 years. At the beginning of my career I did experience utilities proposing life spans for steam-fired generating facilities in the low to mid thirty year range. Those expectations were based on claims of typical design life and concerns about higher temperature and pressure operating characteristics of units being placed into service in the 1960s and early 1970s. At that time no empirical data existed to demonstrate that 30 to 35-year life spans were unreasonably short, even though older units operating at lower temperatures and pressures had operated for longer life spans.

As time progressed and more empirical data became available the life span issue changed from one where utilities would propose 30 to 35-year lives to where the utilities were proposing upper 30 to low 40-year lives. In other words, as time progressed and it became obvious that units were operating for time periods approaching or exceeding the initially proposed 30 to 35 years of operation. Moreover, with no plans for retirement, utilities could no longer support the initial artificially short life spans. As additional years passed the life span discussion for steam-fired generation continued to change. Utilities began proposing 45 and 50-year life spans, again in recognition of reality. The process continues through today. In the last several years utilities and regulators are recognizing that 50 and 60-year life spans are more appropriate for steam-fired generating facilities.

Q. HAVE THERE BEEN RECENT CASES TO WHICH 60-YEAR LIFE SPANS HAVE BEEN ADOPTED FOR STEAM GENERATING FACILITIES?

A. Yes. For example, in a 2007 Oklahoma Corporation Commission ("OCC") ordered Public Service Company of Oklahoma ("PSO"), a member of the very large American Electric Power Company group, was ordered to rely on a 60-year life span for its coal-fired generating facilities. (See OCC Cause No. 200600285). In PSO's most recent case decided in early 2009, PSO did not challenge and even relied on a 60-year life span for its coal generating facilities. (See OCC Cause No. 200800144). In fact, the head of generation production for American Electric Power Corporation stated that based on its experience and expectation there was no reason why it could not operate generating facilities for a minimum of 60 years. PSO's life spans for its gas-fired generating facilities were not at issue as PSO was proposing 60-plus years for such facilities.

Q. CAN YOU PROVIDE OTHER EXAMPLES?

A. Yes. Another example is a recent Rocky Mountain Power Company case in the state of Utah. In that case, the regulatory staff of five states negotiated a settlement where the Company's proposed life span for its coal-fired generating facilities was reduced to 61 years. (See Utah Public Service Commission Docket No. 07-035-13). In that case, the Company had actually proposed a longer life span for its coal-fired generating facilities. Yet another very recent example is the settlement in the Southwestern Public Service Company ("SPS") case in Texas. (See Public Utility Commission of Texas Docket No. 35763). It should further be noted that SPS is part of the large Xcel holding company which has operations in numerous states across the country. In that case, SPS had proposed a 55-year life span for its coal-fired generating facilities, but settled and accepted a 60-year life span. It is worth noting that SPS is one of the utilities that for decades argued in rate cases that anything in excess of a 35-year life span was unrealistic and would not occur. Yet, in only a period of a decade or so SPS is now not only proposing 55-year life spans, but accepting 60-year life spans for its coal-fired generating facilities.

Q. DOES THE FEDERAL GOVERNMENT MAINTAIN INFORMATION THAT WOULD FURTHER SUPPORT LONGER LIFE SPANS FOR COMPANY'S GENERATING FACILITIES THAN THOSE THE COMPANY PROPOSES IN THIS PROCEEDING?

A. Yes. The Energy Information Administration of the Department of Energy maintains a listing of all generating facilities. I have reviewed such information numerous times in the past. The government's database clearly demonstrates that there is more than adequate empirical data to support life spans decades longer than what the Company proposes in this case for its coal-fired generation.

Q. IS THERE ANY QUESTION THAT FROM A PHYSICAL STANDPOINT THE COMPANY'S GENERATING FACILITIES CAN LAST FOR 50 TO 60 YEARS, OR LONGER?

A. No. From a physical standpoint there is nothing presented by the Company or the industry which can refute that coal, oil and gas-fired generating facilities can and have operated for longer periods of time.

Q. HAS THE COMPANY PRESENTED ANY ECONOMIC ANALYSIS WHICH CLEARLY DEMONSTRATES THAT THE ECONOMIC OPERATION OF ITS LARGE COAL, GAS OR OIL-FIRED FACILITIES CANNOT OPERATE FOR MUCH LONGER PERIODS THAN IT PROPOSES?

A. No. Not only am I not aware of any, I would question the validity of any assumptions which would support a life expectancy for such facilities being as short as 40 years as proposed by the Company.

Q. IS THERE CONCERN REGARDING THE CARBON EMISSIONS FOR THE COMPANY'S VARIOUS GENERATING FACILITIES?

A. Yes. I think everyone is concerned regarding the carbon emissions of all fossil-fired generating facilities. However, that does not change the fact that based on what we know today, these large and efficient operating units can be expected to operate beyond the Company's proposed retirement dates. Moreover, other utilities and regulators across the country are recognizing the longer realistic life spans for such units with full knowledge and concerns regarding carbon emissions.

Q. IS THERE ANY BASIS TO DENY LONGER LIFE SPANS ASSOCIATED WITH ANY POTENTIAL ARGUMENT ASSOCIATED WITH INTERIM ADDITIONS?

A. No. First, it must be noted that some utilities have claimed that longer life spans cannot be recognized for ratemaking purposes absent the recognition of interim additions. Interim additions simply mean certain unknown levels and timing of capital additions in the future to keep generating facilities operating for life spans.

Q. WHY WOULD SUCH AN ARGUMENT NOT BE APPROPRIATE?

A. The interim addition issue has been an issue before regulators for an extended period of time. The FERC and other state jurisdictions have ruled, consistent with the National Association of Regulatory Utility Commissioners' ("NARUC") publication entitled "Public Utility Depreciation Practices," that interim additions are not appropriate for inclusion in depreciation analyses. Interim additions represent significant unknown timing and quantities. They should be recognized after the fact once they have occurred. Thus, any argument raised by the Company associated with interim additions should be dismissed as having no merit.

Q. WHAT DO YOU SPECIFICALLY RECOMMEND?

A. I recommend the lengthening of life spans for the Company's two coal-fired generating stations, as well as the Company's large Manatee and Martin oil or gas-fired generating facilities. Specifically, I am recommending a 60-year life span for coal-fired generating stations and a minimum 50-year life span for the Company's two large oil or gas-fired generating stations.

With respect to the Company's investment in the Scherer generating facility, I relied on the 1989 in service date for determining the 60-year life span for that facility. The Company did not purchase an ownership share in that facility until 1991. However, for life span purposes it should be the initial in service date for the facility even prior to when the Company took ownership. Therefore, I have increased the projected retirement date from mid 2029 to mid 2049. That extension results in a 39 ½-year remaining life compared to the Company's proposed 19 ½-year unadjusted remaining life.

For the Company's investment in the SJRPP plant, I relied on the 1988 in service date for SJRPP Unit 2. A future retirement date of mid 2047 corresponds to a 60-year life span for that unit and approximately the same for the station. The SJRPP remaining life associated with my recommendation increases to 27 ½ years compared to the Company's proposed 18 ½-year remaining life.

For the investment in the Manatee Station I am proposing a mid 2027 future retirement date. This compares to the Company's mid 2020 date. My date corresponds to a 50-year life span for Manatee Unit 2, which was placed in service in 1977. The resulting remaining life increases from 10 ½ years as proposed by the Company to 17 ½ years.

Finally, for the Martin plant I recommend a mid-2031 retirement date. That date corresponds to a 50-year life span for the Martin Unit 2, which was placed in service in

1981. The remaining life for this station increases to 21 ½ years from the Company's proposed 10 ½-year remaining life.

Q. DO YOU BELIEVE THE PROPOSED LIFE SPANS FOR THE COMPANY'S REMAINING GENERATING FACILITIES ARE APPROPRIATE?

A. No. In particular, the Company's proposal for approximate 25-year life spans for combined cycle generating units is also understated. Other utilities and regulators are recommending longer life spans for combined cycle generating facilities. In this case, I recommend that the Commission order the Company to perform a detailed analysis demonstrating why its substantial investment in combined cycle generating facilities cannot be expected to reasonably operate for 35 years or longer, and present the study in its next depreciation filing. However, if the Commission were so inclined, it would be more than reasonable to increase the life span to 30 or 35 years as initial steps in this case. It is no longer reasonable to expect customers to overpay for decades for the use of generating facilities that realistically should and can be expected to last longer than the Company's unsubstantiated mid 20-year life expectations.

Q. WHAT IS THE IMPACT OF YOUR ADJUSTMENT?

A. I have not made a precise quantification of the standalone impact of this adjustment due to the manner in which the Company has presented its data. However, a reasonable estimate of the impact on a standalone basis is a reduction to depreciation expense of $32 million annually.

C. <u>Interim Retirements</u>

Q. WHAT ISSUE DO YOU ADDRESS IN THIS PORTION OF YOUR TESTIMONY?

A. The issue in this portion of my testimony addresses the Company's choice for estimation of interim retirements and the ultimate interim retirement life-curve combinations proposed for production plant accounts.

Q. WHAT ARE INTERIM RETIREMENTS?

A. Interim retirements have been characterized as a fine tuning adjustment to the life span analysis. The life span method is used in estimating the retirement date for any large unit of property such as an entire generating unit. The theory behind interim retirement rates is that even though a large unit of property such as a generating unit might retire in 60 years, in the interim period many components have to be replaced in order to maintain the overall generating facility in operating condition. An analogy to this would be a car which might be anticipated to have a service life of 10 years. During the 10-year life of the car, the owner might have to replace the battery, tires, alternator and other components in order to maintain the automobile in a safe and operable condition. Therefore, even though the automobile may have an overall 10-year life span, its dollar weighted adjusted life span may be 9.8 years due to the averaging of the automobile's overall life span with the average of the individual replaced components. In other words, the interim retirement rate would be a fine tuning factor used to reduce the service life from 10 years to 9.8 years.

Q. HAS THE COMPANY INCORPORATED THE IMPACT OF INTERIM RETIREMENTS IN ITS DEPRECIATION ANALYSIS?

A. Yes. The Company proposes to implement a calculation procedure for interim retirements based on an "estimated" interim retirement survivor curve. (See Mr. Clarke's Direct Testimony at page 20).

Q. DO YOU AGREE WITH THE COMPANY'S POSITION?

A. While I agree with the Company that interim retirements should be included in the calculation of production plant depreciation rates, I do not agree with the Company's proposed process or results. I find the Company's proposal inappropriate and cumbersome for application in this proceeding.

Q. PLEASE EXPLAIN THE PROBLEMS WITH THE COMPANY'S PROPOSED METHOD.

A. The Company's approach relies on an actuarial analysis of the historical data to determine an interim retirement life-curve combination. Actuarial analyses are normally performed on more homogeneous-type investments that are not generally dependent on one another, such as poles or wires. In particular, the varying types of investments within each of the major production plant accounts do not reasonably lend themselves to actuarial analyses. In other words, the retirement forces experienced by electric motor drives booked in Account 312 are noticeably different than the retirement forces on smoke stacks, also booked in Account 312. However, the Company's actuarial approach treats all items in the same account as one type of item for life estimation purposes.

Moreover, the results of the Company's actuarial analysis in general do not provide reasonable matches between the Observed Life Table ("OLT") (actual historical data pattern) and the assumed Iowa Survivor curve the Company proposes as its best match.

For example, the Company's assumed "40R3" life-curve combination for Account 321 is *not* a good fit of the data. (See Exhibit CRC-1, page 420). As can be seen in the depreciation study, the Company's proposal, developed through its actuarial approach, clearly begins to deviate from the OLT after 20 years of age and continues that deviation through the remainder of the data. I discuss "survivor curves" in greater detail later in my testimony.

Q. DOES THE COMPANY'S APPROACH PRODUCE UNUSUAL AND UNREALISTIC RESULTS IN CERTAIN CASES?

A. Yes. The Company's actuarial approach yields unrealistic results for certain combined cycle conversion situations and even for gas turbine investments, as can be demonstrated with a few examples. The first example corresponds to Account 341 – Structures and Improvements for the Putnam combined cycle plant. (See Exhibit CRC-1, page 98). Since the Putnam station is being reused for combined cycle units, a large portion of the investment in Account 341 is more than 30 years old. (Id., at page 347). The Company has proposed a 25R5 life-curve combination for its truncated actuarial approach for interim retirement purposes. Given the older vintage additions are subjected to the same 25R5 life-curve combination as are all the newer investments in this account, the Company's approach reduces its proposed 10.5 year unadjusted remaining life all the way down to only *2 years*, or an equivalent retirement at the end of 2011. At that point the Company believes it can arbitrarily change the depreciation rate to zero and cease booking depreciation expense to the reserve. That means the $2,414,572 of annual depreciation expense it is requesting in this case for that investment becomes additional return to the Company's shareholders until the next base rate case. This situation occurs due in part to the Company's proposed approach for interim retirements.

The second example reflects another multi-million dollar situation. That example corresponds to Account 344 – Generators for Lauderdale GTs. (Id., at page 100). Since almost all the investment at issue was placed into service in 1970 and 1972 the Company's proposed approach yields a *1.3 year* remaining life. That remaining life corresponds to March of 2010. At that point the Company will again attempt to arbitrary convert the $2,744,747 of annual depreciation expense into additional return for its shareholders. Just these two examples total to more than $5 million annually. Under any situation, the Commission must deny such inappropriate proposals.

Q. IS THERE ANOTHER ASPECT TO THE COMPANY'S INTERIM RETIREMENT PROPOSAL THAT HIGHLIGHTS THE UNREASONABLE RESULTS PROPOSED BY THE COMPANY?

A. Yes. In this case the Company proposes two types of net salvage for production plant: interim retirement net salvage, and terminal net salvage. The interim retirement net salvage is associated only with the retirements that are "estimated" by employing the Company's proposed interim retirement life-curve combinations approach. For steam production plant the Company calculated the *total interim retirements* as a percent of *total retirements*, individually for all production plant accounts. (See OPC's First Depr. POD No. 12, Attachment 5 of 5). The Company performed this analysis for interim net salvage in order to determine how to adjust its total proposed plant account net salvage values, so that the adjusted value applied to total plant in service would be the equivalent of applying the net salvage only to interim retirements. For example, for Account 311 the Company proposes a total account negative 15% net salvage estimate. However, the Company realized that it should not apply the negative 15% to the entire plant balance since the entire plant balance does not correspond to the level of "estimated" interim retirements prior to the final retirement of each generating unit. Therefore, the Company presented an approach which reduces its proposed total account net salvage level to a negative 5% in an attempt to make it equivalent to only the level of interim retirements. The significance of this is that the Company's proposed interim retirement approach, which relies on truncated Iowa Survivor Curves, projected that *$1.1 billion* of steam production plant would retire between January 1, 2010 and the projected retirement dates for its various generating units. Given that the vast majority of the Company's investment in steam production units is projected to retire as of June 30, 2020, that implies that the $1.1 billion of interim retirements are projected to occur in less than 12 years after the end of the depreciation test year.

Q. CAN YOU PLACE THE $1.1 BILLION OF PROJECTED INTERIM RETIREMENT ACTIVITY INTO PROPER PERSPECTIVE?

A. Yes. The Company has provided the annual historical steam plant retirement activity for the period 1986 through 2007. (See Exhibit CRC-1, pages 438 through 447). This time frame represents a 22-year period or approximately twice the time frame the Company projects for the remaining life of the existing steam production plant. During the historical 22-year period the Company reports normal retirements of approximately $460 million. Thus, on a per year basis the Company's projected interim retirement values are approximately *4.5 times* the historical annual retirement levels experienced by the Company for the same plant. There is no evidence that demonstrates that such a proposed expansion of interim retirements is reasonable or realistic.

Q. DOES INDUSTRY DATA CONFIRM THE REASONABLENESS OF THE COMPANY'S PROPOSAL?

A. No. A review of the electric industry data provided by the Company's depreciation consultant identifies significantly longer lives than the proposals in this case. For example, the industry interim retirement values range from a low of 65-years to a high of 125-years for Account 311 Structures and Improvements, with an average of 102 years. (See OPC's First Depr. POD No. 12, 1 of 5). This range represents a minimum of an 18% and a maximum of 127% increase above the value proposed by the Company in this proceeding. Thus, based on the experience of the Company's depreciation consulting firm, it is clear that the method and results it proposed produced results that are out of line with industry values. They artificially reduce the remaining life of the production facilities. An artificially low remaining life results in an artificially high depreciation expense.

Q. ARE YOU PROPOSING ANY ADJUSTMENTS TO THE LEVEL OF INTERIM RETIREMENTS REQUESTED BY THE COMPANY?

A. Yes. Given (1) the excessive level of interim retirements that are produced by the Company's approach, (2) the level of variance between what the Company proposed compared to what the Company's consultants have proposed in other proceeding for the same accounts, and (3) the unrealistic results that are a direct fallout of the Company's process, I recommend an alternative approach and values for interim retirements.

Q. WHAT DO YOU RECOMMEND?

A. I propose an interim retirement adjustment that is not based on truncated Iowa Survivor Curves. In other words, I have replaced the actuarial component of the analysis, given that the plant analyzed is neither reasonably homogeneous nor independent from the life of the overall generating unit. The method I rely upon is one sponsored by the California Public Utilities Commission in its publication entitled "Determination of Straight – Line Remaining Life Depreciation Accruals Standard Practice U-4", and also recognized by the NARUC in its publication entitled "Public Utility Depreciation Practices." Indeed, this is a method that Mr. Clarke supported in previous cases before he joined Gannett Fleming. Thus, there can be no doubt that the method I recommend has been employed and adopted historically and currently by utilities and utility regulators.

Next, I developed interim retirement ratios for each of the plant accounts based on actual Company specific information. In other words, the interim retirement ratios utilized in my approach were developed from the historical reported levels of retirement activity by account for each of the steam, nuclear and other production accounts as also relied upon by the Company. (See Exhibit CRC-1, page 406 through 429 and OPC's First Depr. POD No. 13, 2008 ServiceLifeFile.xls). The resulting interim retirement ratios and the corresponding impact on remaining lives are set forth on Exhibit (JP-4).

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDED MODIFICATIONS TO THE APPROACH AND LEVEL OF INTERIM RETIREMENTS?

A. The adoption of my recommended approach for interim retirement ratios on a standalone basis result in a $54,916,074 reduction to depreciation expense on a total Company basis.

<u>D. Interim Net Salvage</u>

1. Introduction

Q. WHAT IS THE ISSUE IN THIS PORTION OF YOUR TESTIMONY?

A. This portion of my testimony addresses the Company's proposal for net salvage associated with interim retirements. The Company has proposed a wide array of values ranging from zero to a negative 100% for various production plant accounts.

Q. HOW DID THE COMPANY ARRIVE AT ITS PROPOSALS?

A. Mr. Clarke reviewed historical data for each plant account beginning with Account 311 and continuing through Account 346 for the period 1986 through 2007. (See Exhibit CRC-1, pages 438 through 470). The Company's selection of overall net salvage for each account appears to be based on varying, unidentified considerations. (See OPC's First Depr. POD No. 14). Once the Company established what it believed to be the appropriate net salvage value for an account, it reduced the net salvage percent to reflect the percent of interim retirements to total plant retirements for each account. (See OPC's First Depr. POD No. 12, Attachment 5 of 5).

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. Most of the Company's proposals are excessively negative, as will be discussed in more detail under the account specific discussions that follow. The Company's failure to investigate the underlying data other than in total amounts has caused it to inappropriately select excessively negative values which are not representative of the remaining investment in the account.

Q. WAS THE COMPANY REQUESTED TO SPECIFICALLY IDENTIFY WHETHER A VALUE THAT WAS SIGNIFICANTLY DIFFERENT FROM MANY OTHER VALUES IN ITS NET SALVAGE ANALYSIS WAS REPRESENTATIVE OF THE REMAINING INVESTMENT IN THE ACCOUNT?

A. Yes. The Company responded as follows:

"*No specific individual year was analyzed*, but rather all years and bands of years. Years that looked abnormal were given less weight in the analysis. The information derived from examining all years and bands was used to determine estimated future net salvage not any one particular year. The estimate is *based on the best information* available and because it is based on 22 years of actual history *we believe* the resulting net salvage estimate obtained is indicative of the future until new recorded information is available." (Emphasis added). (See OPC's First Depr. Interrogatories No. 39 d).

In other words, the Company says that it did not determine whether any activity in any particular year of its analysis was representative of the remaining investment, looked at abnormal values without identifying what an abnormal value is, and then gave it less weight in its analysis. The Company further failed to investigate the underlying data because it believed it was relying on the best information available. As will be shown, this is not the case.

Q. WHAT DO YOU RECOMMEND?

A. I recommend adjustments to the interim net salvage for 2 steam production accounts, 2 nuclear accounts, and 5 other production accounts. A discussion for each of the 9 accounts that are adjusted follows.

2. <u>Account Specific</u>

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 311?

A. The Company proposes an overall negative 15% net salvage, which it reduces to a negative 5% in recognition of the percent applicable to interim retirements.

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company identifies the following factors as the basis for its proposal: (1) industry data shows negative net salvage, (2) the current approved net salvage is negative 9%, (3) some large salvage has been recorded in the past few years, (4) cost of removal has been increasing, and (5) the overall history for the account is negative 16%. (See OPC's First Depr. POD No. 12).

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is excessively negative. Therefore, I recommend a negative 5% level of net salvage for interim retirements. That value is reduced to negative 0.47% due to interim retirements.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, unlike the Company I did not place the same level of weight on the full level of history compared to more recent activity. In addition, I investigated the underlying actual activity reflected in the Company's data to determine if it was reasonable and appropriate.

For this account Mr. Clarke was inconsistent compared to his approach to other accounts, in that here he chose to ignore recent activity. Recent activity indicates at best an approximate negative 10% to a positive 3% or 4%, but definitely nothing approaching a negative 15%. (See Exhibit CRC-1, page 438 and 439). In particular, during the past 9 years the Company has not experienced a value as negative as negative 15%. The most negative value in recent periods corresponds to the largest retirement reflected in the Company's database, which occurred in 2007. Had the Company investigated what was reflected in its most recent values it would have most likely chosen a different net salvage value.

A review of the actual retirement activity yields the fact that approximately 88% of the retirements were associated with piping. Piping comprises only 16% of the investment in the account. In other words, 2007 represents a significant mismatch between the type of investment and future expected retirements on an interim basis. One can reasonably anticipate that the removal of pipe is going to be more costly than many other types of retirement activity. A further review of the relationship between retirement of piping and the investment level by year indicates that those years in which there are larger negative net salvage values correspond to the years where more significant levels of piping were retired. In addition, the vast majority of the cost of removal reflected in 2007 was associated with two events. Those two events were the replacement of a retaining wall and a cooling pond underdrain system. There is no indication that this type of activity is representative of what will transpire for most of the Company's investment during the next 10 years, the period in which the Company forecasts the retirement of the vast majority of its steam generating facilities will retire.

In addition, dikes, ponds, foundations and structures comprise approximately 45% of the investment in the account. These categories of investment represented a very small percentage of the retirement activity that has transpired during the past 10 years. These types of investments are more indicative of the type of retirement activity that will occur when a unit is ultimately retired, which is identified as terminal net salvage reflected in demolition cost estimates rather than interim retirements. In summary, the Company has not provided any evidentiary basis which would support its proposal, while the actual underlying available data supports a zero to possibly even a small positive value. However, I am recommending a negative 5% net salvage level.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 314 – TURBO GENERATOR UNITS?

A. The Company proposes a zero level of interim net salvage.

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that while there have been considerable interim retirements there has also been high cost of removal and high salvage associated with these retirements. (See OPC's First Depr. POD No. 12). The Company states that, until it "can establish a pattern for net salvage," it proposes to use a zero net salvage.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is inconsistent with its approach to Account 311. It fails to recognize the fact that the Company does receive positive salvage for components reflected in Account 314. Therefore, I recommend a positive 10%. It is necessary to adjust this level down to only a positive 1.67% to correspond to the level of expected interim retirements.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, the overall average net salvage reported in the Company's database is a positive 8%. In addition, the five year average is a positive 9%. (See Exhibit CRC-1, pages 442 and 443). Further, a review of the types of investments and the corresponding dollar value for such investments within the account, as well as of the type of retirements that have occurred, indicates that many types of retirements will either be associated with terminal net salvage reflected in the overall dismantlement studies or are of a type that may produce significant types of positive salvage.

While one would not expect that major rotors or stators will retire each year, when such major items do retire it appears that there are substantial levels of positive salvage -- as is reflected in the Company's own database. The intermittent occurrence of major retirement items appears to be more of the cause for the varying pattern in the historical data. It explains away the Company's decision to wait until a pattern can be established. When minor items of equipment are retired in a given year, one would expect higher per unit cost of removal and lower gross salvage. However, the Company's failure to recognize the overall net salvage level pattern because major items of equipment may not retire in every year is inappropriate. Therefore, at this time a positive 10% net salvage is supported by both the overall history and recent history.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 322 – REACTOR PLANT EQUIPMENT?

A. The Company proposes an overall negative 5% net salvage, reduced to a negative 4% to be applicable to interim retirements. This compares to the existing negative 2%. (See OPC's First Depr. POD No. 12).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company admits that the current negative 2% "appears justified" absent the recent few years, in which there were some large retirements that "distorted the historical pattern." However, the Company elected to make the net salvage more negative until it can "get more years of data."

Q. DO YOU AGREE WITH THE COMPANY PROPOSAL?

A. No. The decision to propose a more negative value in this case is inconsistent with the Company's approach to other accounts. For example, for Account 321 the Company chose not to propose a positive level of net salvage "until there is a pattern in recorded amounts." Similarly, for Account 314, the Company stated that it was proposing a zero level of net salvage until it "can establish a pattern for net salvage." However, for this account, where only one event in 2005 distorted the historical patterns, the Company chose a more negative net salvage. The distortion caused by the single year can be seen in the Company's rolling 3-year band analyses. A review of data establishes that the net salvage for the 3-year band including the unusual 2005 event was a negative 83%, while the next 3-year band without such event reflected only a negative 4%. (See Exhibit CRC-1, page 451). Absent this event there is a reasonable pattern indicative of a minimal level of negative net salvage. Therefore, consistent with the Company's practice for other accounts, retaining the current negative 2% is appropriate until the Company can explain why the unusual activity in 2005 is indicative of what can be expected in the future for all investment, or until a more discernible pattern can be identified. Moreover, for Account 323 the Company inconsistently ignored positive levels of net salvage for the overall band, for many of the most recent 3-year rolling bands, and for the 5-year band. For that account it elected to ignore those positive values until "it is determined if these large retirements will continue and a pattern of removal and salvage is established." (See OPC's First Depr. POD No. 12). For that account it chose to recommend a zero level rather than a positive level until more appropriate data is obtained. My recommendation to retain the existing negative 2% overall is therefore both conservative and more consistent than the Company's proposal. The overall level must be reduced to a negative 0.25% to recognize the level of interim retirements.

Q. WHAT HAS THE COMPANY PROPOSED FOR ACCOUNT 324 – ACCESSORY ELECTRIC EQUIPMENT?

A. The Company proposes a significant change in interim retirement net salvage. The Company proposes to modify the existing negative 2% to a negative 20%. (See OPC's First Depr. POD No.12).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that retirements have been fairly constant for this account compared to some other nuclear accounts. The Company further states that the cost of removal always exceeds salvage. It then states that the entire historical database equals a negative 19%. However, Mr. Clarke chose to react to events during the past 5 years, which had indicated a negative 41%, and proposed a negative 20%.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal to change from the existing negative 2% is unwarranted. Therefore, I recommend retaining the negative 2% overall net salvage, which is adjusted to a negative 0.06% for interim retirement purposes.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. As previously noted, the Company elects not to make changes when to change would reflect positive or less negative levels of net salvage. The Company claims its practice is due to no pattern being established, or similar other considerations. In this instance, it must be recognized that the retirement activity for this account is small in comparison to the balance for the account. In fact, the total recent 5-year database the Company reacted to reflects less than 7/10 of 1% retirement activity on an accumulated basis compared to the existing balance. This is far from a robust sample or database, and one that may not be indicative of what may actually transpire.

Given the low level of historical retirements, I inquired and determined that the large levels of negative net salvage that the Company reacted to during the past few years are associated with what it has identified as "plant data network – phase 1" and "plant data network – ddps/soer." (See OPC's First Depr. POD No. 18, Attachment 2). The cost of removal for these two items comprise 97% of the entire cost of removal experienced during the 5-year period relied on by the Company for its proposed change. There is no indication that the "plant data network" cost of removal is indicative of what can be expected in association with interim retirements over a much longer period of time where a much greater dollar level of retirement activity will occur. Moreover, the Company does not identify any investment category for Account 324 that corresponds to the "plant data network" that drives the significant levels of negative net salvage to which the Company has reacted. Therefore, consistent with the Company's approach in other categories, the more prudent course of action at this point in time is to retain the existing negative 2% net salvage. The Company should be ordered to perform a more detailed analysis of the actual activity underlying significant changes in net salvage in its next depreciation study, so as to properly support and justify any proposed modifications of this magnitude.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 341 – OTHER PRODUCTION STRUCTURES AND IMPROVEMENTS?

A. The Company proposes a significant modification from the existing negative 2% net salvage. The Company proposes a negative 25% net salvage. (See OPC's First Depr. POD No. 12).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that there have been large removal costs recorded in the account and one extremely large salvage recorded in 2007. The Company states, without any supporting basis, that the 2007 positive level of net salvage "appears to be anomaly." The Company then references much higher negative net salvage in the past few years, but can do so only by "ignoring 2007" data. Based on these limited and questionable items of information, the Company proposed the significant change from a negative 2% to a negative 25% net salvage.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is incorrect and unreasonable. I recommend a zero level of net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, it is necessary to place the Company's actions for this account in proper perspective. Recall that at the beginning of this section I quoted a Company data response that admitted that Mr. Clarke did not look at any single year of activity; rather, he relied on the overall information provided within the database. However, for this account the Company chose to ignore a significant positive level of net salvage that occurred in 2007 without any investigation. This is contrary to its actions in other accounts where it has incurred significant and unusual levels of cost of removal, yet unquestionably accepted such activity. As noted throughout my testimony for each account, I have attempted to investigate the underlying causes of events and determine if they are representative of what can be anticipated in the future.

For this account, the most telling item of information occurred in 2005, where the Company reported a negative 459% negative net salvage. (See Exhibit CRC-1, page 458). When one investigates what drove the cost of removal to such a high level in comparison to the retirements, it is easy to identify that 99% of the cost is associated with a project to convert a combined cycle process at the Martin Power plant. (See OPC's First Depr. POD No. 19, Attachment 2). Claimed cost of removal activity for the conversion to a combined cycle generating facility should have been accounted for as part of the capital cost of the new combined cycle investment rather than cost of removal. Moreover, any such activities in the future should be assigned to the cost of the new addition and not allowed to artificially inflate cost of removal. In addition, a review of the Company's retirements indicates that over 50% of the retirement activities are associated with the replacement of heating and air conditioning investment. (See OPC's First Depr. POD No. 19, Attachment 1). This is significant, given the Company's reliance on the past 5 years of activity for its excessive movement in negative net salvage for this account. Upon further review it can be identified that the heating and air conditioning system investment in this account comprises less than 2%

of the total. Thus, the Company's replacement of an air conditioning system has been relied upon to propose a substantial change to the entire account when air conditioning system investment is a very minor component of the account. In other words, the 2007 anomaly that the Company didn't investigate, but eliminated, is more appropriate than the data on which the Company did rely. Therefore, I recommend complying with the Company's general practice of recommending a zero level of net salvage in situations where no clear pattern is identifiable and the data is reasonably in the zero range. Following this practice, I recommend a zero net salvage level. I note that there are substantial amounts of investment in this account that are more indicative of final retirement activity than the interim retirement activity.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 342 – OTHER PRODUCTION FUEL HOLDERS, PRODUCERS AND ACCESSORIES?

A. The Company proposes a negative 5% net salvage versus the existing zero level of net salvage. (See OPC's First Depr. POD No. 12).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSED CHANGE?

A. While the Company recognizes that there have been a number of years with no retirements, it states that when retirements do occur there is cost of removal and little salvage recorded. It proposes a movement to a negative 5% net salvage.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposed change is unwarranted. Therefore, I recommend retention of the existing zero net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. This is yet another account for which minimal investigation into the underlying historical data would have indicated that no change from the existing zero level of net salvage is warranted. While the majority of the investment in this account is reflected in piping and tanks, those categories of investment only comprise 11% of the retirement activity. Moreover, when tanks and piping were retired during 2001 and 2002, the resulting net salvage was zero. (See OPC's First IR Nos. 31 and 32). In addition, the years with the appreciable levels of negative net salvage are associated with the retirement of liners and heating systems, which comprise only 18% of the investment in the account, but 56% of the retirement activity during the last 9 years. A minimal investigation into the underlying data would have clearly demonstrated to FPL that retention of a zero level of net salvage is warranted until a more appropriate pattern develops. This is especially true for an account with erratic patterns of retirement activity.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 343 – OTHER PRODUCTION PRIME MOVERS – GENERAL?

A. The Company proposes to change from the existing zero percent net salvage to a negative 10%. (See OPC's First Depr. POD No. 12).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company's basis is that it reviewed historical data and identified "some large retirements with high cost of removal and high salvage in some years." The Company further noted that the overall historical database yielded a negative 24%, but that the last

5 years showed a negative 14%. From these observations, the Company concluded a negative 10% is appropriate.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The items of information identified by the Company, and the recognition that the historical annual pattern of net salvage has been inconsistent, do not support the modification proposed by FPL. In fact, as discussed for Account 341, the Company has incorporated as cost of removal costs associated with conversion to combine cycle facilities. The significant level of retirement activity associated with the conversion of facilities to combined cycle operations calls into question the credibility of the database presented by the Company.

Another major consideration is that the Company's database includes two large *negative gross salvage* amounts for 2002 and 2003. (See Exhibit CRC-1, page 462). In theory, negative gross salvage amounts, which by definition mean the asset while in place is worth less than zero, are impossible; yet, they cause the historical database to be excessively negative and produce illogical results. In fact, if the two negative gross salvage amounts are removed from the overall historic database, the negative 24% historical figure referenced by the Company as part of the basis for its proposal drops to only a negative 4%. These are the types of anomalies the Company should have investigated, not ignored. I submit that negative gross salvage is truly an anomaly. Therefore, there is no basis for modifying the existing zero level of net salvage at this time. Only when net salvage patterns become more identifiable, and based on well investigated activity to demonstrate that they are truly indicative of future expectations, then, and only then, should the amount be modified.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 344 – OTHER PRODUCTION GENERATORS?

A. The Company proposes a dramatic change from the existing negative 1% net salvage. The Company proposes a negative 100% net salvage. (See OPC's First Depr. POD No. 12).

Q. WHAT IS THE COMPANY'S BASIS FOR SUCH A DRAMATIC CHANGE?

A. The Company states that the historical data shows "some large retirements over the past few years but extremely high removal costs." It goes on to state that the 5-year average is a negative 136% and that the overall historical database is a negative 99%. Based on these few items of information, the Company proposes a 100 fold increase in the level of negative net salvage.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is not adequately explained or supported. I recommend a zero level of net salvage for the investment in this account.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. Again, this is an account where the vast majority of retirement activity and corresponding cost of removal occurred during the period when the Company converted existing generating facilities to combined cycle generating facilities. As previously noted, the Company has inappropriately included as cost of removal costs associated with the conversion to combined cycle operation. The Company has not demonstrated the validity of its position; nor do I believe that under close scrutiny any such position can be justified as being indicative of proper depreciation theory relating to interim retirements.

In addition, the remaining retirement activity not associated with units that had just been converted to combined cycle operation is associated with the "wedge system" investment. "Wedge system"-related retirements during the period 2003 through 2006 comprised over 21% of all retirements, which is significantly disproportionate to the 4% level of investment in "wedge systems". Thus, the Company's underlying data does not support the Company's proposed significant increase to a negative 100% net salvage. (See OPC's First Depr. POD No. 20).

Another consideration is the position the Company has taken on other accounts, for which it has proposed a zero level of net salvage when a realistic pattern has not been exhibited by the historical data. Along those lines, it must be noted that the most recent historical year of data was a positive value. Prior years ranged from negative 129%, to a negative 3%, to a negative 241%. In other word, during the period relied upon by the Company to propose its dramatic change in net salvage there was no stable pattern associated with net salvage. (See Exhibit CRC-1, page 465).

In addition, the scrap or resale value of investment in this account can reasonably be expected to increase. This again is contrary to the Company's proposed negative 100% net salvage. In summary, there is no reasonable basis to adopt the Company's dramatic change to a negative 100% net salvage. Consistent with the Company's presentation for other accounts where a positive net salvage might have been warranted absent a clear and distinct pattern of historical activity, a zero net salvage level is the most appropriate value at this time.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 345 – OTHER PRODUCTION ACCESSORY ELECTRIC EQUIPMENT?

A. The Company proposes a negative 10% net salvage. This represents a significant change from the existing negative 1%. (See OPC's First Depr. POD No. 12).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that this account has been fairly stable over the years, but there has been cost of removal recorded for each retirement and very little salvage. The Company then identifies the overall historic level at a negative 7% and states that the last 5 years yield a negative 14% net salvage. Therefore, it elected to propose a negative 10% net salvage.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is again inappropriate and unsubstantiated. I recommend a zero level of net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, the retirement activity during the last 5 years, which helps form the basis for the Company's proposal, represents less than 4/10 of 1% of the current investment in the account. In other words, the retirement activity is not robust. Next, the retirement activity during the last 5 years is severely skewed to the Company's investment in battery equipment, battery chargers, and batteries. In fact, 79% of the retirement activity during the last 5 years is associated with these subcomponents to Account 345. However, the level of investment in batteries, other station batteries and battery chargers is less than 5% of the investment in the account. (See OPC's First Depr. Interrogatories No. 31 and 32). In other words, even a cursory investigation into the underlying data by the Company should have caused it to modify its proposal.

This is another account for which the Company chose to ignore the erratic historical pattern and rely on the average value of the past 5 years and the overall historical value. However, while the most recent year reflected a negative 25%, the second most recent year reflected a positive 21%, and then the third most recent year swung back to a negative 3%. Had the Company followed its practice for other accounts, for which it relied on a zero level due to concerns relating to "pattern," then the Company would have also proposed a zero level of net salvage for this account. Given the relatively small level of retirement activity in comparison to the plant investment, the significant skewing of the data to battery related investment, as well as substantial levels of investment in categories that are more indicative of terminal retirement activity rather than interim retirement activity, my recommendation of a zero level net salvage is more appropriate.

Q. ARE THE ADJUSTMENTS NOTED ABOVE THE ONLY ADJUSTMENTS TO INTERIM NET SALVAGE?

A. No. The interactive relationship between the level of interim retirements and the adjusted interim net salvage requires that the adjusted interim net salvage also be adjusted, even though I have recommended no adjustment to the overall production net salvage value for an account.

E. **<u>Terminal Net Salvage</u>**

Q. WHAT ISSUE DO YOU ADDRESS IN THIS PORTION OF YOUR TESTIMONY?

A. This portion of my testimony will address the Company's dismantlement study for its various generating facilities.

Q. HAVE YOU REVIEWED THE COMPANY'S DISMANTLEMENT STUDY?

A. Yes. I have reviewed the study, as well as the information provided by the Company in support of such study.

Q. DOES THE COMPANY'S PRESENTATION JUSTIFY ITS REQUEST?

A. No. There are two separate levels from which to review the Company's request. The first level of review relates to how the Company's request compares to the various options available to the Company associated with final retirement of the generating facilities under utility regulation. The second level of review for the Company's presentation occurs once the option associated with the final retirement from utility operation is selected. The review addresses the quantification of the cost of removal within the retirement process selected.

Q. WHAT OPTIONS ASSOCIATED WITH THE RETIREMENT OF A GENERATING FACILITY ARE AVAILABLE TO A UTILITY?

A. The range of options available to a utility range from total dismantlement and site restoration to the sale of the facility. The cost to the utility and thus the cost to the customers varies dramatically, depending on the option selected. For example, if any form of sale of the facility occurs, substantial levels of gross salvage can be expected to be obtained and positive net salvage is a realistic result. Positive net salvage means that the Company needs to recover less than 100% of its costs through depreciation, as the balance of the cost is obtained through sale proceeds. On the other end of the spectrum is the full dismantlement and site restoration approach. This approach normally results in cost of removal exceeding gross salvage, and thus an overall negative net salvage is required.

Basically, the options available to the Company range from the worst case scenario of total dismantlement and site restoration, to the best case scenario corresponding to the sale of facility at an amount significantly above net book value. Since ratemaking is an attempt to charge average expected costs, some weighting of future probabilities associated with each potential option should be recognized.

Q. HAS THE COMPANY RECOGNIZED ANY WEIGHTING OF DIFFERENT OPTIONS ASSOCIATED WITH THE RETIREMENT COSTS FOR ITS GENERATING FACILITIES?

A. No. The Company has assumed a 100% probability of the worst case scenario, that being full demolition and site restoration. This assumption by the Company is unreasonable and inappropriate for ratemaking purposes.

Q. ARE YOU AWARE OF GENERATING FACILITIES THAT HAVE BEEN SOLD RATHER THAN DEMOLISHED AT THE TIME THEY WERE RETIRED FROM UTILITY OPERATIONS?

A. Yes. Approximately 1,000 generating units have sold in the United States since the late 1990s. The vast majority of such sales are associated with areas that became deregulated for electric generation purposes. In those instances even very old, small, and inefficient generating facilities sold at prices substantially above net book value.

Q. IS FP&L SUBJECT TO ELECTRIC DEREGULATION?

A. No, not at this time. However, the possibility always exists that the situation could occur in the future.

Q. ABSENT DEREGULATION, DO ELECTRIC UTILITIES EVER SELL GENERATING FACILITIES?

A. Yes. While such situations are far less frequent, there have been sales of generating facilities that were still in operation at price levels above net book value. Thus, the Company's total exclusion of any possible approach to cost recovery other than assuming full facility dismantlement and site restoration is unreasonable and results in excessive costs to customers.

Q. DID THE COMPANY PROPOSE ANY LESSER COST FORM OF DISMANTLEMENT?

A. No. Even though the Company is not legally required to dismantle and restore the site to a greenfield condition, it has elected to charge customers for that scenario.

Q. IS THIS APPROACH REASONABLE?

A. No. First, generating sites and facilities are valuable resources. The plant normally will have access to water, adequate zoning for industrial usage, if applicable, and most important, access to transmission corridors necessary to connect to the transmission grid. In fact, the Company is reusing many of its existing generating plant sites for new generation. The need to charge customers for returning such sites to a greenfield status is unrealistic and quite excessive.

Q. HOW WOULD YOU CHARACTERIZE THE COMPANY'S REQUEST AS IT PERTAINS TO THE FIRST LEVEL OF REVIEW YOU HAVE ADDRESSED?

A. The Company's demolition approach must be categorized as a worst case scenario. Charges to customers should not be set on presentations associated with worst case scenario revenue requirements, especially when other, less expensive options are more realistic.

Q. PLEASE TURN TO THE SECOND LEVEL OF REVIEW ASSOCIATED WITH DEMOLITION COST ESTIMATES.

A. The second level of review comes into play after the approach to generation retirement has been established. As previously noted, the Company has proposed a worst case site demolition and greenfielding of the location. Once this decision is made, the second level of review addresses how such activities are to be performed.

Q. WHAT APPROACH HAS THE COMPANY PROPOSED?

A. The Company's approach is in effect what the industry identifies as "reverse construction." The Company's approach assumes that it will take down the generating facility piece by piece, then break up foundations and remove underground piping.

Q. WHY IS THIS SIGNIFICANT?

A. The approach proposed by the Company is again the worst case scenario for the dismantlement option. A good example to depict what is at issue is the dismantlement of a tall smoke stack at a power plant. In a recent case in Oklahoma, the demolition cost estimator projected a cost of $2 million to demolish a 600 foot tall smoke stack. The estimate was predicated on a process that began at the top of the smoke stack and knocked of sections of the smoke stack, tumbling the debris into the stack. This process was to continue from the 600 foot elevation down to the base. Once the rubble had been accumulated in a large cone at the bottom of the base, the utility would remove it and dispose of it. This approach is very costly in comparison to the available alternative of demolition, which involves exploding the smoke stack base and allowing the stack to topple and break apart along a predefined "fall line". Once the stack has been broken apart by gravity as it falls and smashes to the ground, the rubble can be gathered and disposed of more easily-and more cheaply.

Q. ARE YOU AWARE OF SIGNIFICANT COST DIFFERENCES IN THE TWO DIFFERENT TYPES OF APPROACHES?

A. Yes. In another recent case in Nevada, another major engineering estimator projected the cost of performing a reverse construction approach for generating facilities. Shortly thereafter, Nevada Power Company actually entered into a contract with a demolition firm to demolish the plant. The contractor employed explosive demolition and controlled toppling of the facilities rather than the reverse construction approach. The cost differential between the engineering firm's cost estimate based on a reverse construction approach and the actual demolition based on explosive charges and toppling the facility to the ground was about 30 cents on the dollar. In other words, the estimate for reverse construction approach was approximately 3 times greater than the cost that the utility incurred to employ the explosive demolition method.

Q. TURNING TO THE COMPANY'S COST ESTIMATES, CAN YOU PROVIDE A BRIEF OVERWIEW OF THE CRITICAL COMPONENTS OF A DEMOLITION STUDY?

A. Yes. To make a "reverse construction" demolition cost estimate, it is necessary to have three key items of information. Those three key items are (1) the quantity of material to be removed by type of materials (2) the labor rates and corresponding crew sizes and mix (i.e., how many laborers, welders, supervisors, etc.), and (3) the productivity factors or the rate at which the labor crew can perform activities.

Q. HAVE YOU REVIEWED NUMEROUS DEMOLITION COST ESTIMATES?

A. Yes.

Q. WHAT IS THE GENERAL PROBLEM YOU FIND WITH SUCH ESTIMATES?

A. Of the three main categories of variables, the quantity of material to be removed is generally not a major issue. However, the labor costs and productivity factors are normally major issues.

Q. IN THIS CASE WAS THE COMPANY ABLE TO PROVIDE THE UNDERLYING PRODUCTIVITY FACTORS?

A. No. The Company relied on very old and unsubstantiated crew mix and associated productivity factors that had been reviewed and deemed appropriate by NUS Corporation. (See OPC's First Depr. Interrogatories No. 11). Thus, the Company does not have an adequate underlying basis for the productivity factors that it employs in its demolition cost estimates.

Q. IS THIS REASONABLE?

A. No. In fact, I have testified regarding a NUS demolition cost estimate corresponding to the general time frame when the Company's factors were developed.

Q. DO YOU RECALL ANY PROBLEMS WITH NUS PRODUCTIVITY FACTORS AND COSTS FOR ITS DEMOLITION ESTIMATES?

A. Yes. In a Southern California Edison Company ("SCE") case before the FERC, an NUS demolition cost estimate was the subject of litigation. The FERC found that the NUS-based study produced excessive costs. It denied SCE's requested revenue requirements. One of the examples that helped point out the excessive nature of the NUS study at that time was its estimate of $10,000 (in 1980 dollars) to remove a flag pole at a power plant. Thus, any claimed reliance on productivity factors, crew sizes or any other information that cannot be provided and tested for reasonableness as to the basis for demolition cost estimates today should be rejected.

Q. HAS THE COMPANY ALSO INCLUDED A CONTINGENCY FACTOR ON TOP OF WHAT APPEARS TO BE A HIGH SIDE COST ESTIMATE FOR DEMOLISHING POWER PLANTS?

A. Yes. The Company states that the "contingency factor of 16% was calculated using a weighting of assigned estimates on a side by side basis." (See Exhibit KO-8, page 5).

Q. IS THE COMPANY'S USE OF A 16% CONTIGENCY FACTOR REASONABLE AND NECESSARY?

A. No. The 16% contingency factor is based on an Atomic Industrial Forum study developed in the late 1970s. Those contingency factors were predicated on estimates that did not reflect the activity of full demolition of a power plant. The factors corresponded to the very limited experience of utilities associated with replacement of steam generators at nuclear power plants. In other words, the contingency factors were associated with estimates of *repair* work, not demolition work. In addition, the publication relied upon by the Company notes that before contingency factors can be realistically assessed, one has to know whether the underlying cost estimates for the activities performed are high side or low side cost estimates. In other words, if an estimate is based on a low side cost estimates --one that assumes very efficient operation, no weather related delays, etc. -- then a positive contingency most likely is warranted. However, if the cost estimate is based on a "reverse construction" approach that "involves pre-cutting key members, lowering them carefully to the ground, where they can be cut for sale or scrap," then a *negative* contingency may be warranted.

Q. WHAT TYPE OF APPROACH HAS THE COMPANY PROPOSED?

A. As previously noted, the Company has proposed a very high side cost estimate, one that reflects the pre-cutting of members and lowering then "carefully to the ground." This is precisely the type of situation that I referenced earlier when discussing the situation in Nevada. The cost to pre-cut members, beams, piping etc., high above the ground and carefully lowering them, rather than blowing the support beams and toppling the facility, produces an excessively high cost estimate. Therefore, to the extent any contingency should be considered in this case, it should be a negative contingency. In fact, under the right circumstances demolition contractors will actually pay a positive value for the right to demolish a power plant.

Q. ARE YOU SAYING THAT IT IS POSSIBLE THAT, EVEN WITHOUT SELLING THE GENERATING FACILITIES AS ONGOING OPERATING STATIONS, THE COMPANY COULD POSSIBLY OBTAIN POSITIVE SALVAGE?

A. Yes. In fact, recently the Fort Pierce Florida Utilities Authority employed a contractor to demolish the King generating plant. The demolition contractor actually paid Fort Pierce approximately $1 million for the right to demolish the plant and sell the resulting scrap.

Q. CAN SUCH SITUATIONS REASONABLY BE ANTICIPATED TO OCCUR IN ALL INSTANCES?

A. No, not necessarily. At the time of the Fort Pierce transaction, scrap metal prices had reached their all time high. Since that time, prices have fallen noticeably. However, it is reasonable to expect that the economies of China and India will again begin to grow at substantial rates. At that time the scrap metal market will experience higher prices. The key point to be taken from this is that the theory that the Company operates under is neither accurate nor economically efficient. Customers should not be subject to worst case scenarios and inappropriate procedures, approaches and cost estimates.

Q. GIVEN THE VARIOUS PROBLEMS YOU HAVE IDENTIFIED, WHAT DO YOU RECOMMEND?

A. Given the significant level of adjustments that I recommending elsewhere in the area of depreciation, I have elected not to propose an additional adjustment to the Company's requested level of demolition cost revenue requirements. However, I do recommend that the Commission order the Company to perform detailed and well documented analyses of the different approaches and probabilities of end of life termination for generating facilities. I further recommend that the Commission also order the Company to develop and fully justify the most cost efficient manner for any actual demolition cost approach that it determines to be appropriate. This study, with all analyses, work papers, etc., should be provided to the Commission no later than the Company's next depreciation or rate proceeding. However, if the Commission finds that it is appropriate to modify or adjust the Company's request in this proceeding, I would recommend that it reduce the Company's requested costs by 60%.

Q. WHAT IS YOUR BASIS FOR A 60% REDUCTION?

A. The 60% reduction is based on the approximate relationship experienced by Nevada Power Company between the cost estimate approach to demolishing power plants and what an actual demolition contractor charged to tear down the facilities. The actual differential was greater than 60%, so the 60% estimate is conservative. Moreover, when one recognizes the likelihood of reusing generating sites for future generation, and the fact that substantial costs are included in the Company's estimate for site restoration, a reduction of only 60% of the Company's cost estimate would be very conservative in favor of the Company.

X. MASS LIFE

A. Introduction

Q. WHAT IS THE PURPOSE OF THE LIFE PORTION OF A DEPRECIATION ANALYSIS?

A. The purpose of a life analysis is to determine the "average service life" or ASL, the dispersion pattern and remaining life for each account or subaccount. This information is necessary to properly perform the depreciation calculation. A longer ASL results in a longer remaining life and therefore a lower depreciation expense. Alternatively, a shorter ASL will reduce the remaining life and increase depreciation expense. The dispersion pattern is important, as it is critical in the overall selection process of the best fitting results. The same ASL with different Iowa Survivor curves also results in different remaining lives, due to the remaining expected pattern of retirements.

Q. WHAT ARE THE MAIN TOOLS UTILIZED IN PERFORMING LIFE ANALYSIS?

A. Life analysis is normally performed through the use of actuarial or semi-actuarial analyses. Actuarial analyses rely on aged data. In other words, when an item of property is retired, the age at retirement is known. This is the type of analysis performed by insurance companies when developing life tables in order to establish premiums. Semi-actuarial analyses are performed in instances in which the age of retired plant is not known.

Q. PLEASE PROVIDE MORE INFORMATION REGARDING HOW A DEPRECIATION ANALYST PERFORMS SUCH A LIFE ANALYSIS THAT RELIES ON AN ACTUARIAL APPROACH.

A. Aged data is gathered and analyzed. Aged data means that when an asset retires in 2007 we know that it originally went in service in 1967, and was 40 years old at the time of retirement. When all the aged data in a group is statistically analyzed by actuarial techniques, a resulting Observed Life Table or OLT is developed that depicts the rate of retirement over the life of the group. The OLT starts at 100% surviving and declines from there as each year of age is obtained and retirements occur. Naturally, not all units retire at once; instead, the retirement dates are dispersed through time, creating a "dispersion pattern." In order to permit testing of the results some standard or index must be used. The principal tool that a depreciation analyst uses for this aspect of the study is a set of "survivor curves." The industry standard and most extensively used curves are called the Iowa Survivor Curves. The name is derived from the fact that they were developed at Iowa State College in the 1930s.

Most often, and as is the case for many of FPL accounts, the data based analyzed does not yield a complete OLT, one that fully declines to 0% surviving. This means that the data set will produce an incomplete OLT or a "stub curve." Also, the limited data base may include atypical or abnormal events not reasonably anticipated to occur again during the remaining life.

The Iowa Survivor Curves are based on empirical studies of retirement "behavior" of physical property. They are designed to predict the retirement patterns of the property under study based on detailed past observations. The Iowa Survivor Curves make the calculation of the average service life far more manageable and comparable; instead of making and weighting a myriad of individual calculations that include each data point in the universe, the analyst measures the area below the curve and uses an established equation or standard curve to "solve" for the average service life. And, even if the data set is incomplete—which is often the case —by properly choosing a closely fitting curve to the known data, the analyst can better predict the behavior of the entire universe and calculate the average service life with reasonable statistical accuracy, if a meaningful "stub curve" exists. The results of any estimation is more reliable if 70% of an OLT is known and only 30% must be assumed, than if only 10% of the OLT is know and 90% must be assumed.

Not surprisingly, choosing the survivor curve that provides the best fit to the data is critical to the accuracy of the analysis. When fitting the curves to the OLT the analyst must bear in mind that some data points—those that occur on the points of the graph that reflect the most significant level of plant exposed to retirement events-- are more important to the determination of the ASL and dispersion pattern than others. Further, the analyst cannot use the curves in isolation of other considerations. The analyst must incorporate such things as knowledge of the nature of the property being studied, an understanding of the causes of unusual events, recognition of changes or trends, and judgment when using the curves. Also, the nature of survivor curves limits their usefulness. For instance, they are best suited to studies of homogeneous items that, because of their physical similarity and common exposure to retirement forces, can be expected to share common retirement characteristics. (By analogy: When an insurance actuary performs a mortality/longevity study for life insurance purposes, the actuary does not combine people and horses in the universe of data.) It is for that reason that I criticized FPL's analyst for inappropriately applying the Iowa Survivor Curves to interim retirements for generation plant. The items of generation plant involved in interim retirements frequently are far from homogeneous.

Q. HAVE YOU REVIEWED THE COMPANY'S LIFE ANALYSES?

A. Yes, I have reviewed the Company's life analyses. The main problem with the analyses is that Mr. Clarke proposes ASLs with corresponding Iowa Survivor curves that are not the best fitting results for the actuarial analyses, even when the final proposal is based on actuarial results. Mr. Clarke's selections for most accounts reflect a bias toward artificially short ASLs. It is unreasonable and inappropriate to ignore the best fitting life analyses without detailed and credible explanations. Mr. Clarke fails to provide support for his questionable practice.

Q. BASED ON YOUR REVIEW OF THE COMPANY'S LIFE ANALYSES, ARE YOU RECOMMENDING ADJUSTMENTS?

A. Yes. I recommend adjustments to 18 accounts or subaccounts. The recommendations, as well as the Company's proposals for each of the accounts where a change is recommended, are set forth on Exhibit_(JP-5).

The combined impact of the various adjustments I recommend result in a standalone impact of a $49,408,852 reduction to annual depreciation expense, based on plant as of December 31, 2009.

Q. WHAT IS THE RESULT OR OUTPUT OF AN ACTUARIAL ANALYSIS?

A. The output of an actuarial analysis is called an observed life table ("OLT"). This OLT output includes a graphical depiction of the remaining surviving level at each progressive age of the plant. In other words, all plant additions start at "100% surviving" when first placed into service. As plant ages and item of plant begin to retire, the initial 100% survivor level decreases until it reaches zero, if it has completed a full life cycle.

Q. DO MOST OF THE COMPANY'S OBSERVED LIFE TABLES REFLECT A COMPLETE LIFE CYCLE?

A. No. Many of the OLTs decline to 20% or 30% surviving, while others decline to only 40%, 50%, or higher values.

Q. HOW ARE THE ULTIMATE LIFE-CURVE SELECTIONS MADE?

A. The best fitting life-curve selections are made by visually matching the OLT to standardized Iowa Survivor Curves.

Q. IN THE VISUAL MATCH PROCESS, ARE ALL POINTS OF COMPARISON EQUAL?

A. No. Many of the points of comparison for an OLT may reflect dollar levels of exposures that differ by *a factor of 10,000 or more.*

Q. IN THE CURVE FITTING PROCESS, IS IT MORE IMPORTANT TO MATCH THE POINTS ON THE OLT THAT REFLECT LARGER DOLLAR LEVELS OF EXPOSURES THAN THOSE POINTS WHERE THE DOLLAR LEVEL IS MUCH LOWER?

A. Yes. It would be foolish to accept the results of a standardized life-curve that better fits the results of the end or "tail" of the OLT rather than a life-curve combination that is a better fit near the "head" or top of the OLT. While it is desirable to have close fitting results all along the OLT, this unfortunately does not occur for many accounts. Therefore, recognition of the dollar level of exposures at different points of the OLT is critical.

This is significant, since as each new year of plant activity transpires, the OLT can and usually does change. However, the future changes will not occur equally to all portions of the OLT. In fact, it is highly unlikely, given the level of exposures near the "head" or top of the OLT, that the few years between depreciation studies would result in any appreciable movement of that portion of the OLT. The same cannot be said of the "tail" portion of the OLT, and potentially even the mid portion of the curve. If larger retirements transpire in older age intervals, or more dollars of exposures filter further down in the OLT without corresponding retirements, the mid portion or tail of the OLT can move significantly, based on only a few years of additional data. That is precisely why matching the "head" of the observed life table is more important than matching the "tail."

Q. DID MR. CLARKE FOLLOW THIS PRACTICE IN HIS CURVE FITTING PROCESS?

A. No, not to the extent he should have. As will be discussed in the Account Specific portion of my testimony, Mr. Clarke did not perform appropriate curve fitting practices. As a result, he understated the appropriate ASL or chosen an Iowa Survivor Curve that is not the best fit to the OLT.

B. Account Specific

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 350.2 – TRANSMISSION EASEMENTS?

A. The Company proposes to retain the current authorized 50-year ASL and S4 Iowa Survivor curve. (See Exhibit CRC-1, page 481).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that the results of its life analyses were "poor," as there were very few retirements. The Company then goes on to state that industry data "suggests" a service life between 40 and 60 years. From these items of information it concludes that the current curve and ASL are consistent with industry values.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. Easements for new transmission lines are difficult to obtain. The "not in my back yard" ("NIMB") syndrome is stronger than ever in most locations. Therefore, existing utilities will continue to rely on existing transmission easements in the future, absent unusual circumstances. Moreover, the Company's proposal has a shorter maximum life span for easements than it does for some of the equipment that resides upon the easements. This is illogical on its face.

Q. WHAT DO YOU RECOMMEND?

A. I recommend a 95 S4 life-curve combination as a conservative estimate of the mortality characteristics of easements. I base my recommendation on the conservative approach of establishing the minimum ASL for easements equal to the maximum life cycle of the equipment that resides upon it. In other words, if the maximum life for Overhead Conductors and Devices (Account 356) that are located on such easements is over 95 years, then logic dictates that the easement must be in place for that period of time at a minimum. This is a very conservative assumption, given that the Company will be replacing or upgrading transmission investment as time passes, while still utilizing the same easements that it currently has in place, just as it has done historically. (See OPC's First Depr. Interrogatories No. 48). In fact, the Company admits that its policy is "to obtain perpetual rights easements" where available. (See OPC's First Depr. Interrogatories No. 46). Indeed, the Company also admits that it has no plans to retire any easements. (See OPC's First Depr. Interrogatories No. 48). With no planned retirements, the Company will begin exceeding the maximum life for easements that correspond to its proposed life-curve combination in the next several years. (OPC's First Depr. Interrogatories No. 47).

Even Mr. Clarke recognized longer service lives when he testified in the recent past. In fact, in his most recent testimony in Nevada, he recommended a 60-year ASL with an

R5 Iowa Survivor Curve. (PUCN Docket No. 06-11023 at Statement A). In addition, other utilities recommend longer lives. Oncor Delivery Company ("Oncor"), the largest utility in Texas, proposed a 70-year ASL with a R3 dispersion in its current rate case. The reality is that the industry historically has established artificially short ASLs for this account, and given the normally low dollar level of investment generally associated with this account for many utilities such proposals have received very limited attention. Moreover, while the 95-year ASL that I recommend appears to be high from an industry standpoint, the reason is as explained above and correlates to identifiable, Company-specific facts.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a $2,437,236 reduction to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 353 – TRANSMISSION STATION EQUIPMENT?

A. The Company proposed a 38 R1.5 life-curve combination. (See Exhibit CRC-1, page 495).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company performed an actuarial analysis and asserts that its interpretation of the results shows a 38 to 39-year ASL. The Company then claims that the 38 to 39-year life estimate was "typical for this account in the industry." It concludes by stating that the curve types for this account are low mode "R" type Iowa Survivor Curves, but failed to provide any basis for that assertion.

Q. DO YOU AGREE WITH THE COMPANY PROPOSAL?

A. No. After the review of the actuarial analyses and industry data it is clear that the Company's proposal is inaccurate and inadequate. Therefore, I recommend a 43-year ASL with a corresponding L1 Iowa Survivor Curve.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. The Company has misinterpreted the results of its actuarial analysis. On an initial review, the Company's interpretation of the actuarial analysis might appear to the lay person be a good statistical fit. However, the Company's interpretation is erroneous, in that it places greater significance on the "tail" end of the survivor curve where the exposures are but a small fraction of the exposures that occur near the top or "head" of the survivor curve. This misplaced emphasis represents a lack of understanding of the proper matching process to be employed when interpreting the results of actuarial analyses. As shown on Exhibit__(JP-6) page 1 of 15, my recommended 43 L1 life-curve combination is a better fitting curve match through the first 16 ½ years of age and is a comparable curve fit to the Company's proposal from 16½ years through approximately 23 ½ years of age. Only at that point does the Company's proposal become a better fitting curve fit through approximately 36 years of age. What is significant regarding this comparison is that the top or "head" portion of the curve is based on plant exposures of approximately $1.3 billion. (See Exhibit CRC-1, page 498). That level of exposures drops to approximately $500 million or 40% as of 16 ½ years of age. The Company's proposed curve fit does not begin to represent a closer fit to the historical data until 23 ½ years of age, where the exposures are approximately $271 million, or only 21% of the original exposures.

Q. WHAT SPECIFIC OTHER FACTORS SUPPORT YOUR RECOMMENDATION?

A. The Company recognizes the importance of two other factors for the life-curve selection process in this account: (1) industry information for confirmational purposes, and (2) trends in the data. With respect to industry information that Mr. Clarke relied upon, it is clear that his statement that a 38 or 39-year life is typical for the account in the industry is *incorrect*. A review of the industry comparative database relied upon by Mr. Clarke clearly demonstrates that the 38 or 39-year ASL would be at the *low end of the industry*. (See OPCs First Depr. POD No. 12, 1 of 5). In fact, based on the industry comparative data provided by Mr. Clarke, the typical ASL for investment in this account would more appropriately be set at 45 or 50 years, rather than the 38 or 39 years claimed by the Company.

In addition, the Company claimed to recognize the significance of trends, but did not follow through. Even though the industry and the Company have experienced lengthening of ASLs for investment over time, Mr. Clarke has limited the increase in ASL to 2 years, a movement from the existing 36-year ASL to a 38-year ASL. It is worth noting that the existing 36-year ASL is *lower than all other utility companies* reflected in the Company's industry database, with one exception. In fact, Mr. Clarke recently testified in a case to a 50-year ASL for the investment in this account. (See PUCN Docket No. 06-11023).

Q. DID MR. CLARKE ALSO FAIL TO PROPERLY RECOGNIZE THE MIX OF INVESTMENT IN THE ACCOUNT?

A. Yes. Normally, a large component of investment in this account is related to transformers, structures, and foundations. If transformers have not been retired in proportion to their investment level, then one would expect a shorter ASL to be derived from actuarial analyses than would be the situation if transformers, structures, and foundations were proportionately represented in the historical retirement activity. In other words, if circuit breakers, switches and lightning arrestors represent a disproportionate amount of the historical retirement activity, they can skew the results for the account and provide a false indication. The Company's investment in this account for transformers structures and foundations is 33%; the relative level of retirements provided by the Company was 15%. (See OPC's First Depr. Interrogatories Nos. 31 and 32). Mr. Clarke's general knowledge of the investment in Account 353 should have caused him to recognize that the life indications he is proposing are out of line with the overall type of investment reflected in this account.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $6,128,005 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 353.1 – TRANSMISSION STATION EQUIPMENT – STEP-UP TRANSFORMERS?

A. The Company has segregated its investment in transmission station equipment into an additional category to reflect only step-up transformers. The investment in this sub category dates back to 1958. (See Exhibit CRC-1, page 504). For this subaccount the Company proposes a 33 R2 life-curve combination. (See Exhibit CRC-1, page 504).

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. The Company performed actuarial analyses on its step-up transformer investment, but admitted that the "retirement activity is relatively minor." (See Exhibit CRC-1, page 504). Based on the activity associated with the relatively minor level of retirements, Mr. Clarke concluded that "this account showed a life similar to the one currently approved of 35 years. The study shows that a 33-year was a good average service life for this account." (See Exhibit CRC-1, page 504).

Q. DO YOU AGREE WITH THE COMPANY'S ANALYSES?

A. No. The Company's analyses are flawed and produce unrealistic results. Therefore, I recommend a conservative value of a 44 S0.5 life-curve combination.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, as shown on Exhibit__(JP-6) page 2 of 15, the Company's analysis again attempts to force the shape of the survivor curve to capture data points that are insignificant or less significant, while failing to properly treat or recognize the more meaningful portion of the OLT. In particular, the Company's selection attempts to match exposures that are approximately 1/30th of the level of exposures at the "head" of the curve, which results in the Company placing less significance in its curve fitting process on the more important portions of the OLT. Even if one were to rely solely on the data as presented by the Company, without consideration of the type of asset involved for life interpretation purposes, the ASL would still need to be increased to 38 years from the Company's proposed 33-year level in order to obtain a better fitting relationship.

Recognition of the type of asset at issue is especially important for this subaccount. The type of asset involved is transformers. It is illogical and inconsistent with the historical practices for the industry to assume an ASL for step-up transformers shorter than the realistic life expectation for most of the Company's generation to which they are directly tied. This simply has not been the case historically in the industry.

Q. IS THERE A PARTICULAR HISTORICAL EVENT THAT INAPPROPRIATELY SKEWS THE ACUTUARIAL RESULTS?

A. Yes. A review of the Company's historical data indicates a very unusual or atypical event. As set forth in Exhibit CRC-1, page 506, the Company identifies a $3.5 million retirement at *age 0*. In other words, the Company installed a significant item of investment that failed immediately and had to be retired. While such a situation is not impossible, it is *not* indicative of the remaining investment in this sub account. A family of Iowa Survivor Curves exists that represents patterns associated with infant mortality characteristics as the Company has recognized in this case. However, neither the Company's consultant nor the rest of the utility industry normally relies on the infant mortality-related family of survivor curves, because they are not considered to be representative of appropriate mortality characteristics for utility-related property. In other words, the Company failed to normalize the data for an obvious and significant outlier.

Q. DOES THE COMPANY BELIEVE THAT THIS INFANT MORTALITY IMPACTED ITS PROPOSAL?

A. Surprisingly, no. (See OPC's First Depr. Interrogatories No. 54).

Q. DOES YOUR RECOMMENDATION PROPERLY RECOGNIZE THE OUTLIER RETIREMENT?

A. Yes. I recalculated the Company's OLT to remove the $3.5 million retirement at age zero. That infant mortality represents approximately 25% of the entire retirement activity for this sub account. Since the purpose of a depreciation study is to estimate the life characteristics of the surviving plant investment, the incorporation of an infant mortality that represents approximately 25% of all retirement activity yields illogical and inappropriate results. As shown on Exhibit__(JP-6) page 3 of 15, a 44 S0.5 life-curve combination is a far superior fit to the corrected OLT than is the Company's proposal through the most meaningful portion of the OLT.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $2,281,178 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 354 – TRANSMISSION TOWERS AND FIXTURES?

A. The Company initially proposed to move to a 40-year R5 life-curve combination. (See Exhibit CRC-1, page 510). However, in response to an interrogatory, it admitted an error and modified its proposal to reflect a 45 R5 life-curve combination. (See OPC's First Depr. Interrogatories No. 55). FPL's modification would reduce depreciation expense by $1.5 million.

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company admits that this account exhibits very few retirements, which caused the results of the actuarial analyses to be considered "poor". (See Exhibit CRC-1, page 510). It then states that industry data "suggests" a 40 to 70-year life and a high mode curve. The Company further states that towers are replaced due to foundation decay and other factors that influence service life, or demand for transmission, and willingness of society to permit the use of overhead transmission facilities (i.e., NIMB). The Company initially stated that the currently authorized service life of 45 years is high compared to the industry, and concluded that the life should be reduced to 40-years while retaining the R5 curve. It revised the estimate to now reflect 45 years.

Q. DO YOU AGREE WITH THE COMPANYS PROPOSAL?

A. No. The Company's initial reduction in ASL and its updated proposal to retain a 45-year ASL are contrary to industry information and Company-specific data. I recommend a 60-year R4 life-curve combination. My recommendation is logically derived from Company specific data, and is also reflective of what Mr. Clarke and his firm have recommended in other depreciation studies.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, the Company has surviving plant that already approaches the *maximum* life expectancy that would be derived from the Company's proposal. The Company has not demonstrated that it plans to retire such investments. (See Exhibit CRC-1, page 574). Moreover, the fact that the Company has substantial investment that is already approximately 35 years old or older, and that plant has experienced few retirements, would normally indicate a longer life expectancy than the one proposed by the Company.

Given that there are "very few retirements" for this account, it is necessary to place greater reliance on industry information. The results of industry data provided by Mr. Clarke's firm finds the *lowest* ASL at 48 years, with most values at 65 to 70 years and an average of 63 years. In fact, 87% of values are 60 years or longer. Thus, when Mr. Clarke claims that the existing 45-year life is "high compared to the industry," one must wonder what industry he has in mind. When actual Company historical activity, which dictates an ASL much longer than 45 years, is combined with industry information, a 60-year ASL represents a more appropriate and realistic result.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $3,192,653 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 356 – TRANSMISSION, OVERHEAD CONDUCTORS AND DEVICES?

A. The Company proposes to increase the existing 44-year ASL to 47 years and retain the existing R1.5 Iowa Survivor Curve. (See Exhibit CRC-1, page 523).

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. The Company states that its actuarial analyses indicate lives of 44 years to 50 years, with low mode-type survivor curves. The Company further states that typical lives for the industry are between 35 years and 65 years. The Company adds that reconductoring is done primarily for electrical load changes. Thus, retirements have not been due to deterioration. Wind loading and related metal fatigue also affect life estimation.

Finally, the Company states that there may be certain life effects due to electric magnetic fields ("EMF").

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. While the Company recognizes that an increase in ASL is warranted at this time, its increase is insufficient. Therefore, I recommend a 51-year ASL with a corresponding S0 Iowa Survivor Curve.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. As shown on Exhibit__(JP-6), page 4 of 15, a 51 S0 life-curve combination is a similar but somewhat better overall fit to the Company's proposed 47 R1.5 life-curve combination. The 51 S0 life-curve combination does match the OLT at the very top or "head" of the OLT, where the plant exposures range from about $450 million to about $670 million. (Id., at page 525).

Given that the curve matching results for a 51 S0 life-curve combination and the Company's proposal are similar, the longer ASL is warranted since the Company admits that it had to retire plant prior to the end of the investment's physical life due to reconductoring concerns. In other words, because of the load growth and the lack of availability of new transmission lines, lower voltage transmission lines have been upgraded to higher voltage transmission lines. This process artificially shortened the overall life expectancy of the previously retired investment. The majority of the Company's investment is in 500KVA transmission facilities. Therefore, it is reasonable to anticipate that any further reconductoring will not be of the same magnitude that has transpired historically on a relative dollar basis. This indicates a longer ASL for the remaining investment that is at issue in this case.

In addition, due in part to the "NIMB" syndrome, utilities all across the country have been increasing the life expectancy of investment in transmission overhead conductors and devices. For example, Oncor, the largest electric utility in Texas, just increased its proposed ASL for this account to 50 years (with the staff of the PUCT proposing an increase to 60 years). In addition, Pacific Gas and Electric Company proposed to increase its existing 52-year ASL to a 55-year ASL in its 2007 general rate case. Finally, Mr. Clarke recently testified in Nevada regarding the investment in this account associated with NPC and Sierra Pacific Power Company ("SPPC"). For NPC, Mr. Clarke's firm recommended increasing the existing 40-year ASL to 50 years. He proposed a 55-year ASL for SPPC. Another factor that goes to the credibility of the Company's presentation is the fact that Mr. Clarke, when presenting the same backup information for SPPC in PUCN Docket No. 05-10004, added a significant additional item of information that he failed to present in this case. In the SPPC case, Mr. Clarke, after giving the industry range for ASLs, went on to state that the average for the industry is "around 52 years." (See PUCN Docket No. 05-10004 response to DR BCP 2-2). In other words, ranges, especially as broad as Mr. Clarke has presented, can be somewhat misleading. A range becomes more meaningful when the range is better defined with an average. In this case, the 52-year average helps to demonstrate that Mr. Clarke's proposed movement from 44 years to 47 years still leaves his proposal significantly short of the industry average he has previously identified. Moreover, the industry average information provides more support for my recommended 51-year ASL, which is based on Company specific data.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a $1,618,285 reduction in annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 359 – TRANMISSION ROADS AND TRAILS?

A. The Company proposes to retain the current authorized 50-year ASL with an SQ curve. (See Exhibit CRC-1, page 547).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that there is very little retirement activity; therefore, its actuarial analyses do not produce "very good results." It then identifies the industry range as falling between 40 and 75 years. Thus, based on industry information, Mr. Clarke selected a value near the low end of the industry range.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. Again, the Company's proposal is biased towards an artificially short ASL. I recommend a 65-year ASL with a corresponding SQ curve.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. My recommendation takes into account the type of investment in Account 359 and a more realistic review of industry information. The Company's investments in roadways, bridges, culverts and trails can and do last longer than 50 years. The limited level of retirement activity, as recognized by the Company, is indicative of longer life spans for such investments. Moreover, prior recommendations and documentation from Mr. Clarke call into question the credibility of Mr. Clarke's current proposal in this case. For example, in an SCE proceeding, Mr. Clarke stated that the industry average was "60 years." (See California Public Utilities Commission Application 02-05-004; Results On Operation, Chapter XI workpapers). In other recent cases where Mr. Clarke testified on the topic he supported a 65-year and 70-year ASL for NPC and SPPC, respectively. (See PUCN Docket Nos. 06-11023 and 05-10006, respectively). Mr. Clarke relied on the same industry range in the Nevada cases where there was no retirement activity, thus clearly demonstrating his reliance on industry information, and there he elected 65 and 70-year ASLs.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $699,372 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 362 – DISTRIBUTION STATION EQUIPMENT?

A. The Company proposes to increase the existing ASL from 38 years to 41 years, but retain the R1.5 Iowa Survivor Curve. (See Exhibit CRC-1, page 560).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company recognizes that there is considerable retirement activity for this account and claims that the actuarial analysis "showed lives between 40-50 years." The Company further states that the industry average for this account is 45 years. Therefore, based on "these life indications" the Company proposed a nominal increase in ASL.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is again artificially short and must be increased. I recommend a 48-year S0 life-curve combination.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. As shown on Exhibit__(JP-6) page 5 of 15, a 48 S0 life-curve combination better matches the Company's actual OLT through about 30 to 31 years of age. This age bracket of the OLT represents the most significant and substantial portion of the OLT. In fact, my recommended life-curve combination better fits the OLT for all points corresponding to 90% of the initial dollar level of exposures. (See Exhibit CRC-1, page 563). Even though my recommendation begins to deviate from the OLT past approximately 33 or 34 years of age, the importance of this area of the curve fitting process is greatly diminished and cannot overcome the better matching portion of the curve form ages 0 through the low 30-year range. Additionally, this is an account that contains a wide array of investments. For most utilities and FP&L, transformers comprise the largest single component within this account and are normally expected to have longer ASLs. Thus, the "tail" or end of the OLT, which is where my recommendation begins to deviate from the OLT, most likely reflects the retirement activity associated with the smaller and shorter lived components of the account. It is anticipated that, as additional time passes and additional plant exposures work down through the OLT, there will be further increases in ASL.

From an industry standpoint, it is worth noting that Mr. Clarke recently recommended a 50-year ASL in both the previously noted NPC and SPPC cases. Further, in its current case Oncor proposed increasing its ASL to 48 years, while the staff of the PUCT recommended further increases up to 50 years. (See PUCT Docket No. 35717 Exhibit DAW-S-1 page 141 and Staff witness Srinivasa Direct Testimony at page 24). In addition, Mr. Clarke's industry average is actually 46 years, not 45 years. (See OPC's First Depr. Interrogatories No. 75). Finally, when outliers are removed from the database, the industry average increases to 48 years. Thus, as time passes the industry is moving toward longer ASLs, which confirms the reasonableness of my recommendation.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $5,860,004 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 364 – DISTRIBUTION POLES, TOWERS AND FIXTURES?

A. The Company proposes to increase the current 34-year ASL to 37 years and change the dispersion pattern from a R1.5 to an R2 Iowa Survivor Curve. (See Exhibit CRC-1, page 569).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. First, the Company states that most poles in the system are concrete, and those wood poles that remain in the system that are not being replaced are subject to life extension programs. The Company then states it performed various actuarial analyses and, based on its interpretation of the results, identified ASLs from 38 to 40 years. The Company next noted that the industry range is 35 to 55 years, with an average for the industry of

42 years. Based on these various items of information, the Company proposed its 37-year ASL.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal results in an artificially short ASL. Therefore, I recommend a minimal increase in ASL to 41 years with a corresponding R1.5 Iowa Survivor Curve.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. As on Exhibit__(JP-6), page 6 of 15, the 41 R1.5 life-curve combination is a superior fit to the OLT than is the Company's proposed 37 R2 life-curve combination. Thus, from a purely statistical standpoint, Mr. Clarke has significantly underestimated the reasonable ASL for this account.

Turning to other factors or considerations, Mr. Clarke's proposal can further be demonstrated to be artificially short. First, that his statement that most poles in the system are concrete poles is incorrect. The vast majority of poles in the Company's system are wood poles. (See OPC's First Depr. Interrogatories No. 61). Next, the Company recognizes, but does not appear to incorporate, the expected impact of its programs to extend the life of wood poles that are not being replaced. In other words, the historical statistical analysis is more representative of the life expectancy of poles that do not have the benefit of the program in place to extend the life of existing poles. Thus, a longer future expected ASL would be appropriate in comparison to the best statistical fit of historical data. In addition, approximately 18% of the current investment in this account is associated with concrete poles. (See OPC's First Depr. Interrogatories

No. 61). Concrete poles can be expected to have a longer ASL than wood poles. This situation requires further recognition that the future expected ASL for the investment in this account should be longer than the best statistical results based on historical analyses.

Industry information also reaffirms a longer ASL than proposed by the Company. In his two recent testimonies on behalf of Nevada utilities, Mr. Clarke proposed increases in ASLs up to 50 years for NPC and 45-years for SPPC. (See PUCN Docket No. 06-11023 and 05-10006 for NPC and SPPC, respectively). In addition, Mr. Clarke recognizes that the low end of the industry range is 35 years, which means his proposal for a 37-year ASL is minimally above the low end of the industry range. This is significant given that the industry average, as recognized by Mr. Clarke, is 42 years--or 5 years longer than he proposes for the Company. These additional facts relating to industry information support and confirm that a higher ASL is appropriate. In fact, the information demonstrates that my recommendation is conservative and that an even higher ASL is appropriate. Thus, based on (1) historical data, (2) recognition of the types of investment, (3) the life extension program, and (4) industry data, a longer ASL is warranted.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $13,188,572 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 365 – DISTRIBUTION OVERHEAD CONDUCTORS AND DEVICES?

A. The Company proposes to increase the ASL from 35 to 40 years and change the dispersion pattern from a S0.5 to a S0 Iowa Survivor Curve. (See Exhibit CRC-1, page 577).

Q. **WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?**

A. The Company performed an actuarial analysis and based, on its interpretation, asserts that the analysis indicated ASLs falling between 35 and 45 years. The Company also reviewed industry data and noted a range from 25 to 55 years, with an average around 44 years. Based on these items of information, the Company then selected the 40-year ASL.

Q. **DO YOU AGREE WITH THE COMPANY'S PROPOSAL?**

A. No. The Company's proposal understates the appropriate level of ASL for this account. Therefore, I recommend a minimal increase of 3 years to a 43-year ASL, with the same S0 Iowa Survivor Curve.

Q. **WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

A. First, as shown on Exhibit__(JP-6) page 7 of 15, the 42-year ASL is a better fit of Company specific historical data than is Mr. Clarke's proposed 40-year ASL. Thus, based on the actuarial analyses that constitute the Company's main basis for its proposal, a longer ASL is warranted.

Moreover, if the 20-year experience band actuarial results were relied upon, the ASL would have to be increased to 46 years, as shown on Exhibit__(JP-6) page 8 of 15. The 20-year experience band for this account yields an increasing ASL. This result affirms that an increase above the Company's proposed 40-year ASL is warranted, and that my recommended 43-year ASL is very conservative.

Industry information confirms that an even longer ASL than the 43-year level I recommend would be warranted. First, Mr. Clarke notes that the industry average is 44 years or appreciable longer than his proposed 40-year ASL. Further, when the industry data is reviewed one finds: (1) that the medium is 46 years, (2) the mode is 48 years, and (3) that all but one of the ASL values based on studies during the past 5 years were 40 years or longer with an average of 45 years. In other words, a mid 40s ASL is more indicative of industry averages.

The lengthening of life expectation by the industry is captured by Mr. Clarke's own testimony in Nevada. In two recent Nevada cases, Mr. Clarke recommended increasing the ASL for NPC from 45 years to 50 years. Mr. Clarke also testified to a 55-year ASL in his recent testimony on behalf of SPPC. (See PUCN Docket No. 06-11023 at Statement A (1) (d) page 5 of 5, and PUCN Docket No. 05-10006 at Statement A (1) (a) page 2 of 4, respectively).

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $5,026,679 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 3676.6 – UNDERGROUND CONDUCTORS AND DEVICES – DUCT SYSTEM?

A. The Company proposes to retain the existing 38-year ASL along with a S0 Iowa Survivor Curve.

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that the actuarial results "were good and indicated the currently authorized service life of 38 looks about right." (See Exhibit CRC-1, page 599). The Company also stated that industry data suggested a 28 to 53-year ASL with an average around 39 years.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. While the Company was satisfied with its 38-year ASL selection because it "looks about right," a better fitting result is a 40 L1, as shown on Exhibit (JP-6), page 9 of 15. This is the life-curve combination that I recommend.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. As previously noted, a 40 L1 life-curve combination is a better fit to the OLT. In particular, it is the superior fit to the OLT through the first 12 to 13 years of age, and corresponds to exposures ranging from approximately $400 million up to $1.4 billion. For the next handful of ages, the Company's proposal is a better fit to the OLT with exposures ranging from approximately $159 million up to approximately $370 million--or substantially less than the level of exposures at the top or head of the OLT. Thereafter, the Company's proposal and my recommended life-curve combinations are approximately equal through the balance of any meaningful level of exposures. Thus, a longer ASL is warranted by an analysis of historical data.

Turning to industry data, the Company's presentation reflects a combination of all types of investment in Account 367, while its analysis segregates the investment between Duct Systems and Direct Buried Underground Conductors and Devices. A review of the Company's industry data shows a wide dispersion indicative of the type of investment in Account 367, and the problems that have plagued early Underground Buried Cable that had to be replaced long before the initial anticipated service life. Thus, it appears recognition of the more current plant vintages for Account 367 would indicate an average ASL around 50 years, while those utilities that may have a disproportionate level of older problematic investment in this account have an average ASL around 32 years. The longer average ASL is indicative of the type of investment that should be at issue in this proceeding.

Considering that tree retardant cable now comprises over 22% of the investment in the account, some recognition of additional ASL for the future is appropriate. The 40-year ASL I recommend is the better statistical fit and gives some additional recognition to the higher level of tree retardant underground cable reflected in plant and service.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. My recommendation results in a $2,238,822 reduction to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 367.7 – DISTRIBUTION UNDERGROUND CONDUCTORS AND DEVICES – DIRECT BURIED?

A. The Company proposes to slightly increase the ASL from the current level of 34 years to 35 years. The Company further proposes to modify the dispersion pattern from an R2.5 to a R2 Iowa Survivor Curve. (See Exhibit CRC-1, page 605).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that the life of direct buried cable will be limited by the corrosion of the concentric neutral on the outside of the cable that was not always jacketed. The Company further performed actuarial analyses which indicated an ASL greater than the existing 34-year level. Finally, the Company references industry data ranging from 29 to 53 years, with the average for the industry being around 39 years. (*Id.*).

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is short on information. It reflects an artificially short ASL.I recommend a minimal increase in the ASL to 43 years with a corresponding S0.5 Iowa Survivor Curve.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, as shown on Exhibit__(JP-6) page 10 of 15, the Company's proposed 35 R2 life-curve combination is *not* the best fitting curve. The 43 S0.5 life-curve combination that I recommend is a superior fit to the Company's proposal at all but a handful of ages. Those exceptions correspond to ages from about 13 ½ years to 18 ½ years of age. Thus, during the initial 12 ½ years of age and all ages beyond approximately 18 1/2 years, the 43 S0.5 life-curve combination is a better fitting curve. Significantly, the 43 S0.5 is superior during the most meaningful portion of the OLT, where exposures range from approximately $313 million up to $494 million. Finally, even in the handful of years where the Company's proposal is a better match than my recommendation, it can be seen that the differential is not that great and does not overcome the remaining poorly fitting portions of the curve.

Another view of historical data also supports a longer ASL. That different point of view is from the actual annual level of retirement activity experienced by the Company. From 1999 through 2002, the Company experienced $2.5 million to $6.1 million of annual retirement activity. (See OPC's First Depr. Interrogatories No. 64 at Attachment 1). However, from 2003 through 2008 the retirement level declined dramatically, ranging from a low of $10,000 to a high of $213,000 annually. (*Id.*). Given that the investment in this account as of the end of 2009 is projected to be $427 million, even the higher level of retirement activity experienced from 1999 through 2002 would not necessarily be indicative of a life as short as the 35 years proposed by the Company. However, with the slowing trend in retirement activity exhibited during the past 6 years, the level of ASL expectations should be increased farther.

The Company asserts that industry information indicates an average ASL of around 39 years, or 4 years greater than the Company's proposal. However, when testifying in Nevada, Mr. Clarke recently recommended an ASL as high as 50 years for this account. (See PUCN Docket No. 05-10006 SPPC). Further, when data for the most recent 5 years is analyzed, the industry average increases to 42 years. (See OPC's First Depr. Interrogatories No. 75). Thus, industry information confirms my recommendation.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation is a reduction of $1,613,351 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 368 – DISTRIBUTION LINE TRANSFORMERS?

A. The Company proposes to increase the current 31-year ASL to 32 years and change the dispersion pattern from a L2 to a L1.5 Iowa Survivor Curve. (See Exhibit CRC-1 page 613).

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. The Company relied on the results of its actuarial analysis, which it interpreted to be "around 32 years." The Company also referred to industry data and stated that the industry range was "between 26 and 45 years, with an average around 36 years."

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal again is artificially short. I recommend a very conservative but limited increase in ASL to 34 years with the same L1.5 Iowa Survivor Curve as proposed by the Company.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. My recommendation is based on a review of the actuarial analyses, and industry information for confirmational purposes. In addition, while my recommendation does not incorporate a further upward movement in ASL due to several large infant mortality occurrences, such occurrences do raise the specter that the events have artificially distorted the historical actuarial results and resulted in an artificially low ASL.

As can be seen on Exhibit__ (JP-6) page 11 of 15, the Company's proposal is based on an interpretation of actuarial results that sacrifices better fitting results for ages generally less than 24 ½ years for better fitting results thereafter. As previously discussed, it is more important to match the significant level of exposures that have occurred in the mid-to-upper portions of the OLT than it is to do so at the "tail" portion of the OLT. In this particular instance, the 34-year ASL that I recommend is a better fitting or comparable fitting curve for exposures of approximately $305 million up to $2 billion. (See Exhibit CRC-1, page 615). Only beginning at the approximate age of 24 ½ years, where the exposures dropped to $261 million, does the Company's proposal represents a better statistical fit.

The historical data includes several data points that appear to be atypical and representative of infant mortality. For example, at 1 ½ years of age the historical database includes a $15.7 million level of retirement activity. The remaining historical data does not indicate a level that high until the age of 18 ½ years, a significant difference in age given the proposed ASL. In other words, a $15.7 million retirement occurred at an age of less than 5% of the proposed ASL, and this dollar level of retirement was not exceeded in magnitude until approximately 58% of the proposed ASL (18.5/32). In addition, at age 2 ½ the Company reported $10.9 million of retirements. This value is not exceeded until age 11 ½ is reached. This is precisely the type of data that a depreciation analyst should investigate before making final predictions of the future.

Given this situation, the Company was requested to explain the underlying causes for such unusual infant mortalities and why it believed that this level of retirements at such early ages was indicative of future retirements. (See OPC's First Depr. Interrogatories No. 65). The Company admitted that no specific analysis had been performed on the data, as all data points were utilized. In other words, the Company assumed that the future would be a match of historical data, without performing any analysis to determine if this assumption was appropriate or valid in this particular instance. While I did not rely on a modified historical database for my recommendation, the normalization of such infant mortalities would cause the entire OLT to shift upward and result in a longer ASL than the 34-year level I recommend. This demonstrates the conservative nature of my recommendation.

Turning to industry data for confirmation, it is clear that the 34-year ASL I recommend is closer to the industry average than is the Company's proposed 32-year level. Moreover, when Mr. Clarke testified in Nevada in two recent rate proceedings he recommended a 38-year ASL for NPC and a 45-year ASL for SPPC. (See PUCN Docket No. 06-11023 and 05-10006 for NPC and SPPC, respectively). Thus, Mr. Clarke's recent experience supports substantially longer ASLs than he proposes in this proceeding. In addition, when the results of studies performed in the last 5 years are reviewed, the industry average increases to 40 years. (See OPC's First Depr. Interrogatories No. 75). Thus, there can be little doubt from an industry standpoint that Mr. Clarke's interpretation of Company-specific data understates reasonable expectations for investment in this account.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation is a reduction of $3,808,140 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 369.7 – DISTRIBUTION SERVICES – UNDERGROUND?

A. The Company proposes to retain the current 34 R2 life-curve combination. (See Exhibit CRC – 1, page 629).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company identified what it believes are common causes of retirements, such as third party damage, breakdown of insulation, conditions during installation, customer requirements, and soil conditions. The Company then states that while it performed an actuarial life analysis, it believes the results of the analysis "show very long lives." The Company also indicates that the industry range is from 30 to 45 years. The Company concludes by stating that it elects to "this time, *ignore the extremely long lives* from the analysis." (Emphasis added).

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is flawed and results in an artificially low ASL. I recommend a 41 S0.5 life-curve combination.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. As shown on Exhibit__(JP-6), page 12 of 15, the best fitting curve through the meaningful portion of the OLT does not result in a "very long" ASL, as the Company asserts. My recommendation is an excellent fit through the first 13 ½ years of age of the

OLT. At that point, both the Company's proposal and my recommendation deviate from the OLT. The deviation is not significant, given that the magnitudes of many of the data points approaching the end of the OLT are based on limited levels of exposures. As additional activity occurs in the future, the lower or tail portion of the OLT will have a significant propensity to deviate from its current position and at that time may better match my recommendation for that portion of OLT. The key information to be obtained from the OLT is that realistic *life* expectations can be obtained from the actuarial analysis. The results of the actuarial analyses and the appropriate curve fitting exercise should not have led the Company to "ignore" the information.

In an effort to test the validity of my recommendation, I reviewed industry information. The Company says it believes the industry range for ASLs is from 30 to 45 years. What the Company did not state is that the average for its industry database is 39 years. My recommended 41-year ASL is only two years higher than the Company's industry average level, while the Company's proposal is 5 years lower than the industry average. My 41-year recommended ASL is reasonable and appropriate given Company specific data. There is no reason not to increase the ASL at this time.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. My recommendation on a standalone basis results in a $4,160,079 reduction in annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 370 – DISTRIBUTION METERS?

A. The Company proposes to increase the existing ASL from 34 to 36 years and change the dispersion pattern from a S2 to a R2.5 Iowa Survivor Curve. (See Exhibit CRC-1, page 635).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that the results of its actuarial analyses indicate lives of 35 to 39 years, and that industry values range from 20 to 43 years, with an average of 30 years. The Company then concludes that based on actuarial analyses a slight increase in ASL is warranted.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. Based on actuarial analyses, a longer ASL is warranted. I recommend a 38 S1.5 life-curve combination.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. The life-curve combination proposed by the Company is not the best fit to the OLT. As shown on Exhibit__(JP-6) page 13 of 15, a 38 S1.5 life-curve combination through the first 22 ½ years of age is a better fit. From approximately 23 ½ years of age through about 34 ½ years of age, both the Company's proposal and my recommendation are very similar. From 35 ½ years of age and thereafter, my recommendation again becomes a better fitting curve; however, the level of plant exposures drops to a less meaningful level. No weight should be assigned to this area in the selection process. Based on Company-specific data, an increase in ASL to 38 years is warranted.

From an industry standpoint, both the Company's proposal and my recommendation fall within the range of other utilities. However, for this particular account, given the types of meters and the different meter replacement programs and maintenance practices of other utilities, only limited weight should be assigned to industry comparative data. The result of actuarial analyses should be the driving factor.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation is a reduction of $1,504,782 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 373 – DISTRIBUTION STREET LIGHTING AND SIGNAL SYSTEMS?

A. The Company proposes to increase the currently authorized 20-year ASL to 30 years and to change the dispersion pattern from a S-0.5 to a R0.5 Iowa Survivor Curve. (See Exhibit CRC-1, page 653).

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. The Company asserts that its actuarial analyses produced ASLs between 30 and 35 years. In addition, the Company refers to other utilities and identifies an ASL range of 22 to 45 years. From these items of information the Company concludes that the life analysis clearly supports an increase in ASL.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal again results in an artificially short ASL. I recommend increasing the ASL to 35 years with a corresponding L0 Iowa Survivor Curve.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. My recommendation is based upon my analysis of Company-specific data. As shown on Exhibit__ (JP-6), page 14 of 15, the 35 L0 life-curve combination that I recommend is a better fitting curve selection through the first 10 ½ years of age. From that point through approximately 28 ½ years of age, the Company's proposal and my recommendation are basically the same. From that point onward, my recommendation fits the data much better. However, the levels of retirement exposures at that point are much less significant than in earlier periods. In addition, the 20-year experience band (1988-2007) actuarial results produce an OLT that indicates an even longer ASL. The indication of a longer ASL, based on the more current experience band, is significant given the changing technologies and types of lighting associated with street lights (e.g., incandescent to mercury vapor to sodium vapor). The changes in technology have resulted in shorter ASLs due to technologically driven replacement activity. The more current experience bands place less significance on some of the initial changeouts in types of lights. Absent new technology again causing accelerated change outs in the near term future, the results of the 20-year OLT should be recognized. Given that the Company has not identified any new technologies, , the 35 L0 life-curve combination that I recommend is a conservative estimate at this point in time.

From an industry standpoint, a review of the Company's data indicates that more current depreciation studies indicate ASLs in the mid-30-year range. Thus, industry average information indicative of more current studies further confirms the reasonable and conservative nature of my 35-year ASL recommendation.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation is a reduction of $751,011 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 390 – GENERAL PLANT STRUCTURES AND IMPROVEMENTS?

A. The Company proposes to increase the existing ASL from 38 years to 50 years and to modify the dispersion pattern from an S1 to a R1.5 Iowa Survivor Curve. (See Exhibit CRC-1, page 661).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company references actuarial analyses which yield ASLs "around 50 years," and then refers to industry information as being between 40 and 50 years.

Q. DO YOU AGREE WITH THE COMPANY'S RECOMMENDATION?

A. No. The Company's proposal again understates the realistic and reasonable ASL for this account. I recommend a minimal increase in the ASL to 56 years, along with an S0 Iowa Survivor Curve.

Q. WHAT IS THE BASIS FOR YOUR PROPOSAL?

A. As shown on Exhibit__ (JP-6) page 15 of 15, the 56 S0 life-curve combination I recommend is a better fit than the Company's proposal. In fact, through the first 10 ½ years of age my recommendation is clearly a better fitting curve. From 11 ½ years through most of the rest of the curve, the Company's proposal and my recommendation are reasonably similar. Thus, from an analysis of Company-specific data, my recommendation is superior.

In addition, one has to consider the underlying investment which comprises this account. The Company notes that the investment in this account ranges from buildings to yard lights. However, while buildings represent the majority of investment in this account, buildings do not appear to be reflected in the historical retirement activity. The historical retirement activity is comprised mostly of ancillary building components, such as roofs, air conditioning systems, lighting systems, etc. In fact, 10 buildings reflected in this account comprise approximately 64% of the investment. (See OPC's First Depr. Interrogatories No. 33 corrected). The two largest buildings, from a dollar and size standpoint, are concrete buildings and as such can be expected to last much longer than the Company's proposed 50-year ASL. Accordingly, from an investment mix standpoint, a longer ASL than the Company's proposed 50-year level is well warranted.

Moreover, the OLT based on the most recent 20-year time frame further indicates that an even longer ASL is warranted. Reliance on the more recent experience band gives greater weight to the largest and newest office buildings in this account, which by themselves comprise over 40% of the investment. This analysis confirms that my recommendation is conservative.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation is a reduction of $1,022,803 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 392.01 – GENERAL PLANT AIRCRAFT – FIXED WING?

A. The Company proposes to continue the existing 7-year SQ life-curve combination. (See Exhibit CRC-1, page 669).

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. Mr. Clarke simply states that the 7-year life the Company is currently using "appears reasonable after discussions with Company personnel." Further, in response to a specific interrogatory seeking "all support and justification" for the Company's proposal, the Company stated that its proposed 7-year ASL is "based on FPL's experience with such aircraft." (See OPC's First Depr. Interrogatories No .72).

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is inadequate on its face, based on the Company's actual experience. I recommend increasing the ASL to 9 years with a corresponding R5 Iowa Survivor Curve.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. I agree with the Company that a meaningful actuarial life analysis is not possible, given the information provided. However, review of the historical data clearly identifies only three vintages of plant associated with this account, with approximately 50% of the investment being associated with the 1999 addition. (See Exhibit CRC-1, page 671). The Company admits that there have been no retirements in this account subsequent to 2007. This fact clearly establishes that the life of the oldest and largest vintage *already exceeds* the Company's ASL proposal. In other words, if the Company's presentation and support were reasonable, the 1999 plant addition should have been retired during 2006. That implied or expected retirement did not take place. A longer ASL is warranted.

Moreover, if the Company's proposal was accurate or reasonable, the Company's second year of additions (there are only three) would have to be retired by the time this case goes to hearing. The Company has provided no indication that it has or intends to retire that fixed wing aircraft. Therefore, two out of three years of additions have exceeded the Company's proposal. Here, an ASL longer than 7 years not only is realistic; it is mandatory in order to match reality. The Company's statement that the 7-year life "is based on FPL's experience with such aircraft" is simply *wrong*. Therefore, based on the information available, I recommend a 9-year R5 life-curve combination. This recommended life-curve combination is conservative, in favor of the Company.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $372,741 to annual depreciation expense. In fact, given that the Company has proposed a *zero* level of depreciation expense for this account, due to the fact that it is already fully accrued, my recommendation results in a negative depreciation expense. Negative depreciation expense is not uncommon and simply represents the return to customers of prior over collection.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 392.02 – GENERAL PLANT AIRCRAFT – ROTARY WING?

A. The Company proposes a 7 SQ life-curve combination. (See Exhibit CRC-1, page 672).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company did not perform an analysis. It held discussions with Company personnel who asserted that a 7 SQ life-curve combination "appears reasonable." In addition, the Company responded to an interrogatory seeking "all support and justification" for its proposed life-curve combination by stating that its entire basis rests on discussions with Company personnel and their belief that the proposal is "proper".. "based on experience." (See OPC's First Depr. Interrogatories No. 73).

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. Just as the Company's proposal was artificially short for fixed wing aircraft, it is equally inadequate for this account. I recommend the same 9 R5 life-curve combination as I did for the fixed wing aircraft subaccount.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. The "experience" to which the Company refers does <u>not</u> match a 7 SQ life-curve combination. The "experience" to which the Company refers to for its last retirement of a rotary wing aircraft yields a 10-year life span. (*Id.*, at e). The actual "experience" of the Company supports my recommendation and is contrary to the Company's proposal.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $178,336 to depreciation expense.

XI. MASS NET SALVAGE

A. Introduction

Q. WHAT IS NET SALVAGE?

A. FERC's Uniform System of Accounts ("USOA") defines various salvage related terms as follows:

"Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material is recoverable is chargeable to Materials and Supplies, or other appropriate amount.

"Cost of removal" means the cost of demolishing, dismantling, tearing down or otherwise removing gas plant including the cost of transportation and handling incidental thereto.

One additional definition is required order to properly follow the USOA Electric Plant Instructions. That definition is for "Replacing" or "replacement," and is as follows:

"Replacing" or "replacement," when not otherwise indicated in the context, means the *construction or installation* of electric plant in place of property retired, *together with the removal of the property retired.*" (Emphasis added).

In other words, "net salvage" is simply the value received for the sale, reuse, or reimbursement of retired property (gross salvage), less the cost of retiring such property (cost of removal), whether the retirement reflects demolition of the item of plant or only the accounting transaction for retiring an item of property in place (abandonment). Limited or no costs of removal should occur with replacement activity. This situation conforms to USOA Electric Plant Instructions 10B(2). That instruction recognizes cost of removal being "appropriate" when not accompanied by replacement activity. However, the crediting of the plant account for the retirement shall occur, with or without replacement.

Q. CAN YOU ILLUSTRATE "NET SALVAGE" USING AN ACTUAL FPL EXAMPLE?

A. Yes. For Account 364, Distribution Poles and Fixtures, the Company has requested a negative 125% net salvage. This means FPL assumes that removing a pole will impose a net cost on FPL that exceeds by 25% the original cost of buying and installing the pole! Given the plant balance of $878 million, the Company's proposed net salvage figure would result in approximately $1.1 billion of depreciation expense over the life of the investment *above* the recovery of the original $878 million investment. (See Exhibit CRC-1, page 473.) The proposed annual depreciation rate for this account to recover all proposed amounts, both investment and net salvage, is 7.35%. If one assumes the scrap value of the pole at retirement is exactly offset by the cost of removing it, in other words, a zero level of net salvage, the annual depreciation rate falls to only 2.21%. The difference in rates that would be applied to the $878 million plant balance corresponding to the different net salvage assumption results in over $45 million of additional annual revenue requirements for this account alone.

Q. WHAT PERIOD HAS THE COMPANY CHOSEN TO ANALYZE TO DERIVE ITS NET SALVAGEVALUES?

A. The Company has analyzed a 22-year period, 1986 through 2007.

Q. HAVE YOU REVIEWED ALL OF THE INFORMATION PRESENTED BY THE COMPANY IN SUPPORT OF ITS NET SALVAGE REQUEST?

A. Yes. The information provided is inadequate to support or demonstrate the appropriateness of its request for an overall *negative 31%* net salvage for electric transmission, distribution and general property. (See Exhibit CRC-1, page 473). FPL's 2007 Study includes $4.3 billion for negative net salvage related to electric mass property over the life of the investment. FPL's requested negative net salvage requires approximately $151 million of annual revenue requirements as compared to a zero (0) level of net salvage.

Q. PLEASE SUMMARIZE YOUR RECOMMENDATION CONCERNING PROPOSED NET SALVAGE VALUES FOR MASS PROPERTY.

A. FPL's proposed net salvage reflected in the 2007 Study is flawed and insufficiently substantiated. As a result, it proposes excessive levels of negative net salvage. I recommend a reduction to FPL's depreciation expense based on adjustments to its proposed net salvage level for 14 accounts as summarized on Exhibit__ (JP-7). The standalone impact of my net salvage recommendations is a reduction of $68,146,207 in annual depreciation expense.

Q. WHY DO YOU BELIEVE FPL'S PROPOSED NET SALVAGE LEVELS ARE INAPPROPRIATE?

A. There are numerous problems with FPL's proposals. For example, (the following is not intended to be a comprehensive listing):

- Mr. Clarke's analysis generally boils down to nothing more than acceptance of simple arithmetic averages of historical data. The Company and Mr. Clarke have made no meaningful effort to actually identify and understand what is reflected in FPL's historical retirement database from a net salvage standpoint.

- Mr. Clarke fails to investigate the reasonableness of unusually high levels of cost of removal or theoretically impossible negative gross salvage values.

- Mr. Clarke fails to investigate or explain significant changes in net salvage values between the existing and proposed levels. The failure to reasonably explain the underlying reasons for changes that cause revenue requirements to increase by tens of millions of dollars annually for individual accounts is unacceptable.

- Mr. Clarke inconsistently relies on the full 22-year band analyses and 5-year band analyses for some accounts, but only on 5-year or recent 3-year rolling band results from other accounts. This unexplained and inconsistent picking and choosing consistently results in more negative net salvage levels than would otherwise be the case.

- Mr. Clarke has removed the impact of reimbursed retirements from the analyses, even though such events occur on an annual basis throughout the entire 22-year database. They cannot legitimately be considered outliers.

- Mr. Clarke fails to adequately recognize, or recognize at all, the impact that economies of scale will have in the future.

- Mr. Clarke makes no attempt to explain why the historical values relied upon sometimes produce negative net salvage values that are the most negative or among the most negative in the industry. Mr. Clarke chooses to ignore even the possibility that the Company's historical data could be inappropriately skewed simply because it is Company specific.

In summary, when net salvage proposals seek over *$150 million of annual revenue requirements*, the Commission and customers are entitled to a *qualitative* presentation of the basis for net salvage proposals adequate to support the request. FPL has not met this standard with its study. I recommend that the Commission order the Company to develop and present --not just a depreciation study supported by substantial *quantities of paper* -- but a study that is substantiated by *meaningful levels of explanations and analyses* of what caused the retirement, and to determine whether such historical causes are indicative of future expectations. Mr. Clarke's approach of simply claiming that costs have increased can no longer be an acceptable basis for seeking such dramatic increases in annual revenue requirements. The concern I raise is the same concern that was raised at the Annual NARUC meeting this year. I submit that if it is reasonable for the Commission to have previously required substantial documentation and support for assumptions when reviewing forecasts for future resources and loads, then it should demand no less for projections of future net salvage when such net salvage requests seek over $4 billion from customers over the life of the assets. The Company's presentation in this case, even though backed by significant quantities of paper, does not meet the standard. It is important to distinguish quantity from quality of information. Mr. Clarke's meager few-line references to reliance on historical averages and industry information do not constitute a reasonable and appropriate basis upon which to set such substantial levels of revenue requirements.

B. <u>Reliance on Historical Averages</u>

Q. HAS THE COMPANY RELIED ON HISTORICAL AVERAGES EXTENSIVELY FOR ITS NET SALVAGE PROPOSALS?

A. Yes. As can be seen in Exhibit CRC-1, Mr. Clarke's support and justification for his net salvage proposals basically refers to full band and 5-year averages, and in some cases 3-year rolling averages, of the historical data. Mr. Clarke has failed to examine what is reflected in the historical data in order to establish whether relying on such historical data as the basis for his future proposals is reasonable.

Q. WHY IS A REVIEW OF THE UNDERLYING DATA IMPORTANT?

A. For the underlying historical data to be a potentially valid tool for providing indications for the future, it is necessary to determine if it is representative of the current investment. For example, if the historical database reflects an excessive level of retirement activity for breakers, switches, lighting arrestors, etc. for account 353 – Transmission Station Equipment, but understates the net salvage associated with large transformers, then the historical results will yield false or misleading indications of what will transpire in the future.

Q. CAN YOU PROVIDE A SPECIFIC EXAMPLE OF SUCH A SITUATION?

A. Yes. As discussed in more detail later, Mr. Clarke overreacted to a "trend" in the data for Account 353. The "trend" was driven significantly by the cost of removal associated with the retirement of an old *building* filled with asbestos. This type of historical data yielded a severely skewed result for 2007 data. Had Mr. Clarke taken the time to perform even a cursory review of what caused the highest cost of removal percentage in the past 20 years, he may have changed his proposal. This single event is an outlier and should have been excluded from the analysis.

C. <u>Reimbursed Retirements</u>

Q. WHAT ARE REIMBURSED RETIREMENTS?

A. I define reimbursed retirements as a situation in which a third party reimburses the Company for the retirement of plant. For whatever reason, Mr. Clarke specifically refers to reimbursed retirements when dealing with reimbursable <u>relocations</u>. (See OPCs First Depr. POD No. 12, "2008 Salvage File.xls.").

Q. HOW DID MR. CLARKE TREAT REIMBURSED RETIREMENTS?

A. Mr. Clarke removed reimbursable relocation retirements from the Company's database.

Q. IS THERE A PROBLEM WITH THE COMPANY'S DATA ASIDE FROM MR. CLARKE'S MODIFICATION OF THE HISTORICAL DATABASE FOR REIMBURSED RELOCATIONS?

A. Yes. The Company states that all contributions in aid of construction are "allocated between the cost of removal and additions based on the labor estimate for the job." (See OPCs First Depr. Interrogatories No. 28). In other words, the Company contends that amounts received from third parties must be categorized as a contribution in aid of construction, with the intention of not booking such amounts as salvage.

Q. HAS THE COMPANY SUPPORTED ITS HISTORICAL PRACTICES?

A. No. In NARUC Interpretation No. 67, NARUC has identified how such amounts are to be treated. In particular, for any amount received from a third party to be considered as a contribution in aid of construction, it must specifically be designated as such on a *contractual basis*. The Company has failed to demonstrate that its election to allocate all amounts received from third parties as contributions in aid of construction complies with the NARUC Interpretation. In addition, it should be recognized that some companies have begun modifying contracts in order to change the character of the amounts received in association with reimbursement retirement activity. Such artificial modifications should not be allowed.

Q. WHAT DOES NARUC INTERPERATION NO. 67 SPECIFICALLY STATE?

A. NARUC Interpretation No. 67 states the following:

> The cost of plant retirements should be accounted for in accordance with the rules applicable thereto. The cost of new plant should include in the appropriate plant accounts at actual cost of construction. The reimbursement received shall be accounted for (a) by crediting operation and maintenance expenses to the extent of actual expenses occasioned by the pant changes and (b) crediting the remainder to the reserve for depreciation, unless contractual terms definitely characterize residual or specific amounts as applicable to the cost of replacement. In the latter event, appropriate credits should be entered in the plant accounts.

Q. WHAT IS THE IMPACT OF THE PROPER TREATMENT OF REIMBURSED RETIREMENTS?

A. If amounts received from third parties are classified as gross salvage rather than contributions in aid of construction, it will result in a less negative level of net salvage and a reduction in annual depreciation expense. Such treatment does not change net plant or rate base currently.

D. <u>Economies of Scale</u>

Q. IS FPL'S HISTORICAL NET SALVAGE DATABASE REPRESENTATIVE OF WHAT CAN REASONABLY BE ANTICIPATED IN THE FUTURE?

A. No. The Company's historical database, as it applies to net salvage, reflects a situation in which relatively few retirement dollars have occurred compared to the level of retirement activity that will occur in the future on an annual basis. In other words, in future years, as a greater level of the Company's investment approaches its ASL, a larger numbers of investments will retire on an annual basis. The greater level of annual retirements should result in a reduction to the per unit cost of removal as economies of scale are realized. Recognition of this concept belongs in the proper technique to be utilized in any depreciation analysis. By contrast, the Company's approach is more reflective of an analysis of historical data without proper evaluation of future expectations.

Q. ARE YOU AWARE OF ANY SOURCES WHICH CONCUR WITH YOUR CONCEPT OF ECONOMIES OF SCALE?

A. Yes. In its publication "*Public Utility Depreciation Practices*" NARUC indicates, among other things, that while future cost of removal logically may be higher than past costs, this premise does not necessarily indicate that the percentage cost of removal will increase over time. Moreover, the publication acknowledges that as labor costs increase over time, so do the number of items to be removed, thus making it more economical in many cases to invest in special tools, which may actually result in an overall decrease in cost of removal per item removed. This rationale reflects the appropriate depreciation rates to be utilized in the future better than does FPL's blind reliance on history.

E. <u>Account Specific</u>

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 353 – TRANSMISSION STATION EQUIPMENT?

A. The Company proposes a major shift from the existing *positive* 5% net salvage to a proposed *negative* 10% net salvage. (See Exhibit CRC – 1, page 496). Given the size of the account, the Company's proposal increases net salvage costs by over $150 million over the life of the account.

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. The Company asserts that there is a "definite *trend* of increasing cost of removal and decreasing gross salvage rates *in recent years*." (Emphasis added). The Company then refers to the results of historical analyses which range from a negative 1% to a negative 20%. The Company completes its presentation by stating that the industry range is positive 5% to a negative 20%.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal to move from a positive 5% net salvage to a negative 10% net salvage is excessive and unjustified. Therefore, I recommend a zero level of net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. I reviewed the Company's historical database upon which the Company predicates its proposal. The database contains several unusual values in recent years that skew the results to an excessively negative net salvage level. These atypical values drive the Company's initial basis for its significant movement from the existing positive value to its proposed negative net salvage. Further, the Company's proposal fails to analyze the relationship of investment mix versus retirement mix, especially those reflected "in recent years" upon which it based its proposal.

Next, the "trend" of increases in cost of removal, as identified by the Company, is significantly driven by retirements during 2007. (See Exhibit CRC – 1, page 500). The Company failed to investigate why this particular level, which is more than three times the level that has transpired during the prior ten years, is reasonable or typical for estimating future net salvage values. Unlike the Company, I have attempted to investigate the more unusual values set forth in the recent Company database upon which Mr. Clarke relied. The investigation reveals that the Company has reacted – not to a "trend" -- but rather to an unusual event. In particular, the significant increase in cost of removal in 2007 is driven by the retirement of a 1948 vintage building at a substation. (See OPC's First Depr. POD No. 21). The work order associated with this unusual event identifies over $1 million of cost of removal associated with removing the 1948 building "with a high level of Asbestos – Containing Materials (ACM)." In other words, the 2007 cost of removal results for this account, which is heavily weighted from an investment standpoint towards *transformers*, yields a false signal of cost of removal because a single very old *building* at a substation that contained very high levels of asbestos had to be removed. This retirement is not representative of the type of investment in the account. It also represents a non-recurring event, as asbestos became a known carcinogen in the late 1970s. Any investment in substation buildings in the last 30 years should not contain asbestos, and would not have the same cost of removal impact when retired in the future.

Next, further investigation of the remaining identifiable retirements in 2007 and 2005, the years in which there were unusual levels of cost of removal or gross salvage, yields more indications that the information is atypical. First, the retirement activity in both years is significantly overweighted with the retirement of breakers and switches, and underweighted in the retirement of large transformers. (See OPC's First Depr. Interrogatories No. 32). In fact, the retirement level of breakers and panels during those years is double its investment relationship, while transformer retirements are 1/3rd of its investment relationship. The retirement of breakers and switches normally would not be anticipated to provide any appreciable level of gross salvage, if any, and should result in higher per unit cost of removal compared to transformers. On the other hand, given their copper content, transformers would normally be anticipated to produce possibly positive levels of gross salvage. Thus, the specific information relied upon by the Company to make its significant movement in net salvage for the existing positive level is precisely what should not be relied upon, and I anticipate would not have been relied upon had the Company performed any form of detailed investigation of these atypical events.

I observe also that the Company's presentation in its depreciation study and its responses to discovery requests are inconsistent. In particular, the Company begins its basis for its proposal by referencing the "trend" in recent years, which clearly establishes the process it selected for its study. However, when specifically questioned regarding why certain recent events appear to be atypical, the Company responded by stating that information derived from "all years and bands was used to determine future net salvage for the account." (See OPCs First Depr. Interrogatories No. 51 (b)). The Company continues in its response by stating "years that looked abnormal were given less weight in the analysis." Yet, the year with the highest level of cost of removal in the last 15 years was actually given greater, not less, weight, and the gross salvage during 2005, which is part of the recent activity relied upon by the Company reflects a *negative gross salvage*. (See Exhibit CRC – 1, page 500). A "negative <u>gross</u> salvage" means an item is worth less than zero, before any consideration of removal costs. Under accurate record keeping negative gross salvage is, in theory, impossible. (Try to visualize a person who weighs minus forty pounds, or a glass that contains minus six ounces of water.) If the Company accounted for its transactions inaccurately, then obviously the negative gross salvage value represents correction of multiple years of inaccurate prior accounting transactions. However, there can be no question but that a negative gross salvage of $3 million must be considered "abnormal." A failure to investigate unusual values should not be allowed to default to a conclusion that relying on such values will still produce a valid result.

Finally, from the industry information presented by the Company, the industry average is approximately a negative 5%. However, most of the industry data relied upon corresponds to studies performed during periods when copper and other scraps of metal prices were much lower than they are today. It must be noted that copper prices today are one half the level they were last year before the world wide economic downturn. At some point, the economies of China and India will return to prior growth levels that resulted in the appreciable increase in copper and other scrap metal prices. When the industry average is viewed on a more normalized basis, my recommended zero level of net salvage is a realistic and appropriate value at this point in time.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $3,731,047 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 354 – TRANSMISSION TOWERS AND FIXTURES?

A. The Company proposes to retain the existing 15% negative net salvage. (See Exhibit CRC – 1, page 510).

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. The Company claims that *towers* are usually disassembled and palletized, then shipped to the nearest metal facility as scrap. The Company also states that there has been a general decline in gross salvage percentages and a general increase in cost of removal. However, it does recognize that the data is "sporadic." Next, the Company says that the industry range is from zero to a negative 50%. Finally, the Company states that the overall net salvage experienced during the past 21 years is a negative 17%, which is close to the current authorized negative 15%.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal yields an excessive level of negative net salvage. Therefore, I recommend a zero level.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. The Company's historical database is significantly affected by the reported values in 2006. (See Exhibit CRC – 1, page 512). In fact, this one year represents 79% of the *entire* 22-year net salvage total. Yet, when the 2006 values are investigated, one finds unusual and unexplained data manipulation. First, the Company's 2007 Study identifies only $114,809 of retirement activity in 2006. (See Exhibit CRC – 1, page 512). However, the Company also identifies $5,267,642 of actual retirements for this account in 2006. (See OPC's First Depr. Interrogatories No. 3, Attachment 7, file "Stat206f.xls"). Upon investigating the input data to the Company's depreciation model, one finds that the Company inexplicably coded the vast majority of the $5 million plus retirement in 2006 as outliers. (See OPC's First Depr. POD No. 12, 2 of 5). Thus, the Company removed $5,152,833 of retirement activity which would have reduced the reported negative 192% net salvage to only a negative 4% net salvage had the amount been included. I also investigated the $220,453 of cost of removal reported for 2006. It conflicts with other provided data. In fact, the Company reports the cost of removal in 2006 for this account as a negative $267,296. (See OPC's First Depr. Interrogatories No. 3, Attachment 7, file "Stat206f.xls"). Thus, when the underlying component of the database that the Company relied upon to retain its negative 15% net salvage is investigated, both the retirement and the cost of removal are inconsistent with other reported data -- without any explanation. Eliminating this one year of questionable data would result in an overall negative 4% net salvage rather than the Company's reported negative 17%.

Turning to the Company's response to an inquiry regarding why the cost of removal in 2006 was incurred, the Company said that the vast majority of the claimed cost of removal was associated with the replacement of 12 *cross braces on* 500 KV structures. (See OPC's First Depr. Interrogatories No. 57). Here, the Company attempts to portray the removal of 12 cross braces at possibly a single tower that may have resulted in an unusually high level of negative net salvage as being representative of what will transpire to the entire investment in this account in the future. The assumption is unsubstantiated and inappropriate, given the additional care that undoubtedly must be taken to replace portions of towers while not denigrating the integrity of the entire structure during the replacement process. Moreover, the cross braces represent only 8% of the investment in the account, but represented 33% of the retirements reflected in the

Company's modified database, thus skewing the results. (See OPC's First Depr. Interrogatories No. 32).

Another consideration is the Company's failure to recognize any gross salvage associated with the removal of the 12 cross braces. Given the Company's admission that it "usually disassembled and palletized" material in order to turn over the metal to scrap dealers, some level of gross salvage should have been recorded; however, there is none.

Turning to industry comparative data, the Company identification of a zero to a negative 50% net salvage range is questionable given the timing of the studies. The industry database relied upon is prior to the significant increase in scrap metal prices that peaked during the summer of 2008. While those prices have declined in association with the world wide economic downturn, they are anticipated to increase again as the world economy recovers. Therefore, based on all the above, a zero level of net salvage for this account is appropriate at this time.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $1,281,044 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 355 – TRANSMISSION, POLES AND FIXTURES?

A. The Company proposes to retain the existing negative 50% net salvage. (See Exhibit CRC – 1, page 515).

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. The Company states that removal costs for poles are "expected" to increase due to changes in regulations. The Company also states that the 20-year and 5-year salvage band analyses yield approximately negative 50% results, and that disposal methods usually depend on where each material facility is located, because regulations vary among locations.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal yields excessive levels of negative net salvage. Therefore, I recommend a negative 30% net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. The Company's manipulation of its actual historical data is suspect. First, it must be noted that the Company's actual experience during its 22-year historical database yielded a *positive 4%* net salvage. (See OPC's First Depr. POD No. 12 "2008 Salvage File.xls"). Upon further investigation, the reason for the dramatic difference between what the Company claims in historical data and what actually transpired is that the Company removed what it asserts are "hurricane/major storm" related retirements, "sales/exchange" related retirements, and reimbursed retirements. The reimbursed retirements yielded a significant positive net salvage while the hurricane related retirement yielded approximately a negative 26% net salvage.

The Company's exclusion of reimbursed retirements artificially results in an excessively high negative net salvage and helps explain in part why the Company finds itself in such an over accrued reserve position. Reimbursed retirements realistically could be removed from the analyses if they occurred infrequently and could not be expected to have some meaningful level of reoccurrence in the future. However, my review of the Company's database clearly establishes that the Company annually incurs *significant* levels of reimbursed retirements. Therefore, to eliminate these values as a predictive tool for future events entirely would be inappropriate. While there is always the problem of predicting the annual level of reimbursed retirements, and the corresponding dollar level of reimbursement that will be provided, this situation is no different the prediction of regular retirements in the future.

Turning to the Company's reliance on the results of its 5-year and 20-year historical bands for its basis, further review calls the reliance into question. First, for this account the Company ignores the recent "trend" in the data. That is inconsistent with its proposal dealing with Account 353 – Transmission Station Equipment. For this account, the Company's analysis demonstrates the 3-year band (2005 through 2007) yields only a negative 10% net salvage. (See Exhibit CRC – 1, page 520). However, the Company refers to a 5-year band in this instance with full knowledge that (1) the fifth oldest year in the band yielded the highest negative net salvage percentage during the entire 22-year period and (2) the fourth oldest year in the band reflects a large *negative gross salvage*, a theoretically impossible value. Moreover, limiting the comparison to a 5-year band distorts the fact that had a seven year band been relied upon instead, it would yield an approximate 32% negative net salvage, significantly different from the implied consistent negative 50% level wrongfully implied by FPL's approach.

Another consideration lacking in FPL's approach is the concept of economies of scale. A review of the actual retirement activity in the most recent three years, where there is a trend towards less negative net salvage, reveals that the Company retired 48% more poles on an annual basis than it had in 3 years prior to 2005. (See OPC's First Depr. Interrogatories No. 58). The negative net salvage for the most recent 3 years is 10%, compared to a negative 84% for the 3-year band prior to 2005. The level of poles retired during the most three recent years is more indicative of the type of activity that would be expected given the Company's proposed life-curve combination for this account.

Yet another consideration is the fact that, in contrast to the 2007 Study's claim that typical transmission poles are made of wood (See Exhibit CRC-1, page 515), the Company admits that the majority of its transmission poles are concrete. (See OPC's First Depr. Interrogatories No. 58). Thus, the concern for higher cost of removal associated with retirement of wood poles that had been treated with preservatives is not as great for this utility as it may be for others. One would expect the net salvage level for FPL to be less negative than industry values relied upon by Mr. Clarke, even though his industry database yields an approximate negative 42% net salvage. Thus, from an industry standpoint one would expect a less negative (closer to zero) value for FP&L than the industry average.

In summary, my recommendation is conservative given the data manipulation by the Company, the inappropriate exclusion of any impact associated with reimbursed retirements, the concept of economies of scale, the trend in the data given the magnitude of poles retired, as well as the overall problem the Company has historically experienced by over accruing depreciation expense, which is no different for this account.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $4,329,923 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 356 – TRANSMISSION OVERHEAD CONDUCTORS AND DEVICES?

A. The Company proposes to decrease (make more negative) the existing negative 45% net salvage to a negative 50%. (See Exhibit CRC-1, page 523).

Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSAL?

A. The Company relies on its historical data, both the full 22-year band and the most recent 5-year band, each averaging approximately a negative 50%. In addition, the Company refers to industry data ranging being between a zero level and negative 80% net salvage.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal results in an excessive level of negative net salvage. Therefore, I recommend increasing (making less negative) the existing level of net salvage to a negative 40%.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. The Company again has significantly manipulated the historical database. The Company has removed reimbursed retirements, sales and exchanges, and hurricane related retirements. (See OPC's First Depr. POD No. 12, "2008 Salvage.xls"). The critical issue here is the removal of all aspects of reimbursed retirement activity. A review of the historical data clearly indicates that reimbursed retirements have *occurred every single year* in the historical database. Therefore, the exclusion of such amounts in total is inappropriate and helps explain why the Company has significantly overaccrued depreciation expense historically. The retention of reimbursed retirements in the historical database would decrease the resulting net salvage to a negative 32% level, if fully reflected.

Another consideration is the fact that the Company still has approximately 3% of its conductor associated with copper conductor. (See OPC's First Depr. Interrogatories No. 59, Attachment 1). Thus, given the significantly higher level of scrap metal prices for copper, the future retirement of almost 5 million linear feet of copper conductor should produce significant levels of gross salvage. The percentage level of copper conductor on a linear foot basis is greater than the percentage level of copper conductor on a dollar investment basis. This relationship reaffirms that a disproportionately higher gross salvage per future dollar of retirement should occur.

Another consideration is economies of scale. Given the Company's proposed life-curve combination and the linear feet of overhead conductor in service, one would expect an approximate doubling of the annual level of linear feet to be retired compared to the average for the last 10 years as the conductor approaches the Company proposed ASL.

Finally, turning to industry comparative data for confirmational purposes, the Company's identified range from zero to a negative 80% is less than informative. A review of the Company's information demonstrates that the average associated with this range is a negative 27%. The Company's proposal in this case is approximately double the average negative level that the industry exhibits.

In summary, a less negative net salvage value is appropriate for this account. The reasonable range appears to be from a negative 25% to an approximate negative 40%, based on industry data, the amount of copper wire still in service, partial recognition of reimbursed retirements, and the concept of economies of scale. To remain conservative, I have recommended a minimal change to a negative 40% net salvage.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation is a reduction of $1,506,549 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 364 – DISTRIBUTION POLES, TOWER AND FIXTURES?

A. The Company proposes a negative 125% net salvage. (See Exhibit CRC-1, page 569). While the Company did not identify the existing level of net salvage in the 2007 Study, a review of the FERC Form 1 identifies the existing net salvage at a negative 40%. The Company's proposed change to a negative 125% net salvage represents a negative level more than 3 times greater than the current level.

Q. WHAT IS THE COMPANY'S BASIS FOR SUCH A DRAMATIC CHANGE IN NET SALVAGE?

A. Surprisingly, very little. The Company relied on the results of its 5-year and 20-year averages from its historical net salvage database, further indicating that in some years the cost of removal was as high as a negative 200%, and that gross salvage has diminished to approximately zero. The Company also says that many utilities are experiencing high cost of removal and that the industry range is a negative 10% to a negative 135%. (See Exhibit CRC-1, page 569).

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal seeks approximately $1.1 *billion* of negative net salvage from customers over the life of the investment. In support of a $1.1 billion request, which represents a three quarter of a billion dollar increase from existing rates, the Company has blindly relied upon the results of simple historical averages and the assertion that its proposal falls within its industry range of values. I submit that the Commission and customers are entitled to significantly greater justification for a three quarter of billion dollar increase in costs since the last depreciation study. Therefore, I recommend changing the existing negative 40% net salvage to a negative 60% level.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, it is necessary to place the issue into proper perspective. The Company's request seeks an average of $45.2 million of negative net salvage in annual revenue requirements. ($878,000,000 x $125% / 24.3 year remaining life). This level represents *15 times* the average level the Company has incurred over its entire net salvage database. It also represents approximately *3 times the highest* net salvage value experienced by the Company during the past 22 years. Requests by the Company for such significant deviations from both industry averages and Company experience must be supported by substantial evidence and explanations, which are missing in this proceeding.

Turning to a review of the underlying data, one finds that the Company has significantly manipulated the historical results within its own database. In particular, the Company has removed reimbursed retirements. Such reimbursements, if included rather than excluded from the historical analysis, would reduce the historical results to a negative 62%. (See OPC's First Depr. POD No. 12, "2008 Salvage.xls"). This is significant. The exclusion of data from the historical database should be permitted if it is atypical or nonrecurring. However, my review of the reimbursed retirements indicates it occurs *every single year* within the Company's historical net salvage database. In addition, there is concern regarding the Company's actual accounting practices, as they apply to the booking of costs to cost of removal rather than as additional cost of new replacement additions. To the extent the Company performed such activities, they distort the historical database and lead to inappropriate future expectations.

Another consideration that supports moderating the Company's proposal is the fact that the Company has raised concerns regarding the disposal of wood poles treated with preservatives. What the Company fails to note is that while it has a substantial number of wood poles, the investment in this account is approximately 18% associated with concrete poles that do not contain preservatives. (See OPC's First Depr. Interrogatories No. 61). Moreover, the Company is adding concrete poles at a faster pace on a percentage basis than it is adding wood poles. In the future, concrete-related retirements and investments will comprise a larger component of the Company's activity. Given the Company's stated concern regarding the high cost of removal associated with preservative treated wood poles, the Company's reliance on historical results inappropriately fails to properly capture future expectations for the investment at issue in this proceeding.

Comparative industry data also indicate the Company's proposal is excessive. The Company stated only that the range for the industry is a negative 10% to a negative 135%. The average is only negative 42%, and only one utility in the database has a value in excess of negative 95%. (See OPC's First Depr. POD No. 12, 1 of 5). The most common value reflected in the industry average is negative 45%. Thus, from an industry comparative standpoint, the Company's dramatic change in negative net salvage is unjustified. The significant deviation from the industry average raises further concerns regarding the appropriateness of Company's underlying accounting methods and treatment of data.

Finally, it is only during the past 5 years that the Company has experienced a significant increase in the level of negative net salvage. This period corresponds with the time frame associated with a significant increase in hurricane-related events, which may partially explain what appears to be excessively high negative net salvage levels.

In summary, while my recommendation of a negative 60% is justified based on the presentation provided by the Company as well as industry comparative information, I believe my recommendation is conservative. In fact, the recommended negative 60% net salvage still provides the Company with approximately 7 times the average level of negative net salvage it has experienced over the past 22 years and 138% of the highest level the Company has ever experienced. Thus, the Company is well protected from any underrecovery that it might claim it could experience during the next several years until the Company's next depreciation study. In the next depreciation study, the Company should provide extensive and detailed support and justification for all its proposals, but especially those that result in hundreds of millions of dollars in increased costs between depreciation studies.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $23,451,436 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 365 – DISTRIBUTION OVERHEAD CONDUCTORS AND DEVICES?

A. The Company has proposed doubling the existing negative 50% net salvage to a negative 100% net salvage. (See Exhibit CRC-1, page 577).

Q. WHAT IS THE COMPANY'S BASIS FOR THIS INCREASE?

A. The Company first states that the results of a 5 and 20-year band historical analysis are a negative 99% and negative 59%, respectively. The Company continues by stating that recent "3-year rolling band net salvage rates have increased close to (100) percent and are becoming increasingly negative." The Company then states that the industry data shows a wide variation ranging from positive 5% to a negative 75%. The Company then concludes that the last 10-year data band analysis indicated a high cost of removal that "appropriately approximates the trend of increasing negative net salvage for this account."

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is again exceedingly excessive. It represents a dramatic increase in cost for one of the Company's largest accounts without adequate or reasonable justification for its position. I recommend retaining the existing negative 50% net salvage as a conservative value until such time as the Company can present meaningful information which would substantiate deviating from the existing level.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. Again, it is necessary to place the Company's proposal for this account into proper perspective. The Company seeks a negative 100% net salvage level for an account with $1.16 billion of investment. A 100% negative net salvage on a standalone basis for this account, with its corresponding 29.3-year proposed remaining life, yields an annual revenue requirement of over $39 million. Thus, the Company's proposed change from a negative 50% to a negative 100% negative net salvage represents an approximate $20 million increase in annual depreciation expense. Given the inadequacy of the underlying supporting data and basis presented by the Company, this level is unreasonable and unrealistic. In fact, it represents the most negative net salvage reflected in the Company's industry database, and not by a small amount. The Company's 2007 Study identifies a negative 75% as the most negative industry value. The Company's proposal is 33% higher than the highest industry value identified by the Company's depreciation consultant. A change of this magnitude, which results in the highest reported value in the industry and corresponds to over a $1 billion of costs, demands significantly more justification and support than the Company provided. .

Turning to the underlying data that the Company cites in support of its position, one finds a significant anomaly. In particular, the gross salvage for 2006 is not only the largest gross salvage reported in the Company's history, but it is *negative*. (See Exhibit CRC-1, page 581). As previously noted, under accurate accounting such a negative gross salvage is theoretically impossible. Yet, the Company did not investigate or explain why such an unusual and large value was not investigated or revised. Moreover, given the placement in 2006 in the Company's database, this atypical result has a heightened impact in the decision making process. Specifically, both the Company's 5-year and recent 3-year rolling bands would encompass this atypical result. A valid depreciation projection should not rely on such information to any meaningful extent, much less accentuate it.

Another problem with the Company's basis is the fact that it the Company has manipulated its historic data significantly from what is actually recorded on its books. Had the Company relied solely on its historic database without manipulation, it would have resulted in a negative 42% net salvage. The largest component of data excluded from the analysis consists of those events associated with reimbursed retirements. Again, the Company incurred reimbursed retirements in each and every year in its historical database. The exclusion of the category of reimbursed retirements in its entirety from the Company's analysis for future expectations is simply wrong and helps explain why the Company is in such an overaccrued position on depreciation.

The relationship of the type of retirements to the investment mix also raises concerns. While the investment in switches represents 10% of the investment in the account, the retirement levels have consistently exceeded that level. (See OPC's First Depr. Interrogatories Nos. 31 and 32). In fact, the two years since 1998 that reflected the highest percentage of retirement activity relating to switches corresponded to a Company-reported negative 178% net salvage, while the two year period since 1998 that reflected the lowest percentage of retirement activity relating to switches corresponded to a Company-reported negative 99% net salvage. (*Id.*, for 2004 and 2007, and 1999 and 2002, respectively). It appears that the disproportionate retirement level of switches in the historical database is skewing the Company's proposal to excessively negative results.

Comparative industry information clearly identifies the Company's proposal as an outlier. The Company's own industry database has a negative 27% mean, a medium of negative 20% and dual modes of negative 10% and negative 20%. The Company's proposed negative 100% negative net salvage is quite excessive when compared to these values. The proposed value is higher than the highest values that the Company can identify and upon which it relied on for industry comparative purposes. Even the retention of the existing 50% negative net salvage is a value well above any midpoint for the industry and represents a high negative net salvage value.

Another concern with the Company's historical data is the fact that the Company retired over 800,000 linear feet of copper conductor in 2006, yet, as previously noted, reported a negative gross salvage. (See OPC's First Depr. Interrogatories No. 62). Again, a "negative gross salvage" means the asset has a value less than zero – a theoretical impossibility – before any consideration of the cost of removing it. Copper has a significant value in the scrap metal market. This fact further calls into question the validity of the Company's historical database, and in particular, the specific portion of the historic database heavily relied upon by the Company for its proposal.

In summary, the data do not support the Company's position. The Company's proposal represents a dramatic increase in costs both on a total life basis and on an annual basis.

The Company's historical database reflects theoretically impossible values that significantly distort the relationship as reported. The Company has manipulated the data to remove those components that would result in a lesser negative net salvage level, which is particularly true for reimbursed retirements that have occurred annually during the entire historical database relied on by the Company. Therefore, retaining the existing negative 50% net salvage would still result in a very conservative estimate in favor of the Company. In fact, a negative 50% net salvage still provides the Company with 5 times the average level of negative net salvage it experienced over its entire database, and about 50% more than the highest negative net salvage. I recommend that the Commission order the Company to perform a detailed analysis of the cause of retirements and specifically present and defend why values are removed or why unusual values are considered appropriate for predicting the future in the Company's next depreciation study.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $19,714,964 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT – 366.6 DISTRIBUTION UNDERGROUND CONDUIT – DUCT SYSTEM?

A. The Company proposes to reduce (make less negative) the existing negative 10% to a negative 5% net salvage level. (See Exhibit CRC-1, page 585).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. For this account the Company again relies on a 5-year and 20-year average of historical data, which resulted in a zero and negative 3% level, respectively. The Company also noted that the 3-year rolling band results are "going down" and that industry indicates values between zero and negative 50%.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal, while a movement in the right direction, is still excessively negative. Therefore, I recommend a zero level of net salvage for this account.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. From an analysis of historical data standpoint, a zero net salvage level corresponds to the 5-year band results, while the more recent 3-year bands are *positive*. This is especially significant given the Company's manipulation of the historical database. If reimbursed retirements are recognized, the historical database turns *positive* overall. This is not surprising, given the fact that most utilities abandon those underground facilities in Account 366 in place when it is not economical to remove the plant at retirement. Obviously, where it is economical to remove the plant, a positive salvage should be obtained. Thus, from a historical standpoint, and consistent with the Company's process in other accounts where it relies on more recent data, a positive value would be appropriate.

Next, turning to industry data for confirmational purposes, I note that the Company's underlying data yields a *positive* 40%, not a zero value as the low end of the data range reported in the 2007 Study. (See OPC's First Depr. POD No. 12). The Company's presentation from a industry comparative data standpoint is artificially skewed in favor of a negative net salvage level.

In summary, the type of plant, the type of activity (i.e., abandonment in place for the most part), and recognition of even minimal levels of reimbursed retirements would produce a zero to a positive level of net salvage. Therefore, a zero level of net salvage is a conservative and appropriate estimate for this account at this time.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $1,073,994 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT – 367.6 DISTRIBUTION UNDERGROUND CONDUCTORS AND DEVICES – DUCT SYSTEM?

A. The Company proposes to retain the existing negative 5% net salvage. (See Exhibit CRC-1, page 599).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company begins by referring to industry information and identifies the range from a positive 25% to a negative 40%. The Company then states cost of removal is decreasing, causing the net salvage to become less negative. The Company concludes that recent trends in the data suggest net salvage is similar to the current authorized 5% level.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is excessive, given the data and information for this account. I recommend a zero level of net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. My recommendation first relies on the Company's modified historical database. My review of that information yields a negative 2% overall net salvage. The Company's modified database also yields a negative 2% for the most recent 5-year period. The Company has relied upon these criteria for several other accounts in making its proposal, but has not done so for this account. In addition, not a single one of the first nine 3-year rolling bands yielded a value less negative than a negative 3%. Therefore, even under the Company's modified database and the general practice of rounding to the nearest 5% salvage level, the Company should have proposed a zero level.

Next, referring the actual database prior to the Company's modifications, I note that the Company removed a substantial level of reimbursed retirements. Had reimbursed retirements been included in the database, the analysis would have yielded a positive level of net salvage. Given that reimbursed retirements have occurred on annual basis throughout the entire historical database, there is no basis for excluding them. Therefore, my recommended zero level of net salvage is very conservative in favor of the Company.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $2,225,291 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 368 – DISTRIBUTION LINE TRANSFORMERS?

A. The Company proposes to move from the existing negative 35% net salvage to a negative 25%. (See Exhibit CRC – 1, page 613).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company again refers to the 22-year and 5 historical averages, which result in negative 25% and negative 23%, respectively. The Company then identifies the industry range of values for this account as falling between a positive 5% and negative 20%. The Company concludes by recognizing that the current net salvage percentage is more negative than the industry and states that "the analysis shows the net salvage decreasing [becoming less negative]."

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. While the Company's proposal moves in the right direction, it does not go far enough. Therefore, I recommend a negative 20% net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. Given the generally decreasing (less negative) trends in negative net salvage, a negative 20% would be appropriate based on the modified data the Company presented. Recognizing the Company's manipulation of historic data further supports moving to a negative 20% net salvage. In addition, the trend to less negative values in the historical database is diminished due to the inclusion of several negative gross salvage values, the theoretically impossible values. (See Exhibit CRC-1, page 617). Finally, the recommended level of negative net salvage is conservative, given that it equals the most negative value the Company has identified for industry comparative purposes. Therefore, a negative 20% is a reasonable and conservative value.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $3,952,437 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 369.1 – DISTRIBUTION SERVICES – OVERHEAD?

A. The Company proposes to change the current negative 60% net salvage to a negative 125%. (Exhibit CRC – 1, page 621).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company begins its basis by stating that the industry range falls between a negative 10% and negative 85%. The Company then says that its own data since 1998 has resulted in a decrease in gross salvage and an increase in cost of removal; its overall database is a negative 125%. The Company concludes by noting that cost of removal has increased in the past 8 years to over 200%. It apparently selected the overall historical database average of a negative 125%.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal would more than double the negative net salvage level currently in effect. This significant change in negative net salvage is underpinned by an admission that there was "no analysis performed to determine why the net salvage percentages for this account are higher at Florida Power & Light than the industry statistics used in this study." (See OPC's First Depr. Interrogatories No. 67). In other words, the Company has no qualms about more than doubling the level of negative net salvage based on unexplained historical accounting transactions that have resulted in significant increases in cost of removal over the past several years, on the one hand, while for Distribution Underground Services, the Company elects to "ignore" its historical data activity because it would result in "long lives" for that account. (See Exhibit CRC – 1, page 629). The inconsistent treatment of rejecting long service lives but accepting dramatic changes in negative net salvage values that exceed industry values reflects an unacceptable bias in depreciation estimation. Moreover, it appears that this practice on an historical basis has contributed to the Company being significantly over accrued as it relates to depreciation recovery. Therefore, I recommend a negative 85% net salvage as a conservative level in favor of the Company. This value should apply until the Company can demonstrate why its accounting practices and procedures or other unusual events lead it to propose negative net salvage values that are more negative than industry averages, and even more negative that the highest values in the industry, as reported by the Company is its 2007 Study.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. While I also reviewed the Company's historic data, I at least attempted to inquire as to what changed in the Company's operation or accounting practices from historical periods which reflected significantly more negative net salvage levels, as well as what might distinguish the Company from the industry. The Commission and customers are entitled to a reasonable explanation supporting why a change from a negative 60% to negative 125% is warranted.

A review of industry information shows that the industry average is less negative than a negative 40%. In other words, the Company's existing level of negative net salvage is already more negative than the industry average by a significant level. Yet, the Company proposes to more than double the negative level of net salvage.

The Company's accounting practices are suspect. The Company creates a holding account for any given particular work order project. The amounts reflected in such work order projects are allocated "based on proportions established by the detail estimate." (See OPC's First Depr. Interrogatories No. 66). In other words, some unidentified Company individual has made an unsupported estimate as to what constitutes cost of removal versus cost of a replacement installation. The Company has failed to demonstrate that its "estimation" process is not distorted and may in fact be the cause of why it deviates so significantly from the rest of the industry. It is worth reviewing again the FERC definition of "replacement" or "replacing" of plant. Recall that that FERC definition includes the cost *together with the removal of the properly retired* when replacement activity occurs. Proper compliance with this definition should help solve the dilemma faced by any internal accountant or cost engineer as to what constitutes actual replacement activity versus the cost of removal of the retired plant until the Company can demonstrate the validity of its estimates and allocation process.

Another basis for my recommendation is the fact that a negative 85% net salvage would produce an annual \$4.2 million of negative net salvage expense at current plant in service levels. That amount is almost *four times* the average level of negative net salvage the Company has experienced throughout its historical database and is *80%*

higher than the highest level of negative net salvage reported in any given year. (See Exhibit CRC – 1, page 625). Thus, my proposal is more than adequate to provide the Company with protection against any significant level of negative net salvage that it might experience until its next depreciation study. I believe it would also be reasonable to limit the level of negative net salvage for this account to the existing level of a negative 60%. The existing level is still significantly higher than the industry average and would also produce a higher annual level of negative net salvage dollars than the Company has ever experienced.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $1,968,596 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 369.7 – DISTRIBUTION SERVICES – UNDERGROUND?

A. The Company has proposed to retain the existing negative 10% net salvage. (See Exhibit CRC -1, page 629).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company references the results from its 5 to 20-year historical analysis which are negative 7% and negative 30%, respectively. The Company maintains that both cost of removal and salvage vary significantly from year to year but that most recent data shows higher cost of removal. Therefore, it would appear that the Company's basis relies on its interpretation of the trend in cost of removal, while placing less importance on the overall historical data, the recent rolling bands, or the 5-year band.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is excessive both from a review of historical data standpoint or its own policy of abandoning direct buried cable in place. Therefore, I recommend a negative 5% net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, it must be noted that the Company's overall historical data yields a negative 3%. (See Exhibit CRC-1, page 631). Further, the Company's 5-year historical data indicates a negative 7%, but also includes a *negative* gross salvage value. As previously noted, under accurate accounting such a situation could not occur. This theoretically impossible event skewed the 5-year average to a more negative value than is appropriate. Further, from a historical standpoint it should be noted that 18 of the 22 years of data yielded a value less negative than the Company's proposed negative 10%, and 17 of the years yield a value less negative than the negative 5% I recommend. Thus, a negative 5% net salvage is conservative in favor of the Company.

The Company claims that the negative gross salvage was associated with the reversal of other recoveries recorded in association with Hurricane Jeanne. (See OPC's First Depr. Interrogatories No. 68 (c)). However, when the Company's file that contains the data manipulation from historical data is reviewed, one finds that there was no adjustment to gross salvage during 2005 for hurricane related activity. (See OPC's First Depr. POD No. 12 "2008 Salvage.xls"). Thus, the Company has incorrectly attempted to explain why its theoretically impossible negative gross salvage exists.

Another pertinent consideration, based on my review of the Company's historical activity, is the concept of economies of scale. The Company says that part of its basis for retaining the negative 10% salvage is the recent trend toward higher cost of removal. Those recent trends correspond to the period 2004 through 2007. (See Exhibit CRC-1, page 631). My review of the retirement activity during those 4 years clearly demonstrates minimal levels of retirements of underground buried services. (See OPC's First Depr. Interrogatories No. 68 (e)). During prior periods, when cost of removal was basically under 10%, the Company retired significantly more underground buried services. In fact, the Company retired over *27 times* the annual level of underground services during the 4-year period 2000 to 2003 than the levels experienced during the 4-year period 2004 through 2007. There appears to be a correlation between the quantity of services retired in any given year and the level of cost of removal on a per unit basis.

Turning to the actual type of investment at issue, the Company acknowledges that its policy is to abandon in place its previously installed direct buried cable. (See OPC's First Depr. Interrogatories No. 68 (d)). For that portion of the investment, the Company should incur zero to nominal levels of negative net salvage, supporting a value less negative than a negative 10%. While the Company does replace some cable in conduit, the retired cable is recycled and should yield gross salvage. Therefore, even in situations where cable is removed, minimal levels of negative net salvage should be expected. In summary, from the standpoint of the type of investment, and considering Company policy and practices, the Company's proposed negative 10% level is excessive. A negative 5% is more realistic.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $1,314,643 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 370 – DISTRIBUTION METERS?

A. The Company proposes to change from the existing negative 30% net salvage to a negative 55% net salvage. (See Exhibit CRC-1, page 635).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that it based its proposed negative 55% net salvage on the past 5 years of activity.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal would be excessively negative, even if the Company were not planning to replace 4.3 million meters within the next 5 years. However, given the planned massive and concentrated retirement of meters, the Company's proposal is significantly excessive. Therefore, I recommend a negative 10% net salvage.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. First, the Company failed to note any reference to industry comparative data when discussing its proposed negative net salvage. Had the Company referenced the same industry database that it used for other accounts, it would have become patently clear that the Company's proposal falls so far outside reasonable bounds as to lack credibility. The industry database on which the Company relies on for other accounts yields a negative 3% average, with the most negative value reported at a negative 25%. (See

OPC's First Depr. POD No. 12, 1 of 5). That the comparative data is predicated on historical activity that is absent significant or concentrated removal of meters makes this comparison even more dramatic.

The historical data is precisely that: historical data associated with historical transactions under historical practices. Recall that depreciation is the projection of realistic and appropriate mortality characteristics for the remaining plant in service that is anticipated to be retired in the future. We know that the Company plans on retiring approximately 4.3 million meters in the next 5 years. This plan in no way compares to the historical activity experienced by the Company or others in the industry database. This concentrated activity, or the resulting economies of scale that will transpire, will produce dramatically different results on a per unit cost basis.

This is precisely the situation that transpired in a current case in Texas. In PUCT Docket No. 35717, the utility initially filed for an 18% negative net salvage for meters based on historical practices. As part of an agreement, Oncor performed an analysis to determine what the average cost of removal per meter would be under a concentrated basis associated with retiring approximately 3.2 million meters in a short period of time. Oncor's revised cost of removal dropped by more than 2/3 due to this concentrated approach, which recognized economies of scale. In fact, based on an analysis equivalent to a time and motion study, Oncor estimated that it would cost only $5.63 in cost of removal to remove a conventional meter. (See PUCT Docket No. 35717, Supplemental Direct Testimony of Mr. Pruett, Exhibit RKP-S-1). If that same $5.63 cost of removal per meter were applied to the Company's 4.3 million meters that will be retired in the next 5 years, it would yield an approximate negative 10% net salvage. This calculation forms the basis of my recommendation in this proceeding. Moreover, my recommendation is much more reasonable in terms of being confirmed by the industry average, while the Company's proposal is quite excessive.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $4,306,357 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 370.1 – DISTRIBUTION METERS – AMI?

A. The Company proposes to use the same 55% negative net salvage that it proposed for Account 370 – Conventional Meters. (See Exhibit CRC-1, page 642).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company states that it's AMI are new and no historical information is available. Therefore, it appears the Company elected to rely on its proposal for conventional meters.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. The Company's proposal is excessively negative. Therefore, I recommend a negative 10%.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. My recommendation also recognizes that the investment in this account is too new to have any predictive value. However, there are strong indications from the industry comparative data supplied by the Company that a value of negative 10% would still be very conservative in favor of the Company. In addition, my recommendation relies on the value for conventional meters until more useful data specific to the new meters is obtained. The negative 10% recommendation provides the Company with more than adequate level of net salvage until its next depreciation study.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction $711,992 to annual depreciation expense.

Q. WHAT DOES THE COMPANY PROPOSE FOR ACCOUNT 390 – GENERAL PLANT STRUCTURES AND IMPROVEMENTS?

A. The Company proposes to move from the current 0% net salvage to a negative 10% net salvage. (See Exhibit CRC-1, page 661).

Q. WHAT IS THE COMPANY'S BASIS FOR ITS PROPOSAL?

A. The Company simply states that cost of removal has been increasing in recent years, which is typical for buildings. The Company also indicates that the industry shows a negative 5% to a negative 15% net salvage.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?

A. No. I dispute the Company's claim that its proposal is based on "the best information available." (See OPC's First Depr. Interrogatories No. 71 (b)). In fact, the Company's proposal demonstrates an approach which is geared towards acceptance of historical results with little thought as to the underlying assets. Therefore, I recommend a positive

25% net salvage as the first step towards proper recognition of the significant value associated with the Company's holdings in major office buildings or service centers.

Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?

A. It is important to understand what is reflected in the underlying assets as well as the underlying recent retirements. In just the top ten largest general plant structures and improvements, the Company has almost 2/3rds of the entire investment in Account 390. (See OPC's First Depr. Interrogatories No. 33 Corrected). In fact, over 40% of the entire investment is reflected in the Company's two largest office complexes. These office buildings contain over a million and half square feet of space and are constructed of precast concrete with window ribbing. The trend in commercial real-estate in highly, and even not so highly, desired areas over time has been toward substantial capital *appreciation* rather than depreciation.

The Company's retirement activity that produced the negative net salvage values is not associated with the sale of major office building or service centers, but rather with replacement of roofs, air conditioning systems, security systems, etc. (OPC's First Depr. Interrogatories No. 71). Thus, Mr. Clarke's proposal is predicated on retirement activity that is not reflective of the majority of the investment in the account. The Company's proposal simply fails to take into account that after 50 years, the ASL of the investment in this account, one would expect to see well over 100% positive salvage for the investment in major concrete structures located in desirable areas. In fact, the Company has had an appraisal performed on its Juno Beach headquarters which supports my position. (See OPC's First Depr. Interrogatories No. 33, Corrected). This appraisal demonstrates the Company's approach and proposal for this account is fatally flawed.

In fact, my recommendation of a positive 25% is very conservative given the type of structures and locations that comprise substantial levels of investment in this account.

To demonstrate just how fatally flawed the Company's proposal is, I am prepared to make an offer that will save it and customers money. If the Company will sign over its Juno Beach headquarters and Miami general office sites to me for $1, I will let them use the facilities free of rent after actual costs (e.g., property tax, repairs, utilities, etc.) until the facilities reach 120% of the Company's proposed ASL. The Company can then vacate my facilities without incurring the $16.4 million of estimated cost of removal. While such an offer would be a "win-win" situation for both parties under the Company's presentation, I am confident it will decline my offer because it knows there is real value to these facilities.

Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?

A. The standalone impact of my recommendation results in a reduction of $3,828,186 to annual depreciation expense.

Q. IS THERE OTHER INFORMATION YOU ARE PROVIDING?

A. Yes. For the convenience of the Commission, Exhibit__(JP-8) provides copies of many of the documents that are referenced throughout my testimony.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes; however, to the extent I have not addressed a method, value, issue, etc., it should not be assumed that I am accepting or endorsing that method, value, or issue.

CERTIFICATE OF SERVICE
DOCKET NO. 080677-EI & 090130-EI

I HEREBY CERTIFY that a copy of the foregoing Public Version of the Direct Testimony of Jacob Pous has been furnished by U.S. Mail on the 16th day of July, 2009.

R. Wade Litchfield
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859

Anna Williams
Jean Hartman
Lisa Bennett
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Kenneth L Wiseman, Mark F. Sundback
Jennifer L. Spina, Lisa M. Purdy
Andrews Kurth LLP
1350 I Street NW, Suite 1100
Washington, DC 20005

Robert Scheffel Wright, Esq.
John T. LaVia, II, Esq.
Young van Assenderp, P.A.
225 South Adams Street, Suite 200
Tallahassee, FL 32301

John W. McWhirter, Jr.
Florida industrial Power Users Group
c/o McWhirter Law Firm
P.O. Box 3350
Tampa, FL 33601

Vicki Gordon Kaufman
Jon C. Moyle, Jr.
Keefe Law Firm
118 North Gadsden Street
Tallahassee, FL 32301

John T. Butler
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420

Thomas Saporito, President
Pose Office Box 8413
Jupiter, Florida 33460-8413

Bryan S. Anderson
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420

Robert A. Sugarman
D. Marcus Braswell, Jr.
Sugarman & Susskind, P.A.
100 Miracle Mile, Suite 300
Coral Gables, FL 33134

Bill McCollum
Cecilia Bradley
Office of Attorney General
The Capitol-PL01
Tallahassee, FL 32399-1050

South Florida Hospital and
Healthcare Association
6030 Hollywood Blvd.
Hollywood, FL 33024

Brian P. Armstrong, Esq.
Marlene K. Stern, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, FL 32308

Joseph A. McGlothlin

Joseph A. McGlothlin
Associate Public Counsel

JACOB POUS, P.E.

PRESIDENT, DIVERSIFIED UTILITY CONSULTANTS, INC.

B.S. INDUSTRIAL ENGINEERING M.S. MANAGEMENT

I graduated from the University of Missouri in 1972, receiving a Bachelor of Science Degree in Engineering, and I graduated with a Master of Science in Management from Rollins College in 1980. I have also completed a series of depreciation programs sponsored by Western Michigan University, and have attended numerous other utility related seminars.

Since my graduation from college, I have been continuously employed in various aspects of the utility business. I started with Kansas City Power & Light Co., working in the Rate Department, Corporate Planning and Economic Controls Department, and for a short time in a power plant. My responsibilities included preparation of testimony and exhibits for retail and wholesale rate cases. I participated in cost of service studies, a loss of load probability study, fixed charge analysis, and economic comparison studies. I was also a principal member of project teams that wrote, installed, maintained, and operated both a computerized series of depreciation programs and a computerized financial corporate model.

I joined the firm of R. W. Beck and Associates, an international consulting engineering firm with over 500 employees performing predominantly utility related work, in 1976 as an Engineer in the Rate Department of its Southeastern Regional Office. While employed with that firm, I prepared and presented rate studies for various electric, gas, water, and sewer systems, prepared and assisted in the preparation of cost of service studies, prepared depreciation and decommissioning analyses for wholesale and retail rate proceedings, and assisted in the development of power supply studies for electric systems. I resigned from that firm in November 1986 in order to co-found Diversified Utility Consultants, Inc. At the time of my resignation, I held the titles of Executive Engineer, Associate and Supervisor of Rates in the Austin office of R. W. Beck and Associates. I later founded P&L Concepts, Inc.

As a principal of the firm of Diversified Utility Consultants, Inc., I have presented and prepared numerous electric, gas, and water analyses in both retail and wholesale proceedings. These analyses have been performed on behalf of clients, including public utility commissions, throughout the United States and Canada. As president of P&L Concepts, Inc., I perform the same type of services as performed under Diversified Utility Consultants, Inc.

I have been involved in over 300 different utility rate proceedings, many of which have resulted in settlements prior to the presentation of testimony before regulatory bodies.

I am registered to practice as a Professional Engineer in the states of Florida, Texas, Mississippi, North Carolina, Arizona, New Mexico, Arkansas, and Oklahoma.

UTILITY RATE PROCEEDINGS IN WHICH TESTIMONY HAS BEEN PRESENTED BY JACOB POUS

ALASKA		
ALASKA REGULATORY COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Beluga Pipe Line Co.	P-04-81	Refundable Rates
Kenai Nikiski Pipeline	U-04-81	Rate Base
Beluga Pipe Line Co.	U-07-141	Depreciation
ARIZONA		
ARIZONA CORPORATION COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Citizens Utilities Co.	E-1032-93-111	Depreciation
ARKANSAS		
ARKANSAS PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Reliant Energy ARKLA	01-0243-U	Depreciation
CALIFORNIA		
CALIFORNIA PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Pacific Gas & Electric Co.	Application No. 97-12-020	Depreciation, Net Salvage, and Amortization of True Up
Pacific Gas & Electric Co.	Application No. 02-11-017	Mass Property Salvage, Net Salvage, Mass Property Life, Life Analysis, Remaining Life, Depreciation
San Diego Gas & Electric Co.		Value of Power Plants
Southern California Edison Co.	Application 02-05-004	Depreciation, Net Salvage
CANADA		
ALBERTA ENERGY AND UTILITIES BOARD		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
AltaLink Management/ Transalta Utilities Corp	App. Nos. 1279345 and 1279347	Depreciation
Epcor Distribution, Inc.	App No. 1306821	Depreciation
Enmax Corporation	App No. 1306818	Depreciation
Transalta Utilities Corporation	TFO Tariff Appl. 1287507	Depreciation

UtiliCorp Networks Canada (Alberta) Ltd.	App. No. 1250392	Depreciation
Atco Electric	App. No. 1275494	Depreciation
ALBERTA PUBLIC UTILITIES BOARD		
Alberta Power Limited	E 91095	Depreciation
Alberta Power Limited	E 97065	Depreciation
Canadian Western Natural Gas Co. Limited		Depreciation
Centra Gas Alberta Inc.		Depreciation
Edmonton Power Co.	E 97065	Depreciation
Edmonton Power Generation, Inc.	1999/2000	GUR Compliance, Depreciation
Northwestern Utilities Limited	E 91044	Depreciation
NOVA Gas Transmission Ltd.	RE95006	Depreciation
TransAlta Utilities Corporation	E 91093	Depreciation
TransAlta Utilities Corporation	E 97065	Depreciation
TransAlta Utilities Corporation	App No. 200051	Gain on Sale
NORTHWEST TERRITORIES PUBLIC UTILITIES BOARD		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Northwest Territories Power Corporation	1995/96 and 1996-97	Depreciation
Northwest Territories Power Corporation	2001	Depreciation
COURTS		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
112th Judicial District Court of Texas	5093	Ratemaking principles, Calculation of damages
253rd Judicial District Court of Texas	45,615	Ratemaking principles, Level of Bond
126th Judicial District Court of Texas	91-1519	Ratemaking principles, Level of Bond
172 Judicial District Court of Texas		Franchise Fees
United States Bankruptcy Court Eastern District of Texas	93-10408S	Level of Harm, Ratemaking, Equity for Creditors
3rd Judicial District Court of Texas		Adequacy of Notice
DISTRICT OF COLUMBIA		
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Washington Gas Light Co.	768	Depreciation

FLORIDA		
FLORIDA PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Progress Energy Florida, Inc.	050078-EL	Depreciation
Florida Power & Light Co.	790380-EU	Territorial Dispute
FEDERAL ENERGY REGULATORY COMMISSION		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Alabama Power Co.	ER83-369	Depreciation
Connecticut Municipal Elect. Energy Coop v Connecticut Light & Power Co.	EL83-14	Decommissioning
Florida Power & Light Co.	ER84-379	Depreciation, Decommissioning
Florida Power & Light Co.	ER93-327-000	Transmission access
Georgia Power Co.	ER76-587	Rate Base
Georgia Power Co.	ER79-88	Depreciation
Georgia Power Co.	ER81-730	Coal Fuel Stock Inventory, Depreciation
ISO New England, Inc.	ER07-166-000	Depreciation
Maine Yankee Atomic Power Co.	ER84-344-001	Depreciation, Decommissioning
Maine Yankee Atomic Power Co.	ER88-202	Decommissioning
Pacific Gas & Electric	ER80-214	Depreciation
Public Service of Indiana	ER95-625-000, ER95-626-000 & ER95-039-000	Depreciation, Dismantlement
Southern California Edison Co.	ER81-177	Depreciation
Southern California Edison Co.	ER82-427	Depreciation, Decommissioning
Southern California Edison Co.	ER84-75	Depreciation, Decommissioning
Southwestern Public Service Co.	EL 89-50	Depreciation, Decommissioning
System Energy Resource, Inc.	ER95-1042-000	Depreciation, Decommissioning
Vermont Electric Power Co.	ER83 342000 & 343000	Decommissioning
Virginia Electric and Power Co.	ER78-522	Depreciation, Rate Base
INDIANA		
INDIANA UTILITY REGULATORY COMMISSION		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Indianapolis Water Co.	39128	Depreciation
Indiana Michigan Power Co.	39314	Depreciation, Decommissioning
KANSAS		

KANSAS CORPORATION COMMISSION		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Arkansas Louisiana Gas Co.	181,200-U	Depreciation
United Cities Gas Co.	181,940-U	Depreciation
LOUISIANA		
LOUISIANA PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Louisiana Power & Light Co.	U-16945	Nuclear Prudence, Depreciation
CITY OF NEW ORLEANS		
Entergy New Orleans, Inc.	UD-00-2	Rate Base, Depreciation
MASSACHUSETTS		
MASSACHUSETTS TELECOMMUNICATIONS AND ENERGY		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Bay State Gas	D.T.E.-0527	Depreciation
National Grid/KeySpan	07-30	Quality of Service
MISSISSIPPI		
MISSISSIPPI PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Mississippi Power Co.	U-3739	Cost of Service, Rate Base, Depreciation
MONTANA		
MONTANA PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Montana Power Co. (Gas)	90.6.39	Depreciation
Montana Power Co. (Electric)	90.3.17	Depreciation, Decommissioning
Montana Power Co. (Electric and Gas)	95.9.128	Depreciation
Montana-Dakota Utilities	D2007.7.79	Depreciation
NEVADA		
NEVADA PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Nevada Power Co.	81-602, 81-685 Cons.	Depreciation
Nevada Power Co.	83-667, Consolidated	Depreciation
Nevada Power Co.	91-5032	Depreciation, Decommissioning
Nevada Power Co.	03-10002	Depreciation
Nevada Power Company	06-06051	Depreciation, Life Spans, Decommissioning Costs, Deferred Accounting
	06-11022	General Rate Case

Sierra Pacific Power Co.	83-955	Depreciation (Electric, Gas, Water, Common)
Sierra Pacific Power Co.	86-557	Depreciation, Decommissioning
Sierra Pacific Power Co.	89-516, 517, 518	Depreciation, Decommissioning (Elec., Gas, Water, Common)
Sierra Pacific Power Co.	91-7079, 80, 81	Depreciation, Decommissioning (Elec., Gas, Water, Common)
Sierra Pacific Power Co.	03-12002	Allowable level of plant in service
Sierra Pacific Power Co.	05-10004	Depreciation
Sierra Pacific Power Co.	05-10006	Depreciation
Sierra Pacific Gas Company	06-07010	Depreciation, Generating Plant Life Spans, Decommissioning Costs, Carrying Costs
Sierra Pacific Power Co.	07-12001	Depreciation, CWC
Southwest Gas Corporation	93-3025 & 93-3005	Depreciation
Southwest Gas Corporation	04-3011	Depreciation
Southwest Gas Company	07-09030	Depreciation

NORTH CAROLINA

NORTH CAROLINA UTILITIES COMMISSION

JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
North Carolina Natural Gas	G-21, Sub 177	Cost of Service, Rate Design, Depreciation

OKLAHOMA

OKLAHOMA CORPORATION COMMISSION

JURISDICTION / COMPANY	*DOCKET NO.*	*TESTIMONY TOPIC*
Arkansas Oklahoma Gas Corporation	PUD 200300088	CWC, Legal expenses, Factoring, Cost Allocation, Depreciation
Oklahoma Natural Gas Co.	PUD 980000683	Depreciation, Calculation Procedure, Depreciation on CWIP
Public Service Co. of Oklahoma	PUD 960000214	Depr., Interim Activity, Net Salvage, Mass Prop., Rate Calc. Technique
Reliant Energy ARKLA	PUD 200200166	Depreciation, Net Salvage, Software Amortization
Public Service Company of Oklahoma	PUD 200600285	Depreciation
Public Service Company of Oklahoma	PUD 200800144	Depreciation

TEXAS		
TEXAS PUBLIC UTILITY COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Centerpoint Energy Houston Electric LLC	29526	Stranded Costs
Centerpoint Energy Houston Electric LLC	36918	Hurricane Recovery Costs
Central Power & Light Co.	6375	Depreciation, Rate Base, Cost of Service
Central Power & Light Co.	8439	Fuel Factor
Central Power & Light Co.	8646	Rate Base, Excess Capacity, Depreciation, Rate Design, Rate Case Expense
Central Power & Light Co.	9561	Depr., Excess Capacity, Cost of Service, Rate Base, Taxes
Central Power & Light Co.	11371	Economic Development Rate
Central Power & Light Co.	12820	Nuclear Fuel & Process, OPEB, Pension, Factoring, Depr.
Central Power & Light Co.	14965	Depr., Cash Working Capital, Pension, OPEB, Factoring, Demonstration & selling expense, non-nuclear decommissioning
Central Power & Light Co.	22352	Depreciation
Central Telephone & United Telephone Co. of Texas D/B/A Sprint	17809	Rate case expenses
City of Fredericksburg	7661	Territorial Dispute
El Paso Electric Co.	9165	Depreciation
Entergy Gulf States, Inc.	16705	Depr., Prepayments, Payroll Exp.e, Pension Exp., OPEB's, CWC, Transfer of T&D Depr.
Entergy Gulf States, Inc.	21111	Reconcilable fuel costs
Entergy Gulf States, Inc.	21384	Fuel surcharge
Entergy Gulf States, Inc.	23000	Fuel surcharge
Entergy Gulf States, Inc.	22356	Unbundling, Competition, Cost of Service
Entergy Gulf States, Inc.	23550	Reconcilable fuel costs
Entergy Gulf States, Inc.	24336	Price to Beat
Entergy Gulf States, Inc.	24460	Implement PUC Subst.R.25.41(f)(3)(D)
Entergy Gulf States, Inc.	24469	Delay of Deregulation

Entergy Gulf States, Inc.	24953	Interim Fuel Surcharge
Entergy Gulf States, Inc.	26612	Fuel Surcharge
Entergy Gulf States, Inc.	28504	Interim Fuel Surcharge
Entergy Gulf States, Inc.	28818	Cert. for Independent Organization
Entergy Gulf States, Inc.	29408	Fuel Reconciliation
Entergy Gulf States, Inc.	30163	Interim Fuel Surcharge
Entergy Gulf States, Inc.	31315	Incremental Purchase Capacity Rider
Entergy Gulf States, Inc.	31544	Transition to Competition Cost
Entergy Gulf States, Inc.	32465	Interim Fuel Surcharge
Entergy Gulf States, Inc.	32710	River Bend 30%, Explicit Capacity, Imputed Capacity, IPCR, SGSF Operating Costs and Depreciation Recovery, Option Costs
Entergy Gulf States, Inc.	33687	Transition to Competition
Entergy Gulf States, Inc.	33966	Interim Fuel Surcharge
Entergy Gulf States, Inc.	32907	Hurricane Reconstruction
Entergy Gulf States, Inc.	34724	IPCR
Entergy Gulf States, Inc.	34800	JSP, Depreciation, Decommissioning, Amortization, CWC, Franchise Fees, Rate Case Exp.
Gulf States Utilities Co.	5560	Depreciation, Fuel Cost Factor
Gulf States Utilities Co.	5820	Fuel Cost, Capacity Factors, Heat Rates
Gulf States Utilities Co.	6525	Depreciation, Rate Case Expenses
Gulf States Utilities Co.	7195 & 6755	Depr., Interim Cash Study, Excess Capacity, Rate Case Exp.
Gulf States Utilities Co.	8702	Rate Case Expenses, Depreciation
Gulf States Utilities Co.	10,894	Fuel Reconciliation, Rate Case Expenses
Gulf States Utilities Co. & Entergy Corporation	11292	Acquisition Adjustment Regulatory Plan, Base Rate, Rate Case Exp.
Gulf States Utilities Co. & Entergy Corporation	12423	North Star Steel Agreement
Gulf States Utilities Co. & Entergy Corporation	12852	Depreciation, OPEB, Pensions, Cash Working Capitol, Other Cost of Service, and Rate Base Items
Houston Light & Power Co.	6765	Depreciation, Production Plant, Early Retirement
Lower Colorado River Authority	8400	Rate Design
Magic Valley Electric Cooperative,	10820	Cost of Service, Financial Integrity,

Inc.		Rate Case Expenses
Oncor	35717	Depreciation, Self-Insurance, Payroll, Automated Meters, Regulatory Assets, PHFU
Southwestern Bell Telephone Co.	18513	Rate case expenses
Southwestern Electric Power Co.	3716	Depreciation
Southwestern Electric Power Co.	4628	Depreciation
Southwestern Electric Power Co.	5301	Depreciation, Fuel Charges, Franchise Fees
Southwestern Electric Power Co.	24449	Fuel Factor Component of Price to Beat Rates
Southwestern Electric Power Co.	24468	Delay of Deregulation
Southwestern Public Service Co.	11520	Depreciation, Cash Working Capital, Rate Case Expenses
Southwestern Public Service Co.	32766	Depreciation Expense Revenue Requirements
Southwestern Public Service Co.	35763	Depreciation
Texas-New Mexico Power Co.	9491	Avoided Cost, Rate Case Expenses
Texas-New Mexico Power Co.	10200	Jurisdictional Separation, Cost Allocation, Rate Case Expenses
Texas-New Mexico Power Co.	17751	Rate Case Expenses
Texas-New Mexico Power Co.	36025	Depreciation
Texas Utilities Electric Co.	5640	Franchise Fees
Texas Utilities Electric Co.	9300	Depreciation, Rate Base, Cost of Service, Fuel Charges, Rate Case Expenses
Texas Utilities Electric Co.	11735	Cost Allocation, Rate Design, Rate Case Expenses
Texas Utilities Electric Co.	18490	Depreciation Reclassification
West Texas Utilities Co.	7510	Depreciation, Decommissioning, Rate Base, Cost of Service, Rate Design, Rate Case Expenses
West Texas Utilities Co.	10035	Fuel Reconciliation, Rate Case Expenses
West Texas Utilities Co.	13369	Depreciation, Payroll, Pension, OPEB'S, cash working capital, fuel inventory, cost allocation, other.
West Texas Utilities Co.	22354	Depreciation
TEXAS RAILROAD COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Atmos Energy Corporation	9530	Gas Cost, Gas Purchases, Price

		Mitigation, Rate Case Expense
Atmos Energy Corporation	9670	CWC, Depreciation, Expenses, Shared Services, Taxes Other Than FIT, Excess Return
Atmos Energy Corporation	9695	Rate Case Expense
Atmos Energy Corporation	9762	Depreciation, O&M Expense
Atmos Energy Corporation	9732	Rate Case Expense
Atmos Energy Corporation	9869	Full Revenue Requirements
CenterPoint Energy Entex-City of Tyler	9364	Capital investment, Affiliates
CenterPoint Energy Entex	9791	Rate Base, Cost Allocation, Affiliate Expenses, Depreciation Net Salvage, Call Center, Litigation, Uncollectibles, Post Test Year Adjustments
Energas Co.	5793	Depreciation
Energas Co. v. Westar Transmissions Co.	5168 & 4892 Cons.	Cost of Service, Refunds, Contracts, Depreciation
Energas Co.	8205	Cost of Service, Rate Base, Depreciation, Affiliate Transactions, Sale/Leaseback, Losses, Income Taxes
Energas Co.	9002-9135	Depr., Pension, Cash Working Capital, OPEB's, Rate Design
Lone Star Gas Co.	8664	Cash Working Capital, Depreciation Expense, Gain on Sale of Plant, OPEB's, Rate Case Expenses
Rio Grande Valley Gas Co.	7604	Depreciation
Southern Union Gas Co.	2738, 2958, 3002, 3018, 3019 Cons.	Cost of Service, Rate Design, Depreciation
Southern Union Gas Co.	6968 Interim & Cons.	Affiliate Transactions, Rate Base, Income Taxes, Revenues, Cost of Service, Conservation, Depreciation
Southern Union Gas Co.	8033 Consolidated	Acquisition Adj., Depr., Accumulated Provisions for Depr., Distribution Plant, Cost of Gas Clause, Rate Case Expenses
Southern Union Gas Co.	8878	Depreciation, Cash Working Capital, Gain on Sale of Building, Rate Case Expenses, Rate Design
TXU Lone Star Pipeline	8976	Depreciation, Net Salvage, Cash Working Capital, ALG vs. ELG

TXU Gas Distribution	9145-9147	Depreciation, Cash Working Capital, Revenues, Gain on Sale of Assets, Clearing Accounts, Over Recovery of Clearing Accounts, SFAS 106, Wages and Salaries, Merger Costs, Intra System Allocation, Zero Intercept, Customer Weighting Factor, Rate Design
TXU-Gas Distribution	9400	Depreciation, Net Salvage, Cash Working Capital, Affiliate Transactions, Software Amortization, Securitization, O&M Expenses, Safety Compliance
Westar Transmissions Co.	5787	Depreciation, Rate Base, Cost of Service, Rate Design, Contract Issues, Revenues, Losses, Income Taxes
TEXAS WATER COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
City of Harlingen-Certificate for Convenience & Necessity	8480C/8485C/ 8512C	Rate Impact for CCN
City of Round Rock	8599/8600M	Rate Discrimination, Cost of Service
Devers Canal System	8388-M	Affil. Transactions, O&M Exp., Return, Allocation, Acquisition Adj., Retroactive Ratemaking, Rate Case Exp., Depr.
Devers Canal System	30102-M	Cost of Service, Rate base, Ratemaking Principles, Affil. Trans.
Southern Utilities Co.	7371-R	Affiliate Transactions, Cost of Service
Scenic Oaks Water Supply Corporation	8097-G	Affiliate Transactions, Cost of Service, Rate base, Cost of Capital, Rate Design, Depreciation
Sharyland Water Supply vs. United Irrigation District	8293-M	Rate Discrimination, Cost of Service, Rate Case Exp.
Travis County Water Control & Improv. District No. 20		Cost of Service
EL PASO PUBLIC UTILITY REGULATION BOARD		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
Southern Union Gas Co.	1991	Depreciation, Calculation Procedure
Southern Union Gas Co.	1997	Depreciation, Calculation Procedure
Southern Union Gas Co.	GUD 8878 – 1998	Depreciation, Cash Working Capital, Rate Design, Rate Case Expenses
Texas Gas Services Co.	2007	Revenue Requirements

UTAH		
UTAH PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
PacifiCorp	98-2035-03	Production Plant Net Salvage, Production Life Span, Interim Additions, Mass Property, Depreciation
Rocky Mountain Power	07-035-13	Depreciation
Questar	05-057-T01	Conservation Enabling Tariff Adjustment Option and Accounting Orders

WYOMING		
WYOMING PUBLIC SERVICE COMMISSION		
JURISDICTION / COMPANY	***DOCKET NO.***	***TESTIMONY TOPIC***
PacifiCorp	20000-ER-00-162	Rate Parity

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED DEPRECIATION ADJUSTMENTS BASED ON DEPRECIATION STUDY PLANT AS OF DECEMBER 31, 2009

Line No.	Description	FPL Proposal	OPC Recommended	OPC Adjustment
		(a)	(b)	(c)
1	Steam	$99,476,072	$58,368,083	-$41,107,989
2	Nuclear	$93,658,545	$70,260,192	-$23,398,353
3	Combined Cycle	$204,079,249	$169,920,569	-$34,158,680
4	Other Production	$10,133,223	$3,802,831	-$6,330,392
5	Total Production	$407,347,089	$302,351,675	-$104,995,414
6	Future Units	$132,892,978	$112,943,071	-$19,949,907
7	Capital Recovery	$78,555,754	$78,555,754	$0
8	Special Production	$211,448,732	$191,498,825	-$19,949,907
9	Total Production	$618,795,821	$493,850,500	-$124,945,321
10	Transmission	$94,218,582	$69,214,289	-$25,004,293
11	Distribution	$337,640,039	$249,241,349	-$88,398,690
12	General	$14,968,698	$12,643,989	-$2,324,709
13	Total Mass Property	$446,827,319	$331,099,626	-$115,727,693
14	Total Depreciation	$1,065,623,140	$824,950,126	-$240,673,014
15	Reserve Amortization	$0	-$311,340,104	-$311,340,104
16	Total Annual Impact	$1,065,623,140	$513,610,022	-$552,013,118

SOURCES AND REFERENCES

Column (a)	: FPL Exhibit CRC-1 page 49.
Column (b) Line 1	: OPC Exhibit__(JP-1) page 8.
Column (b) Line 2	: OPC Exhibit__(JP-1) page 10.
Column (b) Line 3	: OPC Exhibit__(JP-1) page 15.
Column (b) Line 4	: OPC Exhibit__(JP-1) page 16.
Column (b) Line 5	: Summation of Lines 1-4.
Column (b) Line 6	: OPC Exhibit__(JP-1) page 17.
Column (b) Line 7	: FPL Exhibit CRC-1 page 49.
Column (b) Line 8	: Summation of Lines 6 and 7.
Column (b) Line 9	: Summation of Lines 5 and 8.
Column (b) Lines 10 & 11	: OPC Exhibit__(JP-1) page 18.
Column (b) Line 12	: OPC Exhibit__(JP-1) page 19.
Column (b) Line 13	: Summation of Lines 10-12.
Column (b) Line 14	: FPL Exhibit CRC-1 page 53 divided by 4 years.
Column (b) Line 15	: Summation of Lines 10-12.
Column (b) Line 16	: Line 14 plus Line 15.

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED STEAM PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Cutler Common		(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
311	$5,973,901	-0.47%	-$28,077	$6,074,928	-$72,950	10.5	0.0041	10.27	-$7,103	-0.12%	$18,968	-$26,071
312	$817,291	-2.65%	-$21,658	$692,141	$146,808	10.5	0.0075	10.09	$14,550	1.78%	$21,558	-$7,008
314	$1,234,614	1.67%	$20,618	$1,356,414	-$142,418	10.5	0.0077	10.08	-$14,129	-1.14%	$0	-$14,129
315	$1,058,634	-3.26%	-$34,511	$1,023,308	$69,837	10.5	0.0078	10.07	$6,935	0.66%	$15,859	-$8,924
316	$627,886	-1.01%	-$6,342	$671,750	-$37,522	10.5	0.0083	10.04	-$3,737	-0.60%	$0	-$3,737
Total	$9,712,326		-$69,971	$9,818,541	-$36,244	10.5			-$3,484	-0.04%	$56,385	-$59,869
	Cutler 5											
311	$423,784	-0.47%	-$1,992	$402,046	$23,730	10.5	0.0041	10.27	$2,311	0.55%	$4,166	-$1,855
312	$5,530,327	-2.65%	-$146,554	$5,441,757	$235,124	10.5	0.0075	10.09	$23,303	0.42%	$69,390	-$46,087
314	$5,999,465	1.67%	$100,191	$5,038,174	$861,100	10.5	0.0077	10.08	$85,427	1.42%	$96,231	-$10,804
315	$2,340,096	-3.26%	-$76,287	$2,230,375	$186,008	10.5	0.0078	10.07	$18,472	0.79%	$38,863	-$20,391
316	$233,543	-1.01%	-$2,359	$94,141	$141,761	10.5	0.0083	10.04	$14,120	6.05%	$14,777	-$657
Total	$14,527,215		-$127,000	$13,206,493	$1,447,722	10.5			$143,631	0.99%	$223,427	-$79,796
	Cutler 6											
311	$412,315	-0.47%	-$1,938	$390,736	$23,517	10.5	0.0041	10.27	$2,290	0.56%	$4,346	-$2,056
312	$17,878,953	-2.65%	-$473,792	$9,717,420	$8,635,325	10.5	0.0075	10.09	$855,830	4.79%	$994,427	-$138,597
314	$8,588,788	1.67%	$143,433	$8,178,602	$266,753	10.5	0.0077	10.08	$26,464	0.31%	$40,738	-$14,274
315	$3,055,523	-3.26%	-$99,610	$3,115,214	$39,919	10.5	0.0078	10.07	$3,964	0.13%	$30,373	-$26,409
316	$123,506	-1.01%	-$1,247	$70,178	$54,575	10.5	0.0083	10.04	$5,436	4.40%	$5,979	-$543
	$30,059,085		-$433,155	$21,472,150	$9,020,090	10.5			$893,983	2.97%	$1,075,863	-$181,880
Total Cutler	$54,298,626		-$630,126	$44,497,184	$10,431,568				$1,034,130	1.90%	$1,355,675	-$321,545

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED STEAM PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Manatee Common		(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
311	$96,350,477	-0.47%	-$452,847	$66,182,177	$30,621,147	17.5	0.0041	16.87	$1,815,124	1.88%	$3,423,959	-$1,608,835
312	$2,032,783	-2.65%	-$53,869	$2,351,080	-$264,428	17.5	0.0075	16.35	-$16,173	-0.80%	$0	$0
314	$11,281,165	1.67%	$188,395	$7,381,751	$3,711,019	17.5	0.0077	16.32	$227,391	2.02%	$395,105	-$167,714
315	$9,282,558	-3.26%	-$302,611	$7,480,218	$2,104,951	17.5	0.0078	16.31	$129,059	1.39%	$302,558	-$173,499
316	$2,505,571	-1.01%	-$25,306	$2,163,270	$367,607	17.5	0.0083	16.23	$22,650	0.90%	$43,085	-$20,435
Total	$121,452,554		-$646,238	$85,558,496	$36,540,296	17.5			$2,178,051	1.79%	$4,164,707	-$1,970,483
Manatee Unit 1												
311	$7,311,443	-0.47%	-$34,364	$6,056,272	$1,289,535	17.5	0.0041	16.87	$76,440	1.05%	$160,093	-$83,653
312	$125,082,972	-2.65%	-$3,314,699	$88,747,199	$39,650,472	17.5	0.0075	16.35	$2,425,105	1.94%	$4,986,604	-$2,561,499
314	$64,713,219	1.67%	$1,080,711	$43,658,860	$19,973,648	17.5	0.0077	16.32	$1,223,876	1.89%	$2,118,431	-$894,555
315	$10,668,482	-3.26%	-$347,793	$8,484,911	$2,531,364	17.5	0.0078	16.31	$155,203	1.45%	$335,111	-$179,908
316	$3,065,530	-1.01%	-$30,962	$2,300,726	$795,766	17.5	0.0083	16.23	$49,031	1.60%	$94,561	-$45,530
Total	$210,841,646		-$2,647,106	$149,247,968	$64,240,784	17.5			$3,929,654	1.86%	$7,694,800	-$3,765,146
Manatee Unit 2												
311	$5,286,225	-0.47%	-$24,845	$4,349,570	$961,500	17.5	0.0041	16.87	$56,995	1.08%	$118,563	-$61,568
312	$116,916,975	-2.65%	-$3,098,300	$65,449,562	$54,565,713	17.5	0.0075	16.35	$3,337,352	2.85%	$6,504,955	-$3,167,603
314	$61,991,571	1.67%	$1,035,259	$47,866,381	$13,089,931	17.5	0.0077	16.32	$802,079	1.29%	$1,411,121	-$609,042
315	$7,832,693	-3.26%	-$255,346	$6,159,150	$1,928,889	17.5	0.0078	16.31	$118,264	1.51%	$252,241	-$133,977
316	$2,217,093	-1.01%	-$22,393	$1,713,083	$526,403	17.5	0.0083	16.23	$32,434	1.46%	$62,330	-$29,896
Total	$194,244,557		-$2,365,624	$125,537,746	$71,072,435	17.5			$4,347,124	2.24%	$8,349,210	-$4,002,086
Total Manatee	$526,538,757		-$5,658,969	$360,344,210	$171,853,516				$10,454,829	1.99%	$20,208,717	-$9,737,715

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED STEAM PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Martin Steam Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
311	$236,118,421	-0.47%	-$1,109,757	$199,736,765	$37,491,413	21.5	0.0041	20.55	$1,824,400	0.77%	$4,748,635	-$2,924,235
312	$4,159,551	-2.65%	-$110,228	$3,968,319	$301,460	21.5	0.0075	19.77	$15,248	0.37%	$63,988	-$48,740
314	$26,277,902	1.67%	$438,841	$20,072,953	$5,766,108	21.5	0.0077	19.72	$292,399	1.11%	$627,676	-$335,277
315	$7,648,705	-3.26%	-$249,348	$6,646,272	$1,251,781	21.5	0.0078	19.7	$63,542	0.83%	$191,355	-$127,813
316	$2,788,671	-1.01%	-$28,166	$2,658,816	$158,021	21.5	0.0083	19.58	$8,071	0.29%	$23,544	-$15,473
Total	$276,993,250		-$1,058,657	$233,083,125	$44,968,782	21.5			$2,203,660	0.80%	$5,655,198	-$3,451,538
Martin Pipeline												
312	$370,940	-2.65%	-$9,830	$370,942	$9,828	21.5	0.0075	19.77	$497	0.13%	$4,121	-$3,624
Total	$370,940		-$9,830	$370,942	$9,828	21.5			$497	0.13%	$4,121	-$3,624
Martin Unit 1												
311	$15,381,834	-0.47%	-$72,295	$14,323,981	$1,130,148	21.5	0.0041	20.55	$54,995	0.36%	$180,122	-$125,127
312	$138,526,135	-2.65%	-$3,670,943	$117,549,375	$24,647,703	21.5	0.0075	19.77	$1,246,722	0.90%	$3,769,275	-$2,522,553
314	$76,392,977	1.67%	$1,275,763	$58,217,327	$16,899,887	21.5	0.0077	19.72	$856,992	1.12%	$1,849,645	-$992,653
315	$20,097,362	-3.26%	-$655,174	$18,525,818	$2,226,718	21.5	0.0078	19.7	$113,031	0.56%	$393,089	-$280,058
316	$2,580,596	-1.01%	-$26,064	$2,316,994	$289,666	21.5	0.0083	19.58	$14,794	0.57%	$37,251	-$22,457
Total	$252,978,904		-$3,148,713	$210,933,495	$45,194,122	21.5			$2,286,535	0.90%	$6,229,382	-$3,942,847
Martin Unit 2												
311	$11,123,219	-0.47%	-$52,279	$10,371,694	$803,804	21.5	0.0041	20.55	$39,115	0.35%	$128,802	-$89,687
312	$143,922,027	-2.65%	-$3,813,934	$110,427,775	$37,308,186	21.5	0.0075	19.77	$1,887,111	1.31%	$5,088,444	-$3,201,333
314	$62,777,097	1.67%	$1,048,378	$43,619,337	$18,109,382	21.5	0.0077	19.72	$918,326	1.46%	$1,954,223	-$1,035,897
315	$17,891,013	-3.26%	-$583,247	$14,174,047	$4,300,213	21.5	0.0078	19.7	$218,285	1.22%	$572,538	-$354,253
316	$2,200,607	-1.01%	-$22,226	$1,984,288	$238,545	21.5	0.0083	19.58	$12,183	0.55%	$31,261	-$19,078
Total	$237,913,963		-$3,423,308	$180,577,141	$60,760,130	21.5			$3,075,019	1.29%	$7,775,268	-$4,700,249
Total Martin	$768,257,057		-$7,640,508	$624,964,703	$150,932,862				$7,565,711	0.98%	$19,663,969	-$12,098,258

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED STEAM PRODUCTION PLANT DEPRECIATION RATES

	Balance	Net Salvage		Reserve	Unrecovered	Unadjusted	Interim	Adjusted	Annual	Accrual	FPL	OPC
Account	31-Dec-09	%	Amount	31-Dec-09	Balance	Rem. Life	Ret. Rate	Rem. Life	Accrual	Rate	Request	Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Pt. Everglades Steam Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Pt. Everglades Common												
311	$24,463,219	-0.47%	-$114,977	$19,474,779	$5,103,417	10.5	0.0041	10.27	$496,925	2.03%	$598,639	-$101,714
312	$2,831,767	-2.65%	-$75,042	$1,063,962	$1,842,847	10.5	0.0075	10.09	$182,641	6.45%	$206,004	-$23,363
314	$4,830,537	1.67%	$80,670	$2,708,107	$2,041,760	10.5	0.0077	10.08	$202,556	4.19%	$212,056	-$9,500
315	$6,006,107	-3.26%	-$195,799	$4,948,543	$1,253,363	10.5	0.0078	10.07	$124,465	2.07%	$172,131	-$47,666
316	$2,005,034	-1.01%	-$20,251	$1,561,640	$463,645	10.5	0.0083	10.04	$46,180	2.30%	$51,932	-$5,752
Total	$40,136,664		-$325,399	$29,757,031	$10,705,032	10.5			$1,052,766	2.62%	$1,240,762	-$187,996
Pt. Everglades Unit 1												
311	$1,840,592	-0.47%	-$8,651	$1,413,369	$435,874	10.5	0.0041	10.27	$42,441	2.31%	$52,289	-$9,848
312	$34,942,212	-2.65%	-$925,969	$30,785,069	$5,083,112	10.5	0.0075	10.09	$503,777	1.44%	$777,851	-$274,074
314	$17,391,669	1.67%	$290,441	$13,273,559	$3,827,669	10.5	0.0077	10.08	$379,729	2.18%	$409,242	-$29,513
315	$7,962,611	-3.26%	-$259,581	$3,317,503	$4,904,689	10.5	0.0078	10.07	$487,059	6.12%	$540,353	-$53,294
316	$503,103	-1.01%	-$5,081	$155,795	$352,389	10.5	0.0083	10.04	$35,099	6.98%	$39,100	-$4,001
Total	$62,640,187		-$908,841	$48,945,295	$14,603,733	10.5			$1,448,106	2.31%	$1,818,835	-$370,729
Pt. Everglades Unit 2												
311	$1,732,046	-0.47%	-$8,141	$1,073,033	$667,154	10.5	0.0041	10.27	$64,961	3.75%	$74,053	-$9,092
312	$39,657,434	-2.65%	-$1,050,922	$33,026,508	$7,681,848	10.5	0.0075	10.09	$761,333	1.92%	$1,069,561	-$308,228
314	$17,170,811	1.67%	$286,753	$9,730,189	$7,153,869	10.5	0.0077	10.08	$709,709	4.13%	$760,450	-$50,741
315	$9,508,129	-3.26%	-$309,965	$5,518,068	$4,300,026	10.5	0.0078	10.07	$427,014	4.49%	$495,192	-$68,178
316	$549,842	-1.01%	-$5,553	$191,522	$363,873	10.5	0.0083	10.04	$36,242	6.59%	$39,438	-$3,196
Total	$68,618,262		-$1,087,828	$49,539,320	$20,166,770	10.5			$1,999,259	2.91%	$2,438,694	-$439,435
Pt. Everglades Unit 3												
311	$5,811,192	-0.47%	-$27,313	$799,291	$5,039,214	10.5	0.0041	10.27	$490,673	8.44%	$511,057	-$20,384
312	$78,802,927	-2.65%	-$2,088,278	$44,970,182	$35,921,023	10.5	0.0075	10.09	$3,560,062	4.52%	$4,211,675	-$651,613
314	$25,278,630	1.67%	$422,153	$10,888,684	$13,967,793	10.5	0.0077	10.08	$1,385,694	5.48%	$1,461,444	-$75,750
315	$13,169,884	-3.26%	-$429,338	$7,492,120	$6,107,102	10.5	0.0078	10.07	$606,465	4.60%	$709,219	-$102,754
316	$402,449	-1.01%	-$4,065	$225,808	$180,706	10.5	0.0083	10.04	$17,999	4.47%	$18,818	-$819
Total	$123,465,082		-$2,126,840	$64,376,085	$61,215,837	10.5			$6,060,892	4.91%	$6,912,213	-$851,321
Pt. Everglades Unit 4												
311	$787,556	-0.47%	-$3,702	$568,650	$222,608	10.5	0.0041	10.27	$21,676	2.75%	$24,880	-$3,204
312	$97,124,127	-2.65%	-$2,573,789	$55,145,849	$44,552,067	10.5	0.0075	10.09	$4,415,468	4.55%	$5,213,411	-$797,943
314	$23,073,436	1.67%	$385,326	$11,544,450	$11,143,660	10.5	0.0077	10.08	$1,105,522	4.79%	$1,174,273	-$68,751
315	$15,289,269	-3.26%	-$498,430	$8,876,213	$6,911,486	10.5	0.0078	10.07	$686,344	4.49%	$805,051	-$118,707
316	$172,080	-1.01%	-$1,738	$145,870	$27,948	10.5	0.0083	10.04	$2,784	1.62%	$3,223	-$439
Total	$136,446,468		-$2,692,333	$76,281,032	$62,857,769	10.5			$6,231,793	4.57%	$7,220,838	-$989,045
Total Pt. Evrgd	$431,306,663		-$7,141,241	$268,898,763	$169,549,141				$16,792,816	3.89%	$19,631,342	-$2,838,526

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED STEAM PRODUCTION PLANT DEPRECIATION RATES

	Balance	Net Salvage		Reserve	Unrecovered	Unadjusted	Interim	Adjusted	Annual	Accrual	FPL	OPC
Account	31-Dec-09	%	Amount	31-Dec-09	Balance	Rem. Life	Ret. Rate	Rem. Life	Accrual	Rate	Request	Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Sanford Steam Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Sanford Unit 3												
311	$4,701,046	-0.47%	-$22,095	$3,657,094	$1,066,047	10.5	0.0041	10.27	$103,802	2.21%	$123,202	-$19,400
312	$10,679,201	-2.65%	-$282,999	$10,049,469	$912,731	10.5	0.0075	10.09	$90,459	0.85%	$176,144	-$85,685
314	$13,119,005	1.67%	$219,087	$4,491,872	$8,408,046	10.5	0.0077	10.08	$834,132	6.36%	$909,191	-$75,059
315	$4,585,245	-3.26%	-$149,479	$1,729,645	$3,005,079	10.5	0.0078	10.07	$298,419	6.51%	$334,704	-$36,285
316	$399,034	-1.01%	-$4,030	$354,395	$48,669	10.5	0.0083	10.04	$4,848	1.21%	$5,883	-$1,035
Total	$33,483,531		-$239,516	$20,282,475	$13,440,572	10.5			$1,331,659	3.98%	$1,549,124	-$217,465
Total Sanford	$33,483,531		-$239,516	$20,282,475	$13,440,572				$1,331,659	3.98%	$1,549,124	-$217,465
Scherer Steam Plant												
Scherer Coal Cars												
312	$34,174,990	-2.65%	-$905,637	$32,938,994	$2,141,633	38.5	0.0075	32.94	$65,016	0.19%	$272,689	-$207,673
Total	$34,174,990		-$905,637	$32,938,994	$2,141,633	38.5			$65,016	0.19%	$272,689	-$207,673
Scherer Common												
311	$38,262,666	-0.47%	-$179,835	$25,274,737	$13,167,764	38.5	0.0041	35.46	$371,341	0.97%	$798,633	-$427,292
312	$21,879,850	-2.65%	-$579,816	$14,155,294	$8,304,372	38.5	0.0075	32.94	$252,106	1.15%	$581,938	-$329,832
314	$4,044,832	1.67%	$67,549	$3,203,638	$773,645	38.5	0.0077	32.79	$23,594	0.58%	$49,567	-$25,973
315	$1,235,563	-3.26%	-$40,279	$993,051	$282,791	38.5	0.0078	32.72	$8,643	0.70%	$21,736	-$13,093
316	$3,160,922	-1.01%	-$31,925	$2,367,100	$825,747	38.5	0.0083	32.35	$25,525	0.81%	$52,764	-$27,239
Total	$68,583,833		-$764,307	$45,993,820	$23,354,320	38.5			$681,209	0.99%	$1,504,638	-$823,429
Scherer Common Unit 3 & 4												
311	$2,955,496	-0.47%	-$13,891	$2,518,453	$450,934	38.5	0.0041	18.6	$24,244	0.82%	$31,392	-$7,148
312	$17,081,036	-2.65%	-$452,647	$11,531,752	$6,001,931	38.5	0.0075	17.4	$344,939	2.02%	$426,951	-$82,012
314	$335,873	1.67%	$5,609	$285,101	$45,163	38.5	0.0077	17	$2,657	0.79%	$2,980	-$323
315	$292,934	-3.26%	-$9,550	$212,548	$89,936	38.5	0.0078	18.1	$4,969	1.70%	$6,369	-$1,400
Total	$20,665,339		-$470,479	$14,547,854	$6,587,964	38.5			$376,808	1.82%	$467,692	-$90,884
Scherer Unit 4												
311	$64,076,617	-0.47%	-$301,160	$38,754,282	$25,623,495	38.5	0.0041	35.46	$722,603	1.13%	$1,535,168	-$812,565
312	$276,755,766	-2.65%	-$7,334,028	$172,000,115	$112,089,679	38.5	0.0075	32.94	$3,402,844	1.23%	$7,818,631	-$4,415,787
314	$116,669,482	1.67%	$1,948,380	$67,876,049	$46,845,053	38.5	0.0077	32.79	$1,428,638	1.22%	$2,884,899	-$1,456,261
315	$22,875,511	-3.26%	-$745,742	$15,693,441	$7,927,812	38.5	0.0078	32.72	$242,293	1.06%	$551,748	-$309,455
316	$4,337,834	-1.01%	-$43,812	$2,879,628	$1,502,018	38.5	0.0083	32.35	$46,430	1.07%	$90,985	-$44,555
Total	$484,715,210		-$6,476,361	$297,203,515	$193,988,056	38.5			$5,842,808	1.21%	$12,881,431	-$7,038,623
Total Scherer	$608,139,372		-$8,616,784	$390,684,183	$226,071,973				$6,965,841	1.15%	$15,126,450	-$8,160,609

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED STEAM PRODUCTION PLANT DEPRECIATION RATES

	Balance	Net Salvage		Reserve	Unrecovered	Unadjusted	Interim	Adjusted	Annual	Accrual	FPL	OPC
Account	31-Dec-09	%	Amount	31-Dec-09	Balance	Rem. Life	Ret. Rate	Rem. Life	Accrual	Rate	Request	Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
SJRPP Steam Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
SJRPP Coal & Limestone												
311	$3,835,845	-0.47%	-$18,028	$2,348,432	$1,505,441	37.5	0.0041	18.6	$80,938	2.11%	$96,407	-$15,469
312	$31,307,987	-2.65%	-$829,662	$20,733,572	$11,404,077	37.5	0.0075	17.4	$655,407	2.09%	$884,944	-$229,537
315	$3,776,787	-3.26%	-$123,123	$2,942,226	$957,684	37.5	0.0078	17	$56,334	1.49%	$77,460	-$21,126
316	$306,801	-1.01%	-$3,099	$248,280	$61,620	37.5	0.0083	18.1	$3,404	1.11%	$4,554	-$1,150
Total	$39,227,420		-$973,912	$26,272,510	$13,928,822	37.5			$796,083	2.03%	$1,063,365	-$267,282
SJRPP Coal Cars												
312	$2,725,310	-2.65%	-$72,221	$2,672,650	$124,881	37.5	0.0075	32.23	$3,875	0.14%	$19,878	-$16,003
Total	$2,725,310		-$72,221	$2,672,650	$124,881	37.5			$3,875	0.14%	$19,878	-$16,003
SJRPP Common												
311	$43,483,249	-0.47%	-$204,371	$22,008,384	$21,679,236	37.5	0.0041	34.62	$626,206	1.44%	$1,329,160	-$702,954
312	$4,841,873	-2.65%	-$128,310	$2,114,111	$2,856,072	37.5	0.0075	32.23	$88,615	1.83%	$194,405	-$105,790
314	$3,464,477	1.67%	$57,857	$1,649,923	$1,756,697	37.5	0.0077	32.09	$54,743	1.58%	$111,178	-$56,435
315	$7,914,407	-3.26%	-$258,010	$4,659,423	$3,512,994	37.5	0.0078	32.02	$109,712	1.39%	$243,016	-$133,304
316	$2,173,083	-1.01%	-$21,948	$1,463,580	$731,451	37.5	0.0083	31.66	$23,103	1.06%	$45,479	-$22,376
Total	$61,877,089		-$554,782	$31,895,421	$30,536,450	37.5			$902,379	1.46%	$1,923,238	-$1,020,859
SJRPP Gypsum & Ash												
311	$2,079,386	-0.47%	-$9,773	$1,437,419	$651,740	37.5	0.0041	34.62	$18,826	0.91%	$42,912	-$24,086
312	$17,574,970	-2.65%	-$465,737	$14,372,745	$3,667,962	37.5	0.0075	32.23	$113,806	0.65%	$321,134	-$207,328
315	$53,709	-3.26%	-$1,751	$32,364	$23,096	37.5	0.0078	32.02	$721	1.34%	$1,625	-$904
316	$112,764	-1.01%	-$1,139	$81,078	$32,825	37.5	0.0083	31.66	$1,037	0.92%	$2,333	-$1,296
Total	$19,820,829		-$478,400	$15,923,606	$4,375,623	37.5			$134,389	0.68%	$368,004	-$233,615
SJRPP Unit 1												
311	$12,636,281	-0.47%	-$59,391	$6,330,456	$6,365,216	37.5	0.0041	34.62	$183,859	1.46%	$390,867	-$207,008
312	$100,097,129	-2.65%	-$2,652,574	$49,273,277	$53,476,426	37.5	0.0075	32.23	$1,659,213	1.66%	$3,721,876	-$2,062,663
314	$35,745,341	1.67%	$596,947	$15,820,181	$19,328,213	37.5	0.0077	32.09	$602,313	1.69%	$1,213,181	-$610,868
315	$15,979,993	-3.26%	-$520,948	$9,748,498	$6,752,443	37.5	0.0078	32.02	$210,882	1.32%	$468,881	-$257,999
316	$2,799,432	-1.01%	-$28,274	$1,525,561	$1,302,145	37.5	0.0083	31.66	$41,129	1.47%	$82,574	-$41,445
Total	$167,258,176		-$2,664,239	$82,697,973	$87,224,442	37.5			$2,697,396	1.61%	$5,877,379	-$3,179,983
SJRPP Unit 2												
311	$7,487,417	-0.47%	-$35,191	$4,920,104	$2,602,504	37.5	0.0041	34.62	$75,173	1.00%	$169,117	-$93,944
312	$65,614,711	-2.65%	-$1,738,790	$42,156,598	$25,196,903	37.5	0.0075	32.23	$781,784	1.19%	$1,924,591	-$1,142,807
314	$24,131,830	1.67%	$403,002	$14,806,356	$8,922,472	37.5	0.0077	32.09	$278,045	1.15%	$579,661	-$301,616
315	$9,798,705	-3.26%	-$319,438	$7,694,036	$2,424,107	37.5	0.0078	32.02	$75,706	0.77%	$197,046	-$121,340
316	$1,622,572	-1.01%	-$16,388	$1,132,958	$506,002	37.5	0.0083	31.66	$15,982	0.99%	$34,823	-$18,841
Total	$108,655,235		-$1,706,805	$70,710,052	$39,651,988	37.5			$1,226,691	1.13%	$2,905,238	-$1,678,547
Total SJRPP	$399,564,059		-$6,450,359	$230,172,212	$175,842,206				$5,760,814	1.44%	$12,157,102	-$6,396,288

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED STEAM PRODUCTION PLANT DEPRECIATION RATES

	Balance	Net Salvage		Reserve	Unrecovered	Unadjusted	Interim	Adjusted	Annual	Accrual	FPL	OPC
Account	31-Dec-09	%	Amount	31-Dec-09	Balance	Rem. Life	Ret. Rate	Rem. Life	Accrual	Rate	Request	Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Turkey Point Steam Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Turkey Point Common												
311	$9,974,936	-0.47%	-$46,882	$8,508,390	$1,513,428	10.5	0.0041	10.27	$147,364	1.48%	$188,940	-$41,576
312	$2,839,101	-2.65%	-$75,236	$1,662,708	$1,251,629	10.5	0.0075	10.09	$124,046	4.37%	$145,609	-$21,563
314	$1,590,774	1.67%	$26,566	$1,113,631	$450,577	10.5	0.0077	10.08	$44,700	2.81%	$47,399	-$2,699
315	$3,671,052	-3.26%	-$119,676	$3,146,875	$643,853	10.5	0.0078	10.07	$63,938	1.74%	$93,777	-$29,839
316	$1,189,610	-1.01%	-$12,015	$932,326	$269,299	10.5	0.0083	10.04	$26,823	2.25%	$29,629	-$2,806
Total	$19,265,473		-$227,244	$15,363,930	$4,128,787	10.5			$406,871	2.11%	$505,354	-$98,483
Turkey Point Unit 1												
311	$2,269,026	-0.47%	-$10,664	$1,657,463	$622,227	10.5	0.0041	10.27	$60,587	2.67%	$70,186	-$9,599
312	$71,130,814	-2.65%	-$1,884,967	$46,737,167	$26,278,614	10.5	0.0075	10.09	$2,604,422	3.66%	$3,175,700	-$571,278
314	$25,082,846	1.67%	$418,884	$15,434,221	$9,229,741	10.5	0.0077	10.08	$915,649	3.65%	$964,711	-$49,062
315	$5,105,015	-3.26%	-$166,423	$2,992,130	$2,279,308	10.5	0.0078	10.07	$226,346	4.43%	$270,562	-$44,216
316	$729,112	-1.01%	-$7,364	$484,001	$252,475	10.5	0.0083	10.04	$25,147	3.45%	$26,751	-$1,604
Total	$104,316,813		-$1,650,535	$67,304,982	$38,662,366	10.5			$3,832,151	3.67%	$4,507,910	-$675,759
Turkey Point Unit 2												
311	$2,585,697	-0.47%	-$12,153	$1,848,067	$749,783	10.5	0.0041	10.27	$73,007	2.82%	$83,509	-$10,502
312	$54,758,844	-2.65%	-$1,451,109	$32,817,674	$23,392,279	10.5	0.0075	10.09	$2,318,363	4.23%	$2,736,884	-$418,521
314	$25,717,422	1.67%	$429,481	$12,610,713	$12,677,228	10.5	0.0077	10.08	$1,257,662	4.89%	$1,315,564	-$57,902
315	$8,029,283	-3.26%	-$261,755	$2,586,297	$5,704,741	10.5	0.0078	10.07	$566,509	7.06%	$625,087	-$58,578
316	$401,764	-1.01%	-$4,058	$328,312	$77,510	10.5	0.0083	10.04	$7,720	1.92%	$9,385	-$1,665
Total	$91,493,010		-$1,299,594	$50,191,063	$42,601,541	10.5			$4,223,260	4.62%	$4,770,429	-$547,169
Total Trky Pt	$215,075,296		-$3,177,372	$132,859,975	$85,392,693				$8,462,282	3.93%	$9,783,693	-$1,321,411
Total Steam	$3,036,663,361		-$39,554,874	$2,072,703,705	$1,003,514,530				$58,402,122	1.92%	$99,476,072	-$41,073,950

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED NUCLEAR PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Nuclear Production Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
St. Lucie Nuclear Plant												
321	$343,585,840	0.0%	$0	$188,941,755	$154,644,085	30.5	0.0017	29.71	$5,205,119	1.51%	$7,397,355	-$2,192,236
322	$78,860,497	-0.3%	-$197,151	$27,134,974	$51,922,674	30.5	0.0044	28.45	$1,825,050	2.31%	$2,030,488	-$205,438
323	$673,278	0.0%	$0	$3,128,795	-$2,455,517	30.5	0.0088	26.41	-$92,977	-13.81%	$0	-$92,977
324	$31,186,353	-0.1%	-$18,712	$20,419,506	$10,785,559	30.5	0.0011	29.99	$359,639	1.15%	$684,826	-$325,187
325	$23,912,279	0.0%	$0	$13,085,814	$10,826,465	30.5	0.0027	29.24	$370,262	1.55%	$400,714	-$30,452
Total	$478,218,247		-$215,863	$252,710,844	$225,723,266				$7,667,093	1.60%	$10,513,383	-$2,846,290
St. Lucie Unit 1												
321	$162,204,629	0.0%	$0	$95,748,242	$66,456,387	30.5	0.0017	29.71	$2,236,836	1.38%	$3,968,425	-$1,731,589
322	$484,411,228	-0.3%	-$1,211,028	$218,892,777	$266,729,479	30.5	0.0044	28.45	$9,375,377	1.94%	$12,486,836	-$3,111,459
323	$60,630,329	0.0%	$0	$46,868,841	$13,761,488	30.5	0.0088	26.41	$521,071	0.86%	$657,344	-$136,273
324	$78,893,831	-0.1%	-$47,336	$50,499,654	$28,441,513	30.5	0.0011	29.99	$948,367	1.20%	$2,137,453	-$1,189,086
325	$10,597,550	0.0%	$0	$8,460,696	$2,136,854	30.5	0.0027	29.24	$73,080	0.69%	$94,042	-$20,962
Total	$796,737,567		-$1,258,364	$420,470,210	$377,525,721				$13,154,730	1.65%	$19,344,100	-$6,189,370
St. Lucie Nuclear Plant												
321	$252,865,619	0.0%	$0	$162,270,170	$90,595,449	30.5	0.0017	29.71	$3,049,325	1.21%	$5,094,733	-$2,045,408
322	$701,058,570	-0.3%	-$1,752,646	$286,627,567	$416,183,649	30.5	0.0044	28.45	$14,628,599	2.09%	$17,212,635	-$2,584,036
323	$81,377,496	0.0%	$0	$57,593,310	$23,784,186	30.5	0.0088	26.41	$900,575	1.11%	$1,276,398	-$375,823
324	$160,196,421	-0.1%	-$96,118	$99,173,648	$61,118,891	30.5	0.0011	29.99	$2,037,976	1.27%	$4,149,839	-$2,111,863
325	$20,747,433	0.0%	$0	$14,209,133	$6,538,300	30.5	0.0027	29.24	$223,608	1.08%	$244,194	-$20,586
Total	$1,216,245,539		-$1,848,764	$619,873,828	$598,220,475				$20,840,083	1.71%	$27,977,799	-$7,137,716
Total St. Lucie	$2,491,201,353		-$3,322,992	$1,293,054,882	$1,201,469,463				$41,661,906	1.67%	$57,835,282	-$16,173,376

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED NUCLEAR PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Turkey Point Nuclear Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Turkey Point Common												
321	$280,753,503	0.0%	$0	$150,713,277	$130,040,226	23.5	0.0017	23.03	$5,646,558	2.01%	$6,337,601	-$691,043
322	$53,315,074	-0.3%	-$133,288	$29,938,630	$23,509,732	23.5	0.0044	22.29	$1,054,721	1.98%	$1,194,585	-$139,864
323	$21,037,774	0.0%	$0	$4,547,145	$16,490,629	23.5	0.0088	21.07	$782,659	3.72%	$809,137	-$26,478
324	$48,095,983	-0.1%	-$28,858	$29,249,282	$18,875,559	23.5	0.0011	23.2	$813,602	1.69%	$1,301,200	-$487,598
325	$27,575,932	0.0%	$0	$14,222,976	$13,352,956	23.5	0.0027	22.75	$586,943	2.13%	$600,175	-$13,232
Total	$430,778,266		-$162,145	$228,671,310	$202,269,101				$8,884,483	2.06%	$10,242,698	-$1,358,215
Turkey Point Unit 3												
321	$51,568,621	0.0%	$0	$26,021,875	$25,546,746	23.5	0.0017	23.03	$1,109,281	2.15%	$1,376,031	-$266,750
322	$272,369,788	-0.3%	-$680,924	$148,765,102	$124,285,610	23.5	0.0044	22.29	$5,288,749	1.94%	$6,538,674	-$1,249,925
323	$41,927,456	0.0%	$0	$27,910,607	$14,016,849	23.5	0.0088	21.07	$596,462	1.42%	$848,191	-$251,729
324	$97,160,938	-0.1%	-$58,297	$69,116,708	$28,102,527	23.5	0.0011	23.2	$1,195,852	1.23%	$2,395,375	-$1,199,523
325	$2,722,122	0.0%	$0	$2,132,477	$589,645	23.5	0.0027	22.75	$25,091	0.92%	$28,495	-$3,404
Total	$465,748,925		-$739,221	$273,946,769	$192,541,377				$8,215,436	1.76%	$11,186,766	-$2,971,330
Turkey Point Unit 4												
321	$83,711,978	0.0%	$0	$38,231,060	$45,480,918	23.5	0.0017	23.03	$1,974,855	2.36%	$2,250,520	-$275,665
322	$272,718,161	-0.3%	-$681,795	$143,701,832	$129,698,124	23.5	0.0044	22.29	$5,818,669	2.13%	$6,555,177	-$736,508
323	$76,858,753	0.0%	$0	$46,357,990	$30,500,763	23.5	0.0088	21.07	$1,447,592	1.88%	$1,718,411	-$270,819
324	$145,562,903	-0.1%	-$87,338	$94,298,628	$51,351,613	23.5	0.0011	23.2	$2,213,432	1.52%	$3,823,960	-$1,610,528
325	$3,912,597	0.0%	$0	$2,915,692	$996,905	23.5	0.0027	22.75	$43,820	1.12%	$45,731	-$1,911
Total	$582,764,392		-$769,133	$325,505,202	$258,028,323				$11,498,368	1.97%	$14,393,799	-$2,895,431
Total Turkey Pon	$1,479,291,583		-$1,670,499	$828,123,281	$652,838,801				$28,598,286	1.93%	$35,823,263	-$7,224,977
Total Nuclear	$3,970,492,936		-$4,993,491	$2,121,178,163	$1,854,308,264				$70,260,192	1.77%	$93,658,545	-$23,398,353

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED COMBINED CYCLE PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Lauderdale Combined Cycle Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Lauderdale Common												
341	$74,718,137	0.00%	$0	$50,852,187	$23,865,950	10.5	0.0005	10.47	$2,279,460	3.05%	$3,889,663	-$1,610,203
342	$9,414,115	0.00%	$0	$5,588,631	$3,825,484	10.5	0.0045	10.25	$373,218	3.96%	$533,025	-$159,807
343	$35,523,207	0.00%	$2,261,195	$4,724,080	$28,537,932	10.5	0.0015	9.47	$3,014,027	8.48%	$3,265,779	-$251,752
344	$1,646,834	0.00%	$0	$916,636	$730,198	10.5	0.0002	10.49	$69,609	4.23%	$146,478	-$76,869
345	$12,033,813	0.00%	$0	$7,746,021	$4,287,792	10.5	0.0001	10.49	$408,750	3.40%	$505,979	-$97,229
346	$930,984	0.00%	$0	$571,382	$359,602	10.5	0.001	10.44	$34,445	3.70%	$44,307	-$9,862
Total	$134,267,090		$2,261,195	$70,398,937	$61,606,958	10.5			$6,179,510	4.60%	$8,385,231	-$2,205,721
Lauderdale Unit 4												
341	$4,790,462	0.00%	$0	$4,026,215	$764,247	10.5	0.0005	10.47	$72,994	1.52%	$159,912	-$86,918
342	$665,939	0.00%	$0	$399,889	$266,050	10.5	0.0045	10.25	$25,956	3.90%	$33,408	-$7,452
343	$144,270,473	0.00%	$2,982,471	$83,930,531	$57,357,471	10.5	0.0015	9.07	$6,325,982	4.38%	$5,996,444	$329,538
344	$27,385,918	0.00%	$0	$15,841,475	$11,544,443	10.5	0.0002	10.49	$1,100,519	4.02%	$1,453,117	-$352,598
345	$27,691,585	0.00%	$0	$18,566,718	$9,124,867	10.5	0.0001	10.49	$869,863	3.14%	$1,074,731	-$204,868
346	$2,602,044	0.00%	$0	$1,902,133	$699,911	10.5	0.001	10.44	$67,041	2.58%	$93,627	-$26,586
Total	$207,406,421		$2,982,471	$124,666,961	$79,756,989	10.5			$8,462,356	4.08%	$8,811,239	-$348,883
					-$597,403							
Lauderdale Unit 5												
341	$2,978,287	0.00%	$0	$2,163,032	$815,255	10.5	0.0005	10.47	$77,866	2.61%	$140,468	-$62,602
342	$665,779	0.00%	$0	$388,555	$277,224	10.5	0.0045	10.25	$27,046	4.06%	$34,488	-$7,442
343	$129,534,725	0.00%	$7,338,670	$72,370,213	$49,825,842	10.5	0.0015	9.89	$5,038,043	3.89%	$5,810,106	-$772,063
344	$29,242,014	0.00%	$0	$16,922,352	$12,319,662	10.5	0.0002	10.49	$1,174,420	4.02%	$1,544,312	-$369,892
345	$22,925,535	0.00%	$0	$15,692,247	$7,233,288	10.5	0.0001	10.49	$689,541	3.01%	$857,118	-$167,577
346	$1,767,721	0.00%	$0	$1,240,205	$527,516	10.5	0.001	10.44	$50,528	2.86%	$73,835	-$23,307
Total	$187,114,061		$7,338,670	$108,776,604	$70,998,787	10.5			$7,057,444	3.77%	$8,460,327	-$1,402,883
Total Lauderdale	$528,787,572		$12,582,336	$303,842,502	$212,362,734				$21,699,310	4.10%	$25,656,797	-$3,957,487

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED COMBINED CYCLE PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Ft. Myers Cycle Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Ft. Myers Common												
341	$6,239,915	0.00%	$0	$3,876,401	$2,363,514	18.5	0.0005	18.41	$128,382	2.06%	$1,200,043	-$1,071,661
342	$791,798	0.00%	$0	$701,717	$90,081	18.5	0.0045	17.73	$5,081	0.64%	$8,726	-$3,645
343	$65,228,776	0.00%	$3,994,302	$8,568,229	$52,666,245	18.5	0.0015	16.19	$3,253,596	4.99%	$3,909,033	-$655,437
344	$8,965	0.00%	$0	-$983	$9,948	18.5	0.0002	18.47	$539	6.01%	$1,315	-$776
345	$129,090	0.00%	$0	-$93,693	$222,783	18.5	0.0001	18.48	$12,055	9.34%	$134,114	-$122,059
346	$549,339	0.00%	$0	$464,100	$85,239	18.5	0.001	18.33	$4,650	0.85%	$5,777	-$1,127
Total	$72,947,883		$3,994,302	$13,515,771	$55,437,810	18.5			$3,404,303	4.67%	$5,259,008	-$1,854,705
Ft. Myers Unit 2												
341	$24,646,981	0.00%	$0	$9,294,651	$15,352,330	18.5	0.0005	18.41	$833,913	3.38%	$1,162,475	-$328,562
342	$6,389,579	0.00%	$0	$1,882,844	$4,506,735	18.5	0.0045	17.73	$254,187	3.98%	$362,062	-$107,875
343	$372,701,340	0.00%	$6,509,409	$80,959,040	$285,232,891	18.5	0.0015	17.66	$16,154,814	4.33%	$17,699,535	-$1,544,721
344	$40,107,032	0.00%	$0	$11,698,164	$28,408,868	18.5	0.0002	18.47	$1,538,109	3.84%	$2,172,385	-$634,276
345	$51,228,656	0.00%	$0	$18,844,162	$32,384,494	18.5	0.0001	18.48	$1,752,408	3.42%	$2,031,929	-$279,521
346	$3,111,202	0.00%	$0	$875,951	$2,235,251	18.5	0.001	18.33	$121,945	3.92%	$166,767	-$44,822
Total	$498,184,790		$6,509,409	$123,554,812	$368,120,569	18.5			$20,655,375	4.15%	$23,595,153	-$2,939,778
Ft. Myers Unit 3												
341	$2,971,874	0.00%	$0	$451,954	$2,519,920	18.5	0.0005	18.41	$136,878	4.61%	$166,583	-$29,705
342	$3,896,617	0.00%	$0	$753,381	$3,143,236	18.5	0.0045	17.73	$177,283	4.55%	$220,051	-$42,768
343	$74,167,566	0.00%	$3,280,250	$4,907,365	$65,979,951	18.5	0.0015	16.76	$3,936,613	5.31%	$4,571,043	-$634,430
344	$13,759,002	0.00%	$0	$1,935,596	$11,823,406	18.5	0.0002	18.47	$640,141	4.65%	$731,641	-$91,500
345	$9,683,556	0.00%	$0	$1,821,193	$7,862,363	18.5	0.0001	18.48	$425,453	4.39%	$469,436	-$43,983
346	$481,988	0.00%	$0	$72,428	$409,560	18.5	0.001	18.33	$22,344	4.64%	$27,031	-$4,687
Total	$104,960,603		$3,280,250	$9,941,917	$91,738,436	18.5			$5,338,712	5.09%	$6,185,785	-$847,073
Total Ft. Myers	$676,093,276		$3,280,250	$147,012,500	$515,296,814				$29,398,390	4.35%	$35,039,946	-$5,641,556
Manatee Combined Cycle Plant												
Manatee Unit 3												
341	$29,469,798	0.00%	$0	$6,281,544	$23,188,254	20.5	0.0005	20.39	$1,137,237	3.86%	$1,392,070	-$254,833
342	$4,590,462	0.00%	$0	$1,947,711	$2,642,751	20.5	0.0045	19.55	$135,179	2.94%	$167,418	-$32,239
343	$322,367,885	0.00%	$6,206,064	$24,615,580	$291,546,241	20.5	0.0015	19.44	$14,993,692	4.65%	$16,827,424	-$1,833,732
344	$42,301,618	0.00%	$0	$5,849,399	$36,452,219	20.5	0.0002	20.46	$1,781,633	4.21%	$2,033,100	-$251,467
345	$45,805,658	0.00%	$0	$13,587,157	$32,218,501	20.5	0.0001	20.48	$1,573,169	3.43%	$1,734,115	-$160,946
346	$11,065,051	0.00%	$0	$4,334,772	$6,730,279	20.5	0.001	20.29	$331,704	3.00%	$396,832	-$65,128
Total	$455,600,472		$6,206,064	$56,616,163	$392,778,245	20.5			$19,952,614	4.38%	$22,550,959	-$2,598,345
Total Manatee	$455,600,472		$6,206,064	$56,616,163	$392,778,245				$19,952,614	4.38%	$22,550,959	-$2,598,345

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED COMBINED CYCLE PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Martin Combined Cycle Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Martin Common												
341	$42,702,563	0.00%	$0	$29,835,777	$12,866,786	10.5	0.0005	10.47	$1,228,919	2.88%	$2,017,356	-$788,437
342	$4,060,727	0.00%	$0	$2,525,715	$1,535,012	10.5	0.0045	10.25	$149,757	3.69%	$208,532	-$58,775
343	$19,947,437	0.00%	$386,985	$17,039,769	$2,520,683	10.5	0.0015	9.91	$254,239	1.27%	$326,989	-$72,750
345	$4,854,959	0.00%	$0	$3,221,098	$1,633,861	10.5	0.0001	10.49	$155,754	3.21%	$188,040	-$32,286
346	$4,094,951	0.00%	$0	$3,513,934	$581,017	10.5	0.001	10.44	$55,653	1.36%	$71,146	-$15,493
Total	$75,660,637		$386,985	$56,136,293	$19,137,359	10.5			$1,844,323	2.44%	$2,812,063	-$967,740
Martin Pipeline												
342	$13,328,900	0.00%	$0	$13,292,886	$36,014	10.5	0.0045	10.25	$3,514	0.03%	$61,055	-$57,541
Total	$13,328,900		$0	$13,292,886	$36,014	10.5			$3,514	0.03%	$61,055	-$57,541
Martin Unit 3												
341	$1,605,301	0.00%	$0	$926,983	$678,318	10.5	0.0005	10.47	$64,787	4.04%	$96,821	-$32,034
342	$170,896	0.00%	$0	$99,346	$71,550	10.5	0.0045	10.25	$6,980	4.08%	$10,150	-$3,170
343	$166,838,305	0.00%	$2,343,760	$90,011,193	$74,483,352	10.5	0.0015	10.05	$7,408,295	4.44%	$7,865,847	-$457,552
344	$20,771,119	0.00%	$0	$9,557,237	$11,213,882	10.5	0.0002	10.49	$1,069,007	5.15%	$1,326,415	-$257,408
345	$25,965,635	0.00%	$0	$18,422,527	$7,543,108	10.5	0.0001	10.49	$719,076	2.77%	$878,551	-$159,475
346	$544,629	0.00%	$0	$310,279	$234,350	10.5	0.001	10.44	$22,447	4.12%	$32,413	-$9,966
Total	$215,895,885		$2,343,760	$119,327,565	$94,224,560	10.5			$9,290,593	4.30%	$10,210,197	-$919,604
Martin Unit 4												
341	$1,275,326	0.00%	$0	$666,386	$608,940	10.5	0.0005	10.47	$58,160	4.56%	$86,609	-$28,449
342	$170,507	0.00%	$0	$89,093	$81,414	10.5	0.0045	10.25	$7,943	4.66%	$11,477	-$3,534
343	$179,942,423	0.00%	$2,738,489	$86,401,865	$90,802,069	10.5	0.0015	10.04	$9,041,841	5.02%	$9,458,517	-$416,676
344	$29,820,193	0.00%	$0	$11,636,365	$18,183,828	10.5	0.0002	10.49	$1,733,444	5.81%	$2,092,123	-$358,679
345	$24,224,816	0.00%	$0	$16,519,213	$7,705,603	10.5	0.0001	10.49	$734,567	3.03%	$885,665	-$151,098
346	$487,415	0.00%	$0	$250,911	$236,504	10.5	0.001	10.44	$22,654	4.65%	$32,787	-$10,133
Total	$235,920,680		$2,738,489	$115,563,833	$117,618,358	10.5			$11,598,609	4.92%	$12,567,178	-$968,569
Martin Unit 8												
341	$23,380,329	0.00%	$0	$4,305,227	$19,075,102	20.5	0.0005	20.39	$935,513	4.00%	$1,159,586	-$224,073
342	$11,051,816	0.00%	$0	$2,372,256	$8,679,560	20.5	0.0045	19.55	$443,967	4.02%	$568,548	-$124,581
343	$328,996,497	0.00%	$6,388,745	$53,780,305	$268,827,447	20.5	0.0015	19.44	$13,829,854	4.20%	$15,442,602	-$1,612,748
344	$40,363,598	0.00%	$0	$6,565,908	$33,797,690	20.5	0.0002	20.46	$1,651,891	4.09%	$1,912,307	-$260,416
345	$52,690,040	0.00%	$0	$18,050,616	$34,639,424	20.5	0.0001	20.48	$1,691,378	3.21%	$1,900,662	-$209,284
346	$4,345,319	0.00%	$0	$3,585,699	$759,620	20.5	0.001	20.29	$37,438	0.86%	$44,110	-$6,672
Total	$460,827,599		$6,388,745	$88,660,011	$365,778,843	20.5			$18,590,041	4.03%	$21,027,815	-$2,437,774
Total Martin	$1,001,633,701		$6,388,745	$392,980,588	$596,795,134				$41,327,079	4.13%	$46,678,308	-$5,351,229

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED COMBINED CYCLE PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Putnam Combined Cycle Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Putnam Common												
341	$12,728,938	0.00%	$0	$9,449,327	$3,279,611	10.5	0.0005	10.47	$313,239	2.46%	$2,414,572	-$2,101,333
342	$11,435,670	0.00%	$0	$8,470,029	$2,965,641	10.5	0.0045	10.25	$289,331	2.53%	$339,209	-$49,878
343	$20,146,555	0.00%	$783,230	$11,834,606	$7,528,719	10.5	0.0015	9.84	$765,056	3.80%	$840,832	-$75,776
344	$170,569	0.00%	$0	$47,851	$122,718	10.5	0.0002	10.49	$11,699	6.86%	$13,712	-$2,013
345	$1,523,346	0.00%	$0	$1,111,862	$411,484	10.5	0.0001	10.49	$39,226	2.58%	$95,007	-$55,781
346	$1,440,520	0.00%	$0	$981,618	$458,902	10.5	0.001	10.44	$43,956	3.05%	$102,062	-$58,106
Total	$47,445,598		$783,230	$31,895,293	$14,767,075	10.5			$1,462,507	3.08%	$3,805,394	-$2,342,887
Putnam Unit 1												
341	$38,546	0.00%	$0	$31,993	$6,553	10.5	0.0005	10.47	$626	1.62%	$6,832	-$6,206
342	$68,736	0.00%	$0	$56,084	$12,652	10.5	0.0045	10.25	$1,234	1.80%	$2,499	-$1,265
343	$61,302,516	0.00%	$2,061,546	$42,334,924	$16,906,046	10.5	0.0015	9.92	$1,703,990	2.78%	$1,859,389	-$155,399
344	$7,708,123	0.00%	$0	$5,576,593	$2,131,530	10.5	0.0002	10.49	$203,196	2.64%	$488,792	-$285,596
345	$7,159,774	0.00%	$0	$5,892,353	$1,267,421	10.5	0.0001	10.49	$120,822	1.69%	$237,861	-$117,039
346	$407,803	0.00%	$0	$332,744	$75,059	10.5	0.001	10.44	$7,190	1.76%	$31,836	-$24,646
Total	$76,685,498		$2,061,546	$54,224,691	$20,399,261	10.5			$2,037,058	2.66%	$2,627,209	-$590,151
Putnam Unit 2												
341	$38,546	0.00%	$0	$27,826	$10,720	10.5	0.0005	10.47	$1,024	2.66%	$10,964	-$9,940
342	$68,672	0.00%	$0	$48,851	$19,821	10.5	0.0045	10.25	$1,934	2.82%	$4,935	-$3,001
343	$59,896,463	0.00%	$1,185,270	$39,499,582	$19,211,611	10.5	0.0015	9.93	$1,934,888	3.23%	$2,078,665	-$143,777
344	$7,979,237	0.00%	$0	$6,074,669	$1,904,568	10.5	0.0002	10.49	$181,560	2.28%	$368,010	-$186,450
345	$7,332,410	0.00%	$0	$5,184,098	$2,148,312	10.5	0.0001	10.49	$204,796	2.79%	$581,068	-$376,272
346	$392,093	0.00%	$0	$278,918	$113,175	10.5	0.001	10.44	$10,841	2.76%	$68,668	-$57,827
Total	$75,707,421		$1,185,270	$51,113,944	$23,408,207	10.5			$2,335,043	3.08%	$3,112,310	-$777,267
Total Putnam	$199,838,517		$1,185,270	$137,233,928	$58,574,543				$5,834,608	2.92%	$9,544,913	-$3,710,305

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED COMBINED CYCLE PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Sanford Combined Cycle Plant			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Sanford Common												
341	$60,722,293	0.00%	$0	$25,257,552	$35,464,741	18.5	0.0005	18.41	$1,926,385	3.17%	$3,840,276	-$1,913,891
342	$86,458	0.00%	$0	$59,142	$27,316	18.5	0.0045	17.73	$1,541	1.78%	$2,104	-$563
343	$9,672,403	0.00%	$238,507	$14,848,670	-$5,414,774	18.5	0.0015	17.12	-$316,365	-3.27%	$0	-$316,365
345	$1,165,661	0.00%	$0	$739,852	$425,809	18.5	0.0001	18.48	$23,042	1.98%	$26,706	-$3,664
346	$1,612,112	0.00%	$0	$905,341	$706,771	18.5	0.001	18.33	$38,558	2.39%	$45,407	-$6,849
Total	$73,258,927		$238,507	$41,810,557	$31,209,863	18.5			$1,673,160	2.28%	$3,914,493	-$2,241,333
Sanford Unit 4												
341	$7,273,005	0.00%	$0	$3,129,303	$4,143,702	18.5	0.0005	18.41	$225,079	3.09%	$320,566	-$95,487
342	$1,754,676	0.00%	$0	$564,066	$1,190,610	18.5	0.0045	17.73	$67,152	3.83%	$84,423	-$17,271
343	$274,509,559	0.00%	$8,838,840	$53,940,671	$211,730,048	18.5	0.0015	17.16	$12,335,878	4.49%	$14,065,881	-$1,730,003
344	$28,084,480	0.00%	$0	$5,550,264	$22,534,216	18.5	0.0002	18.47	$1,220,044	4.34%	$2,327,577	-$1,107,533
345	$33,206,417	0.00%	$0	$12,453,807	$20,752,610	18.5	0.0001	18.48	$1,122,977	3.38%	$1,255,924	-$132,947
346	$3,248,040	0.00%	$0	$1,121,261	$2,126,779	18.5	0.001	18.33	$116,027	3.57%	$141,172	-$25,145
Total	$348,076,177		$8,838,840	$76,759,372	$262,477,965	18.5			$15,087,157	4.33%	$18,195,543	-$3,108,386
Sanford Unit 5												
341	$6,858,890	0.00%	$0	$1,694,577	$5,164,313	17.5	0.0005	17.42	$296,459	4.32%	$382,994	-$86,535
342	$1,765,435	0.00%	$0	$429,358	$1,336,077	17.5	0.0045	16.81	$79,481	4.50%	$100,556	-$21,075
343	$254,614,619	0.00%	$4,190,889	$58,741,579	$191,682,151	17.5	0.0015	16.76	$11,436,493	4.49%	$12,422,282	-$985,789
344	$30,030,624	0.00%	$0	$7,303,520	$22,727,104	17.5	0.0002	17.47	$1,300,922	4.33%	$2,342,756	-$1,041,834
345	$33,483,343	0.00%	$0	$9,125,661	$24,357,682	17.5	0.0001	17.48	$1,393,460	4.16%	$1,913,123	-$519,663
346	$2,758,184	0.00%	$0	$670,798	$2,087,386	17.5	0.001	17.35	$120,310	4.36%	$156,776	-$36,466
Total	$329,511,095		$4,190,889	$77,965,493	$247,354,713	17.5			$14,627,125	4.44%	$17,318,487	-$2,691,362
Total Sanford	$750,846,199		$4,190,889	$196,535,422	$541,042,541				$31,387,442	4.18%	$39,428,523	-$8,041,081
Turkey Point Combined Cycle Plant												
Turkey Point Unit 5												
341	$65,601,654	0.00%	$0	$7,133,546	$58,468,108	22.5	0.0005	22.37	$2,613,684	3.98%	$3,132,788	-$519,104
342	$12,540,827	0.00%	$0	$1,363,606	$11,177,221	22.5	0.0045	21.36	$523,278	4.17%	$625,544	-$102,266
343	$373,736,762	0.00%	$21,190,717	$53,233,814	$299,312,231	22.5	0.0015	19.67	$15,217,336	4.07%	$19,241,595	-$4,024,259
344	$3,030,799	0.00%	$0	$321,374	$2,709,425	22.5	0.0002	22.45	$120,687	3.98%	$136,991	-$16,304
345	$38,642,181	0.00%	$0	$5,401,892	$33,240,289	22.5	0.0001	22.47	$1,479,319	3.83%	$1,612,748	-$133,429
346	$10,033,608	0.00%	$0	$1,871,815	$8,161,793	22.5	0.001	22.25	$366,822	3.66%	$430,137	-$63,315
Total	$503,585,831		$21,190,717	$69,326,047	$413,069,067	22.5			$20,321,126	4.04%	$25,179,803	-$4,858,677
Total Turke	$503,585,831		$21,190,717	$69,326,047	$413,069,067				$20,321,126	4.04%	$25,179,803	-$4,858,677
Total CC	$4,116,385,568		$55,024,271	$1,303,547,150	$2,729,919,079				$169,920,569	4.13%	$204,079,249	-$34,158,680

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED GT PRODUCTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09	Net Salvage %	Net Salvage Amount	Reserve 31-Dec-09	Unrecovered Balance	Unadjusted Rem. Life	Interim Ret. Rate	Adjusted Rem. Life	Annual Accrual	Accrual Rate	FPL Request	OPC Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Gas Turbines			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
Lauderdale GTs												
341	$5,855,526	0.0%	$0	$5,275,911	$579,615	10.5	0.0005	10.47	$55,360	0.95%	$134,551	-$79,191
342	$2,028,370	0.0%	$0	$2,169,355	-$140,985	10.5	0.0045	10.25	-$13,755	-0.68%	$0	-$13,755
343	$45,124,101	0.0%	$704,691	$40,099,576	$4,319,834	10.5	0.0015	10.42	$414,571	0.92%	$657,712	-$243,141
344	$17,811,067	0.0%	$0	$16,254,071	$1,556,996	10.5	0.0002	10.49	$148,427	0.83%	$2,744,747	-$2,596,320
345	$4,596,633	0.0%	$0	$4,240,719	$355,914	10.5	0.0001	10.49	$33,929	0.74%	$48,889	-$14,960
346	$234,584	0.0%	$0	$213,624	$20,960	10.5	0.001	10.44	$2,008	0.86%	$6,329	-$4,321
Total	$75,650,281		$704,691	$68,253,256	$6,692,334	10.5			$640,540	0.85%	$3,592,228	-$2,951,688
Ft. Myers GTs												
341	$4,027,168	0.0%	$0	$3,477,292	$549,876	10.5	0.0005	10.47	$52,519	1.30%	$385,582	-$333,063
342	$3,232,602	0.0%	$0	$3,185,872	$46,730	10.5	0.0045	10.25	$4,559	0.14%	$13,970	-$9,411
343	$46,543,314	0.0%	$844,786	$34,733,846	$10,964,682	10.5	0.0015	10.42	$1,052,273	2.26%	$1,266,616	-$214,343
344	$21,981,629	0.0%	$0	$15,865,315	$6,116,314	10.5	0.0002	10.49	$583,061	2.65%	$2,394,321	-$1,811,260
345	$14,207,743	0.0%	$0	$5,166,929	$9,040,814	10.5	0.0001	10.49	$861,851	6.07%	$1,244,851	-$383,000
346	$91,395	0.0%	$0	$78,920	$12,475	10.5	0.001	10.44	$1,195	1.31%	$4,967	-$3,772
Total	$90,083,851		$844,786	$62,508,174	$26,730,891	10.5			$2,555,458	2.84%	$5,310,307	-$2,754,849
Pt. Everglades GTs												
341	$3,986,996	0.0%	$0	$3,293,313	$693,683	10.5	0.0005	10.47	$66,254	1.66%	$119,911	-$53,657
342	$9,942,862	0.0%	$0	$10,230,715	-$287,853	10.5	0.0045	10.25	-$28,083	-0.28%	$1,011	-$29,094
343	$21,133,092	0.0%	$583,677	$16,467,969	$4,081,446	10.5	0.0015	10.42	$391,693	1.85%	$452,491	-$60,798
344	$11,374,968	0.0%	$0	$10,068,397	$1,306,571	10.5	0.0002	10.49	$124,554	1.09%	$592,241	-$467,687
345	$3,411,445	0.0%	$0	$2,878,758	$532,687	10.5	0.0001	10.49	$50,780	1.49%	$62,510	-$11,730
346	$95,330	0.0%	$0	$78,262	$17,068	10.5	0.001	10.44	$1,635	1.71%	$2,524	-$889
Total	$49,944,693		$583,677	$43,017,414	$6,343,602	10.5			$606,834	1.22%	$1,230,688	-$623,854
Total GT	$215,678,825		$583,677	$173,778,844	$39,766,827				$3,802,831	1.76%	$10,133,223	-$6,330,392

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED GT PRODUCTION PLANT DEPRECIATION RATES

	Balance	Net Salvage		Reserve	Unrecovered	Unadjusted	Interim	Adjusted	Annual	Accrual	FPL	OPC
Account	31-Dec-09	%	Amount	31-Dec-09	Balance	Rem. Life	Ret. Rate	Rem. Life	Accrual	Rate	Request	Adjustment
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
West County 1			(a)x(b)		(a)-(b)-(c)				(e)/(h)	(i)/(a)		(i)-(k)
341	$87,967,441	0.00%	$0	$0	$87,967,441	24.5	0.0005	24.35	$3,612,626	4.11%	$4,157,693	-$545,067
342	$16,816,412	0.00%	$0	$0	$16,816,412	24.5	0.0045	23.15	$726,411	4.32%	$827,939	-$101,528
343	$501,156,064	0.00%	$30,406,352	$0	$470,749,712	24.5	0.0015	21.13	$22,278,590	4.45%	$27,990,084	-$5,711,494
344	$4,064,100	0.00%	$0	$0	$4,064,100	24.5	0.0002	24.44	$166,289	4.09%	$182,702	-$16,413
345	$51,816,586	0.00%	$0	$0	$51,816,586	24.5	0.0001	24.47	$2,117,556	4.09%	$2,246,923	-$129,367
346	$13,454,397	0.00%	$0	$0	$13,454,397	24.5	0.001	24.2	$555,967	4.13%	$626,975	-$71,008
Total	$675,275,000		$30,406,352	$0	$644,868,648	24.5			$29,457,438	4.36%	$36,032,316	-$6,574,878
West County 2												
341	$74,765,193	0.00%	$0	$0	$74,765,193	24.5	0.0005	24.35	$3,070,439	4.11%	$3,533,702	-$463,263
342	$14,292,587	0.00%	$0	$0	$14,292,587	24.5	0.0045	23.15	$617,390	4.32%	$703,681	-$86,291
343	$425,942,021	0.00%	$25,842,924	$0	$400,099,097	24.5	0.0015	21.09	$18,975,474	4.45%	$23,789,301	-$4,813,827
344	$3,454,155	0.00%	$0	$0	$3,454,155	24.5	0.0002	24.44	$141,332	4.09%	$155,282	-$13,950
345	$44,039,897	0.00%	$0	$0	$44,039,897	24.5	0.0001	24.47	$1,799,751	4.09%	$1,909,702	-$109,951
346	$11,435,147	0.00%	$0	$0	$11,435,147	24.5	0.001	24.2	$472,527	4.13%	$532,878	-$60,351
Total	$573,929,000		$25,842,924	$0	$548,086,076	24.5			$25,076,913	4.37%	$30,624,546	-$5,547,633
					$441,614,377							
West County 3												
341	$104,725,308	0.00%	$0	$0	$104,725,308	24.5	0.0005	24.35	$4,300,834	4.11%	$4,949,737	-$648,903
342	$20,019,951	0.00%	$0	$0	$20,019,951	24.5	0.0045	23.15	$864,793	4.32%	$985,662	-$120,869
343	$596,626,689	0.00%	$36,198,780	$0	$560,427,909	24.5	0.0015	21.13	$26,522,678	4.45%	$33,322,217	-$6,799,539
344	$4,838,314	0.00%	$0	$0	$4,838,314	24.5	0.0002	24.44	$197,967	4.09%	$217,506	-$19,539
345	$61,687,687	0.00%	$0	$0	$61,687,687	24.5	0.0001	24.47	$2,520,952	4.09%	$2,674,963	-$154,011
346	$16,017,471	0.00%	$0	$0	$16,017,471	24.5	0.001	24.2	$661,879	4.13%	$746,414	-$84,535
Total	$803,915,420		$36,198,780	$0	$767,716,640	24.5			$35,069,103	4.36%	$42,896,499	-$7,827,396
West CC	$2,053,119,420		$92,448,056	$0	$1,960,671,364				$89,603,454	4.36%	$109,553,361	-$19,949,907

SOURCES AND REFERENCES

Columns (a, d, & k)	: FPL Exhibit CRC-1.
Column (h)	: Column (f) time (1- (Column (g) times Column (f))/2)).
Column (i)	: Column (e) divided by Column (h).
Column (j)	: Column (i) divided by Column (a).
Column (l)	: Column (i) less Column (k).

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED TRANSMISSION AND DISTRIBUTION PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09 (a)	Net Salvage % (b)	Net Salvage Amount (c)	Reserve 31-Dec-09 (d)	Unrecovered Balance (e)	Remaining Life (f)	Annual Expense (g)	Annual Rate (h)
TRANSMISSION PLANT								
350.2 Easements	$175,571,160	0%	$0	$50,530,943	$125,040,217	77.51	$1,613,214	0.92%
352.0 Structures & Improvements	$85,889,291	-15%	-$12,883,394	$23,196,106	$75,576,579	47.81	$1,580,769	1.84%
353.0 Station Equipment	$1,011,113,785	0%	$0	$244,270,562	$766,843,223	33.48	$22,904,517	2.27%
353.1 Station Eqpmnt - Generator Step-Up Tran	$197,711,163	0%	$0	$42,535,608	$155,175,555	34.72	$4,469,342	2.26%
354.0 Towers & Fixtures	$168,243,833	0%	$0	$74,614,045	$93,629,788	42.04	$2,227,160	1.32%
355.0 Poles & Fixtures	$740,416,858	-30%	-$222,125,057	$298,146,133	$664,395,782	33.43	$19,874,238	2.68%
356.0 Overhead Conductors & Devices	$548,383,891	-40%	-$219,353,556	$214,668,340	$553,069,107	40.34	$13,710,191	2.50%
357.0 Underground Conduit	$54,394,725	0%	$0	$24,725,846	$29,668,879	40.89	$725,578	1.33%
358.0 Underground Conductors & Devices	$58,584,827	-10%	-$5,858,483	$32,491,841	$31,951,469	41.45	$770,844	1.32%
359.0 Roads & Trails	$82,226,489	-10%	-$8,222,649	$27,502,488	$62,946,650	47.03	$1,338,436	1.63%
Total Transmission	$3,122,536,022		-$468,443,139	$1,032,681,912	$2,558,297,249		$69,214,289	0.022166
DISTRIBUTION PLANT - DEPRECIABLE								
361.0 Structures & Improvements	$181,432,252	-15%	-$27,214,838	$44,324,043	$164,323,047	50.39	$3,261,025	1.80%
362.0 Station Equipment	$1,399,018,981	-10%	-$139,901,898	$429,047,355	$1,109,873,524	38.48	$28,842,867	2.06%
364.0 Poles, Towers & Fixtures	$878,114,186	-60%	-$526,868,512	$406,815,277	$998,167,421	30.56	$32,662,546	3.72%
365.0 Overhead Conductors & Devices	$1,155,296,902	-50%	-$577,648,451	$624,469,987	$1,108,475,366	32.15	$34,478,238	2.98%
366.6 Underground Conduit,Duct System	$1,293,088,609	0%	$0	$317,774,205	$975,314,404	59.03	$16,522,351	1.28%
366.7 Underground Conduit,Direct Buried	$76,179,331	0%	$0	$19,429,379	$56,749,952	39.97	$1,419,814	1.86%
367.6 UG Conductors & Devices Duct System	$1,344,075,779	0%	$0	$324,691,177	$1,019,384,602	31.95	$31,905,621	2.37%
367.7 UG Conductors & Devices,Direct Buried	$427,212,466	0%	$0	$247,924,379	$179,288,087	27.92	$6,421,493	1.50%
368.0 Line Transformers	$1,810,216,247	-20%	-$362,043,249	$772,661,777	$1,399,597,719	24.34	$57,501,961	3.18%
369.1 Services, Overhead	$180,627,855	-85%	-$153,533,677	$95,646,630	$238,514,902	36.71	$6,497,273	3.60%
369.7 Services, Underground	$609,994,306	-5%	-$30,499,715	$247,438,438	$393,055,583	29.98	$13,110,593	2.15%
370.0 Meters	$225,844,517	-10%	-$22,584,452	$81,144,078	$167,284,891	27.14	$6,163,776	2.73%
370.1 AMR Meters	$30,378,322	-10%	-$3,037,832	$733,042	$32,683,112	19.18	$1,704,020	5.61%
371.0 Installations on Customer's Premises	$63,873,263	-25%	-$15,968,316	$57,068,106	$22,773,473	22.6	$1,007,676	1.58%
373.0 Street Lighting & Signal Systems	$375,203,879	-20%	-$75,040,776	$230,756,332	$219,488,323	28.35	$7,742,093	2.06%
Total Distribution	$10,050,556,895		-$1,934,341,715	$3,899,924,205	$8,084,974,405		$249,241,349	2.48%

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED GENERAL PLANT DEPRECIATION RATES

Account	Balance 31-Dec-09 (a)	Net Salvage % (b)	Net Salvage Amount (c)	Reserve 31-Dec-09 (d)	Unrecovered Balance (e)	Remaining Life (f)	Annual Expense (g)	Annual Rate (h)
GENERAL PLANT - DEPRECIABLE								
390.0 Structures & Improvements	$405,787,732	25%	$101,446,933	$158,612,363	$145,728,436	42.72	$3,411,246	0.84%
392.01 Aircraft - Fixed Wing (Jet)	$44,041,046	50%	$22,020,523	$22,866,644	-$846,121	2.27	-$372,741	-0.85%
392.02 Aircraft - Rotary Wing	$8,926,387	50%	$4,463,194	$3,460,055	$1,003,139	4.5	$222,920	2.50%
392.1 Transportation - Automobiles	$2,066,181	15%	$309,927	$867,802	$888,452	3.42	$259,781	12.57%
392.2 Transportation - Light Trucks	$26,453,827	15%	$3,968,074	$12,689,927	$9,795,826	5.1	$1,920,750	7.26%
392.3 Transportation - Heavy Trucks	$156,049,583	15%	$23,407,437	$97,983,924	$34,658,222	5.75	$6,027,517	3.86%
392.4 Transportation - Tractor-Trailers	$571,817	0%	$0	$371,149	$200,668	2.41	$83,265	14.56%
392.9 Transportation - Trailers	$15,012,848	15%	$2,251,927	$6,467,243	$6,293,678	12.77	$492,849	3.28%
396.1 Power Operated Equipment (Transportati	$5,329,433	20%	$1,065,887	$2,950,374	$1,313,172	6.66	$197,173	3.70%
396.8 Other Power Operated Equipment	$31,694	20%	$6,339	$26,820	-$1,465	6.77	-$216	-0.68%
397.8 Communications Equipment - Fiber Optic	$7,822,814	0%	$0	$4,639,350	$3,183,464	7.93	$401,446	5.13%
Total General	$672,093,362		$158,940,241	$310,935,651	$202,217,470		$12,643,989	
Total Mass Property	$13,845,186,279		-$2,243,844,614	$5,243,541,768	$10,845,489,125		$331,099,626	

SOURCES AND REFERENCES

Columns (a & d) : FPL Exhibit CRC-1.
Column (c) : Column (a) times Column (b).
Column (e) : Column (a) less Column (c) less Column (d).
Column (g) : Column (e) divided by Column (f).
Column (h) : Column (g) divided by Column (a).

OFFICE OF PUBLIC COUNSEL'S SUMMARY OF EXCESS RESERVES
BASED ON PLANT AS ESTIMATED ENDING DECEMBER 31, 2009

	Company			OPC		OPC Incremental
	Book Reserve	Theoretical Reserve	Excess Reserve	Theoretical Reserve	Excess Reserve	Excess Reserve
	(a)	(b)	(c)	(d)	(e)	(f)
Steam	$ 2,072,703,705	$ 1,662,593,531	$ 410,110,174	$ 1,256,129,721	$ 816,573,984	$ 406,463,810
Nuclear	$ 2,121,178,163	$ 1,743,670,904	$ 377,507,259	$ 1,736,593,296	$ 384,584,867	$ 7,077,608
Combined Cycle	$ 1,303,547,150	$ 1,277,602,440	$ 25,944,710	$ 1,236,286,671	$ 67,260,479	$ 41,315,769
Gas Turbines	$ 173,778,844	$ 145,751,058	$ 28,027,786	$ 127,341,760	$ 46,437,084	$ 18,409,298
Total Production	$ 5,671,207,862	$ 4,829,617,933	$ 841,589,929	$ 4,356,351,448	$ 1,314,856,414	$ 473,266,485
Transmission	$ 1,032,681,912	$ 1,048,319,348	$ (15,637,436)	$ 822,264,418	$ 210,417,494	$ 226,054,930
Distribution	$ 3,899,924,205	$ 3,559,394,856	$ 340,529,349	$ 2,817,487,801	$ 1,082,436,404	$ 741,907,055
General	$ 310,935,651	$ 232,057,078	$ 78,878,573	$ 178,449,724	$ 132,485,927	$ 53,607,354
Total Mass Property	$ 5,243,541,768	$ 4,839,771,282	$ 403,770,486	$ 3,818,201,943	$ 1,425,339,825	$ 1,021,569,339
Grand Total	$ 10,914,749,630	$ 9,669,389,215	$ 1,245,360,415	$ 8,174,553,391	$ 2,740,196,239	$ 1,494,835,824

SOURCES AND REFERENCES

Columns (a-c) :Company values from Exhibit CRC-1 page 53.
Column (d) : OPC theoretical reserve based on individual recalculation by plant account and by unit by account for production plant.
Column (e) : Column (a) less Column (d).
Column (f) : Column (e) less Column (c).

EXAMPLE OF FPL'S CALCULATION ERROR OF REMAINING LIFE
CALCULATION BASED ON ACCOUNT 397.8 COMMUNICATIONS EQUIPMENT

Year	Surviving Balance	Rem. Life	Calculated Reserve	Correct Allocated Reserve	Company Calculation of Reserve: Complete	Company Calculation of Reserve: Remaining	Company Calculation of Reserve: Total	Correct Future Accruals	Dollar Weighted Rem. Life
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1994	$741.09	4.31	$422	$1,206	$741		$741	-$465	-$2,004
1995	$15,757.06	4.54	$8,603	$24,607	$15,757		$15,757	-$8,850	-$40,181
1996	$52,917.25	4.79	$27,570	$78,856	$52,917		$52,917	-$25,939	-$124,246
1997	$101,742.90	5.05	$50,363	$144,048	$101,743		$101,743	-$42,306	-$213,643
1998	$123,577.83	5.32	$57,834	$165,419	$123,578		$123,578	-$41,841	-$222,596
1999	$366,049.07	5.60	$161,062	$460,672	$366,049		$366,049	-$94,622	-$529,886
2000	$927,873.80	5.89	$381,356	$1,090,762	$927,874		$927,874	-$162,889	-$959,414
2001	$368,682.21	6.20	$140,099	$400,715	$368,682		$368,682	-$32,032	-$198,601
2002	$436,752.96	6.53	$151,553	$433,476	$436,753		$436,753	$3,277	$21,401
2003	$400,773.42	6.87	$125,442	$358,792	$400,773		$400,773	$41,981	$288,413
2004	$487,596.78	7.23	$135,064	$386,314		$481,193	$481,193	$101,283	$732,277
2005	$108,488.20	7.62	$25,820	$73,851		$91,989	$91,989	$34,637	$263,932
2006	$297,843.98	8.02	$58,973	$168,676		$210,103	$210,103	$129,168	$1,035,927
2007	$87,812.39	8.47	$13,435	$38,428		$47,866	$47,866	$49,384	$418,287
2008	$2,042,360.23	8.99	$206,278	$590,002		$734,907	$734,907	$1,452,359	$13,056,705
2009	$2,003,845.30	9.61	$78,150	$223,526		$278,424	$278,424	$1,780,319	$17,108,868
Total	$7,822,814.47		$1,622,026	$4,639,350	$2,794,868	$1,844,482	$4,639,350	$3,183,464	$30,635,237

Total that has not exceed investment	$1,480,797	
Correct Dollar Weighted Remaining Life - Years		9.62
Company's Incorrectly Calculated Remaining Life - Years		9.3
Company Error - Years		-0.32

SOURCES AND REFERENCES

Column (a)	: Exhibit CRC-1, page 720 Column (2).
Column (b) 2009-2004	: Exhibit CRC-1, page 720 Column (6).
Column (b) 2003-1994	: Calculated from standard Iowa Survivor Curve Tables.
Column (c)	: Exhibit CRC-1, page 720 Column (3).
Column (d)	: Allocation of Column (d) total to individual years based on total of Column (c).
Column (e) 2003-1994	: Limitation of allocation of Column (d) to dollar level of investment in Column (a).
Column (f) 2009-2004	: Allocation of remaining $ in Column (d) after limitation in Column (e) to remaining individual years based on total in Column (d) that has not exceed investment ($1,480,797).
Column (g)	: Addition of Columns (e & f) which matches Exhibit CRC-1, page 720 Column (4).
Column (h)	: Column (a) less Column (d) (i.e., surviving original cost less corrected allocation of reserve, net plant.
Column (i)	: Column (b) times Column (h) (i.e., remaining life times corrected future annual accruals).
Corrected Rem. Life	: Total of Column (i) divided by column (h).

OFFICE OF PUBLIC COUNSEL'S RECOMMENDED LEVEL FOR INTERIM RETIREMENT RATES

Account No.	Data Points	% Surviving	Interim Retirement Rate
311	50	0.7929	0.0041
312	50	0.6231	0.0075
314	50	0.614	0.0077
315	50	0.6123	0.0078
316	50	0.5855	0.0083
321	30	0.9489	0.0017
322	30	0.8679	0.0044
323	30	0.7355	0.0088
324	30	0.9669	0.0011
325	30	0.9198	0.0027

Account No.	1993-2007	Regular Retirements	Interim Retirement Rate	93-07 Ending Balance
341	15	$2,181,304	0.0005	$320,520,601
342	15	$5,177,925	0.0045	$75,991,801
343	15	$57,196,593	0.0015	$2,620,906,141
344	15	$1,031,442	0.0002	$301,977,610
345	15	$505,856	0.0001	$373,209,426
346	15	$700,003	0.0010	$46,339,824

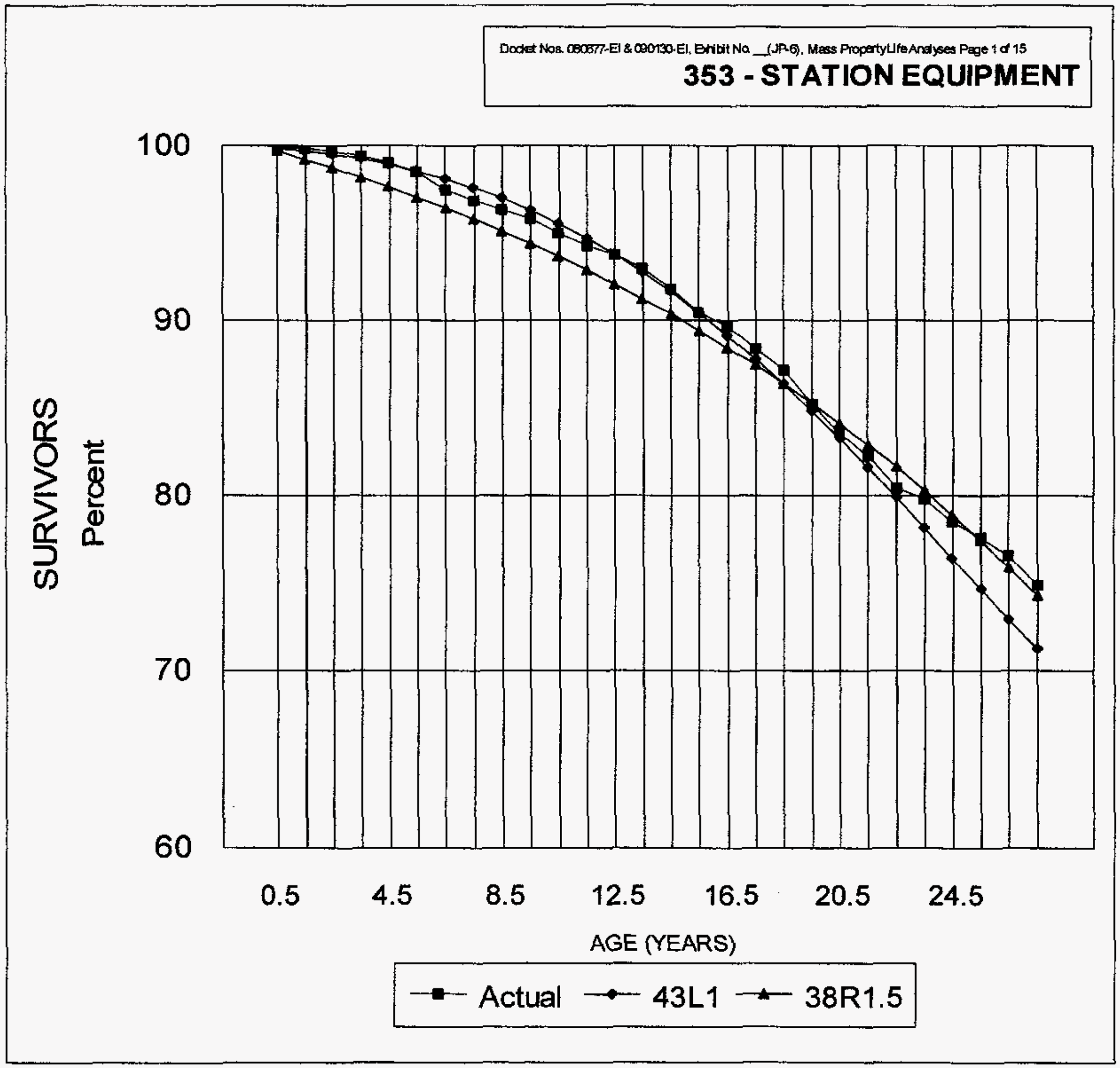
SOURCES AND REFERENCES

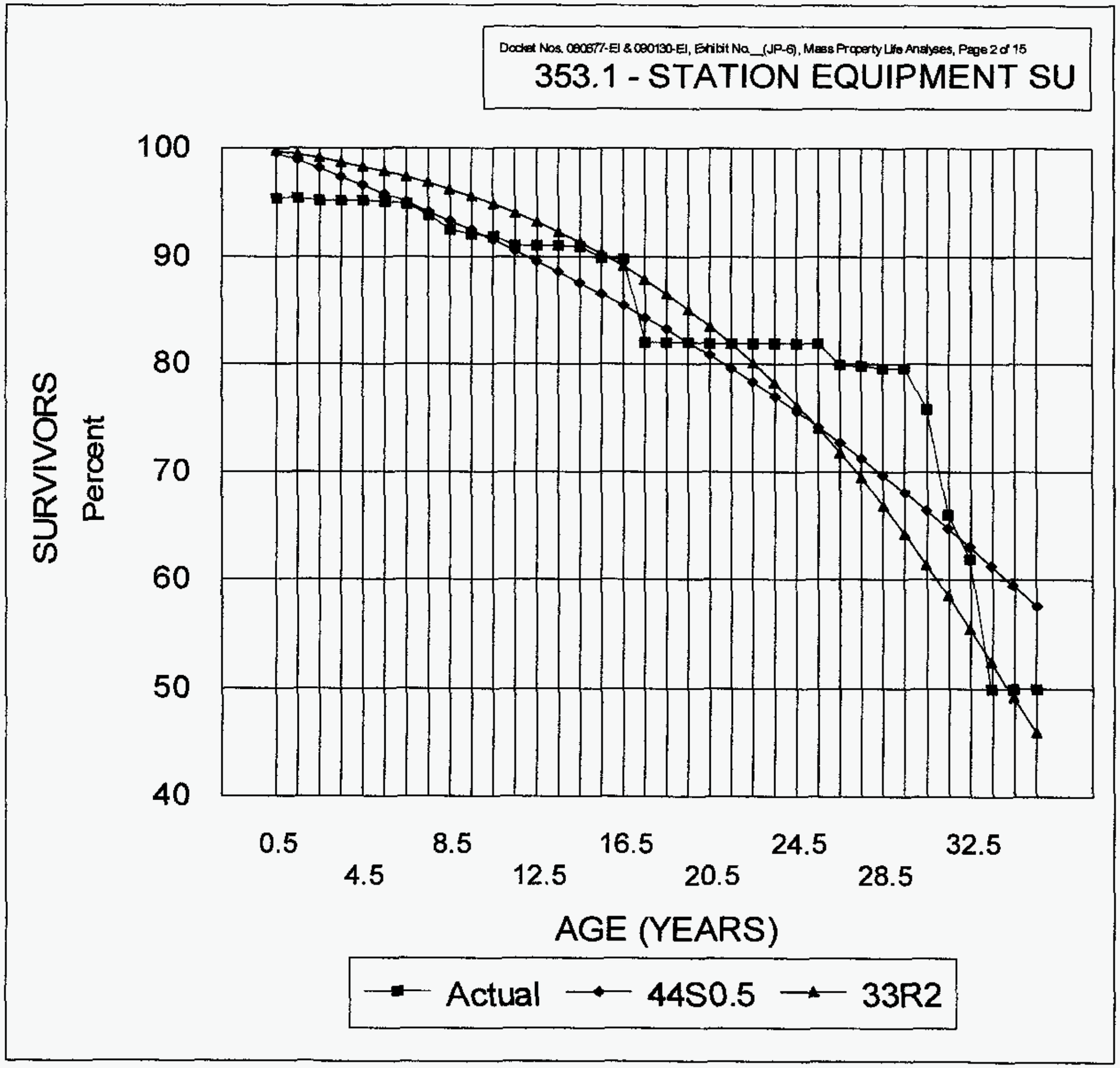
Steam Accounts: Exhibit CRC-1 pages 406, 409, 412, 415, and 418. Excludes impact from oldest plants due to older technology, construction, etc.

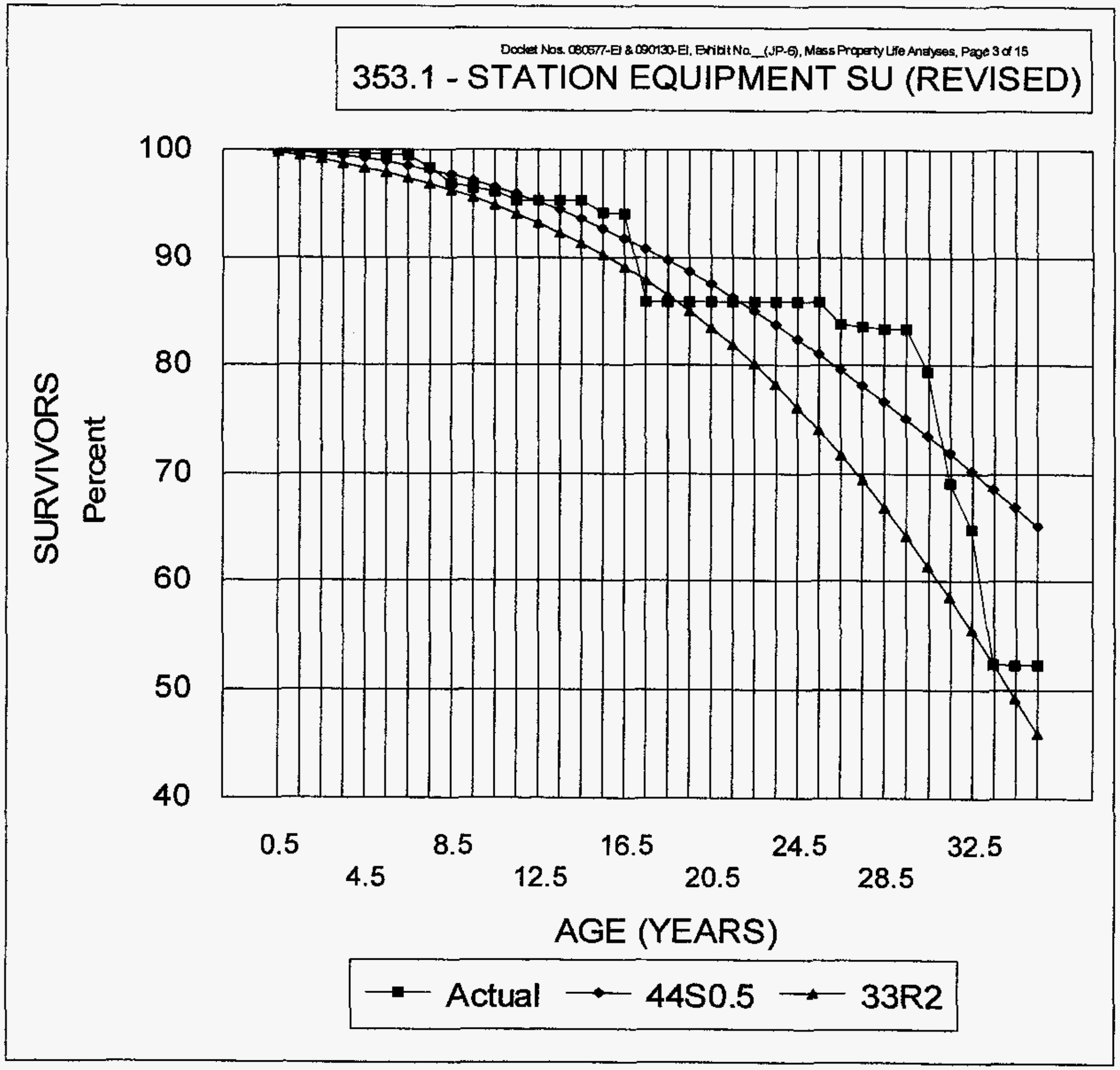
Nuclear Accounts: Exhibit CRC-1 for past 30 years.

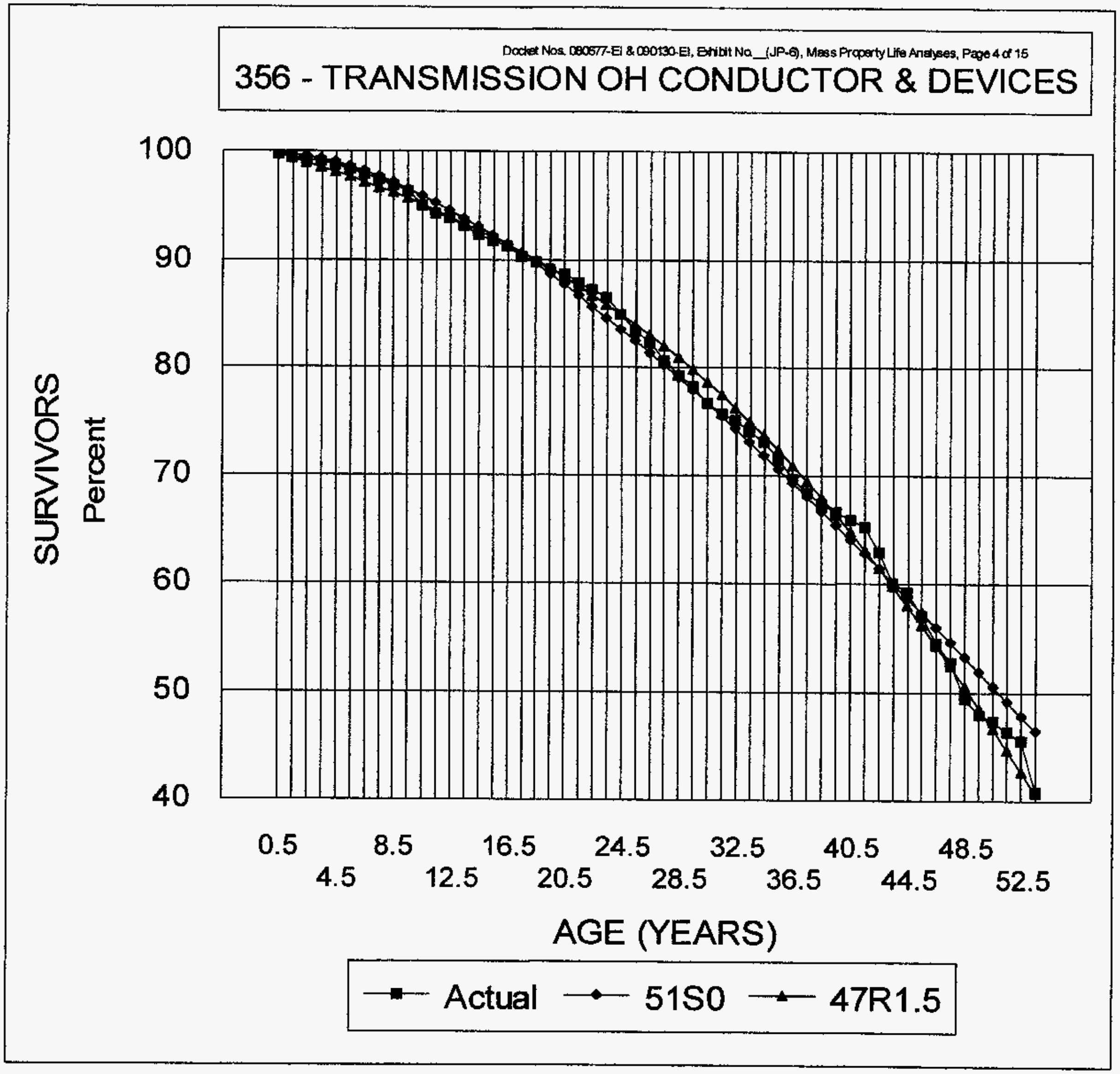
Other Production Accounts: Exhibit CRC-1 for combined cycle investment beginning in 1993. Excludes retirements at age of 0 and 1 years for Account 343.

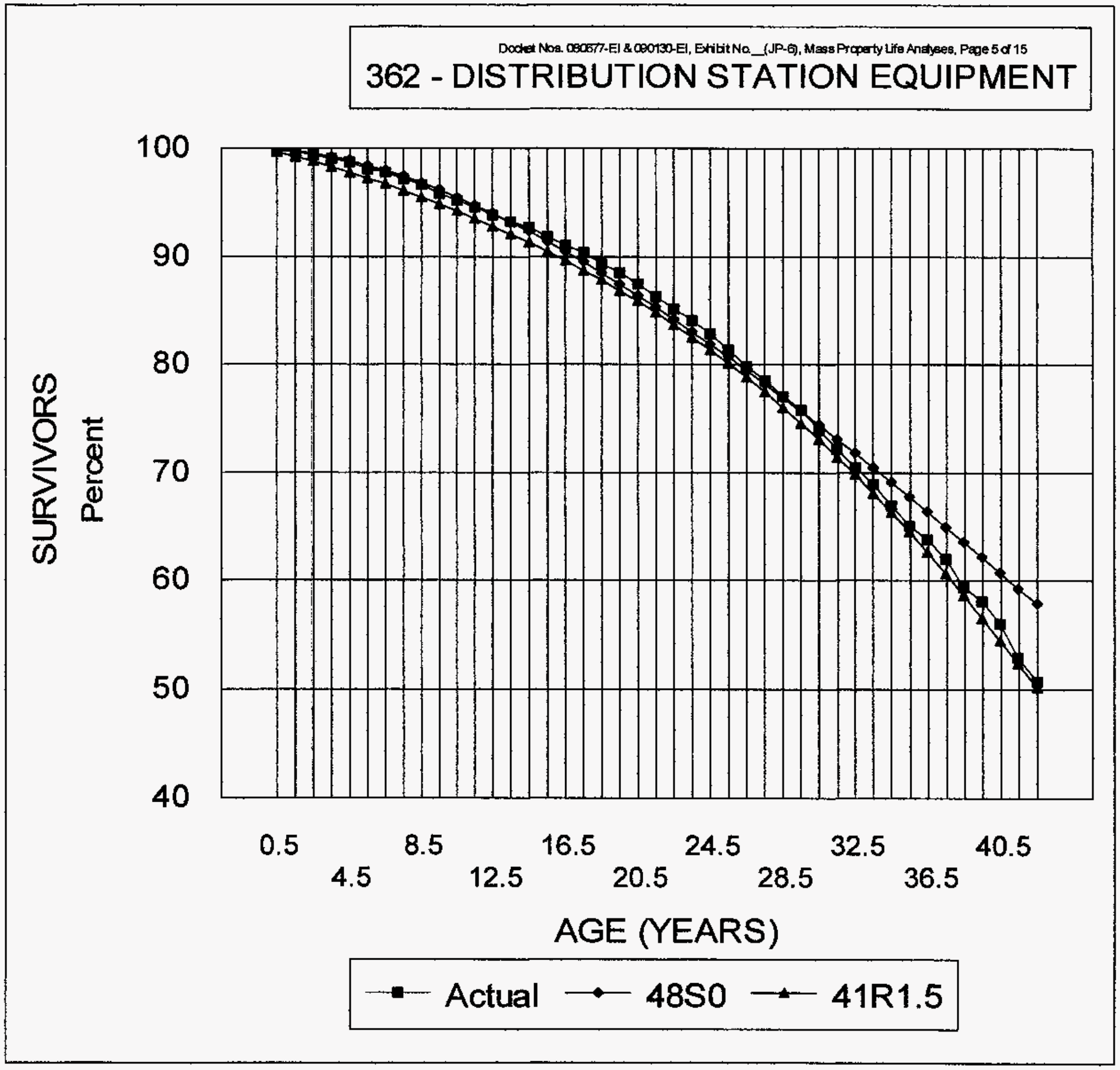
Account Description	FPL CURVE	FPL LIFE	OPC CURVE	OPC LIFE
350.2 Transmission Easements	S4	50	S4	95
353 Transmission Substation Equipment	R1.5	38	L1	43
353.1 Transmission Substation Equipment Step-Up Transformers	R2	33	S0.5	44
354 Transmission Towers & Fixtures	R5	40	R4	60
356 Transmission Overhead Conductor	R1.5	47	S0	51
359 Transmission Roads and Trails	SQ	50	SQ	65
362 Distribution Substation Equipment	R1.5	41	S0	48
364 Distribution Poles, Towers & Fixtures	R2	37	R1.5	41
365 Distribution OH Conductors & Devices	S0	40	S0	43
367.6 Distribution Underground Conductor - Duct System	S0	38	L1	40
367.7 Distribution Underground Conductors – Direct Buried	R2	35	S0.5	43
368 Distribution Line Transformers	L1.5	32	L1.5	34
369.7 Distribution Services Underground	R2	34	S0.5	41
370 Distribution Meters	R2.5	36	S1.5	38
373 Distribution Street Lighting & Signals	R0.5	30	L0	35
390 General Structures & Improvements	R1.5	50	S0	56
392.01 General Aircraft – Fixed Wing	SQ	7	R5	9
392.02 General Aircraft – Rotary Wing	SQ	7	R5	9

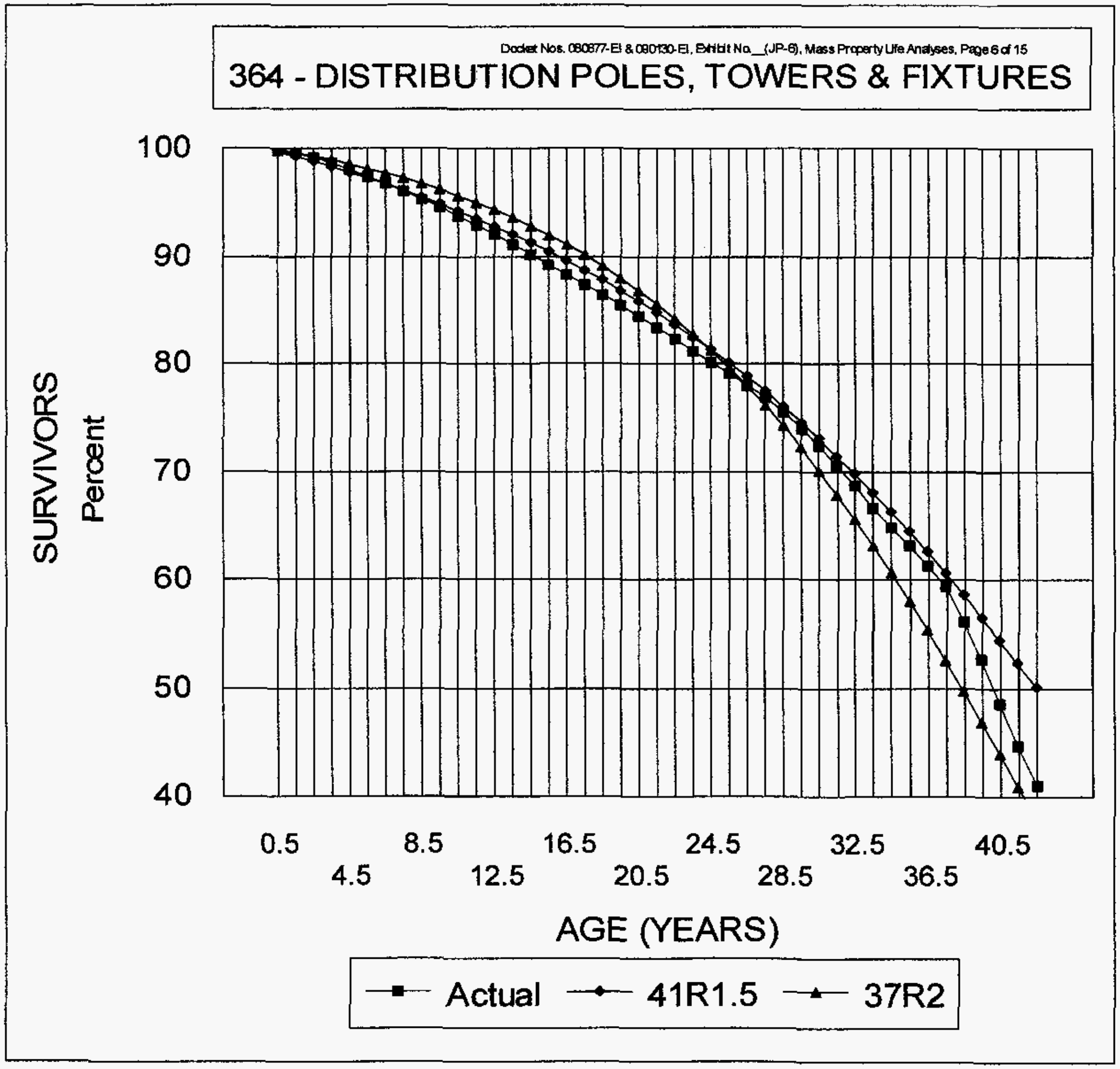

Docket Nos. 080677-EI & 090130-EI, Exhibit No. __(JP-6), Mass PropertyLifeAnalyses Page 1 of 15
353 - STATION EQUIPMENT
SURVIVORS
Percent
100
90
80
70
60
0.5
4.5
8.5
12.5
16.5
20.5
24.5
AGE (YEARS)
Actual
43L1
38R1.5

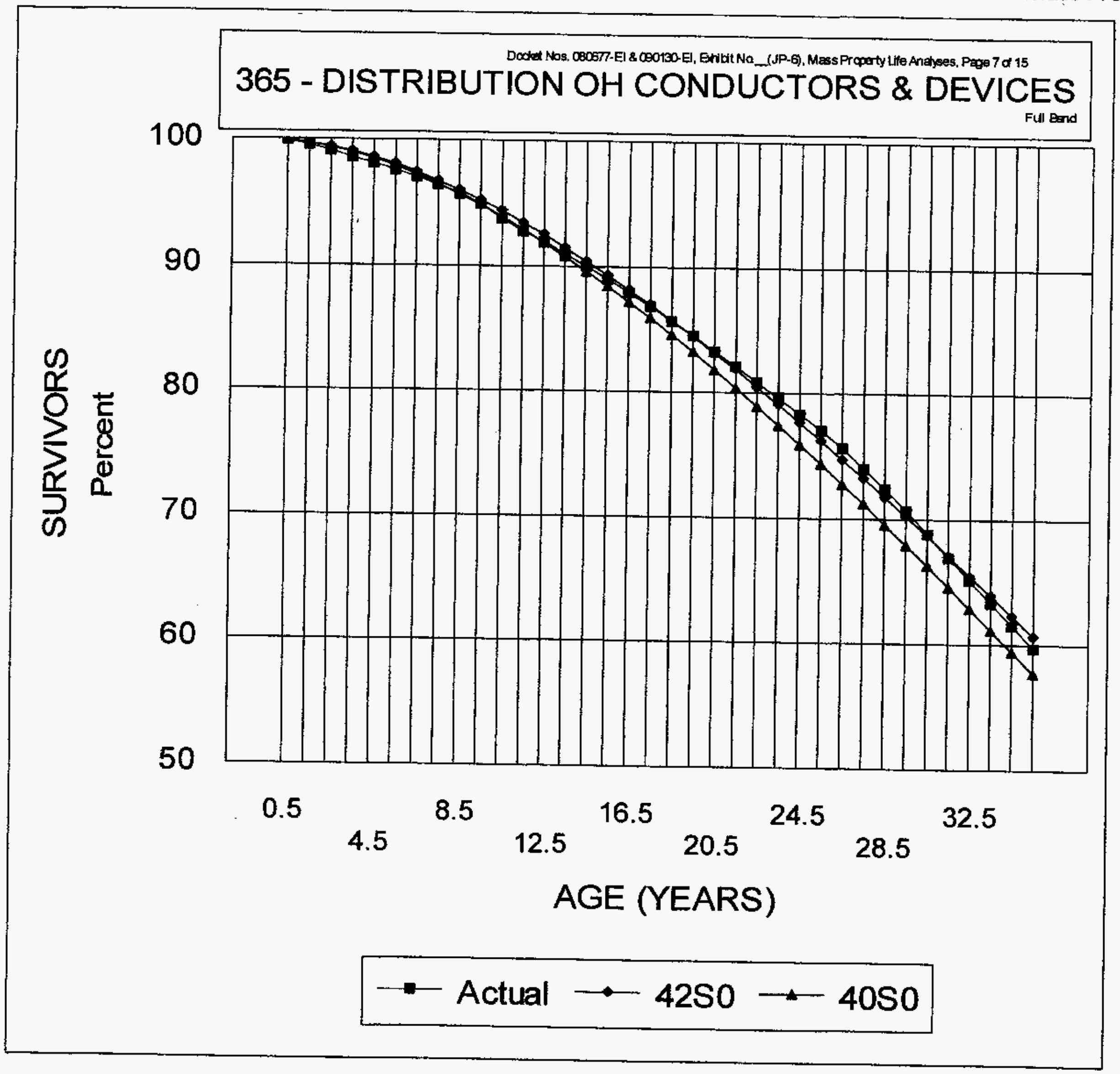

Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 2 of 15
353.1 - STATION EQUIPMENT SU
SURVIVORS
Percent
100
90
80
70
60
50
40
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
AGE (YEARS)
Actual
44S0.5
33R2

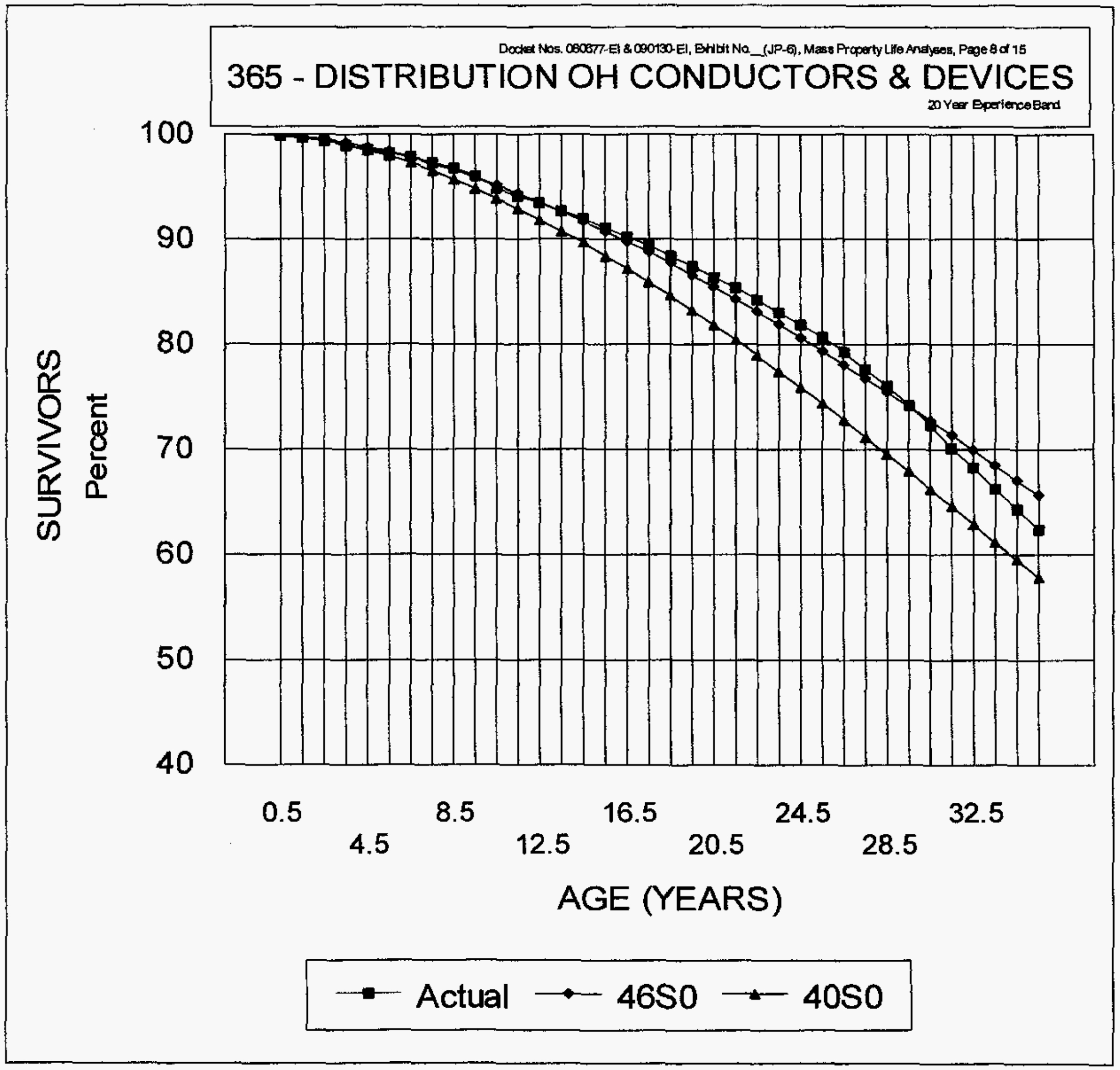

Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 3 of 15
353.1 - STATION EQUIPMENT SU (REVISED)
SURVIVORS
Percent
100
90
80
70
60
50
40
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
AGE (YEARS)
Actual
44S0.5
33R2

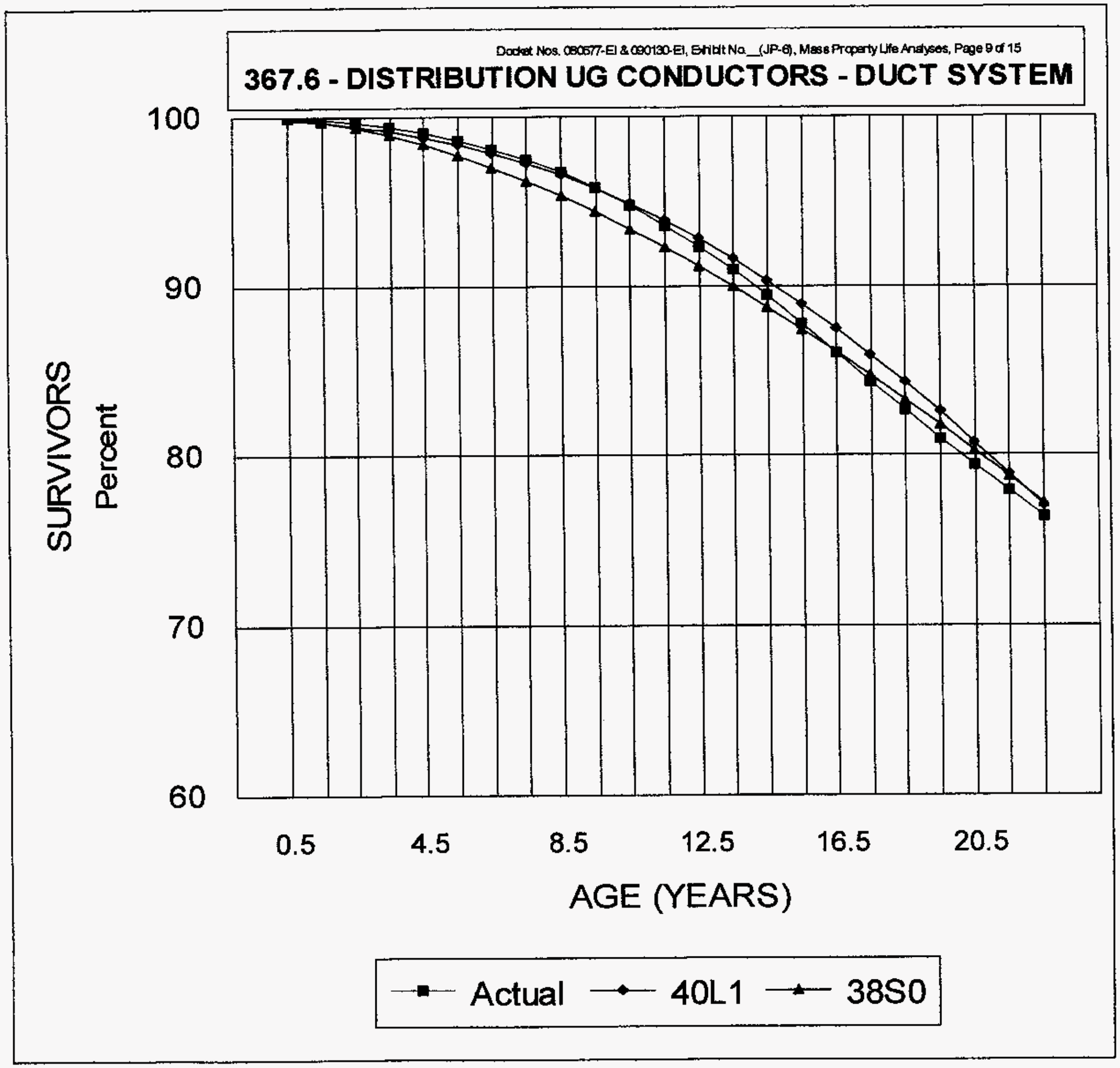

Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 4 of 15
356 - TRANSMISSION OH CONDUCTOR & DEVICES
SURVIVORS
Percent
100
90
80
70
60
50
40
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
44.5
48.5
52.5
AGE (YEARS)
Actual
51S0
47R1.5

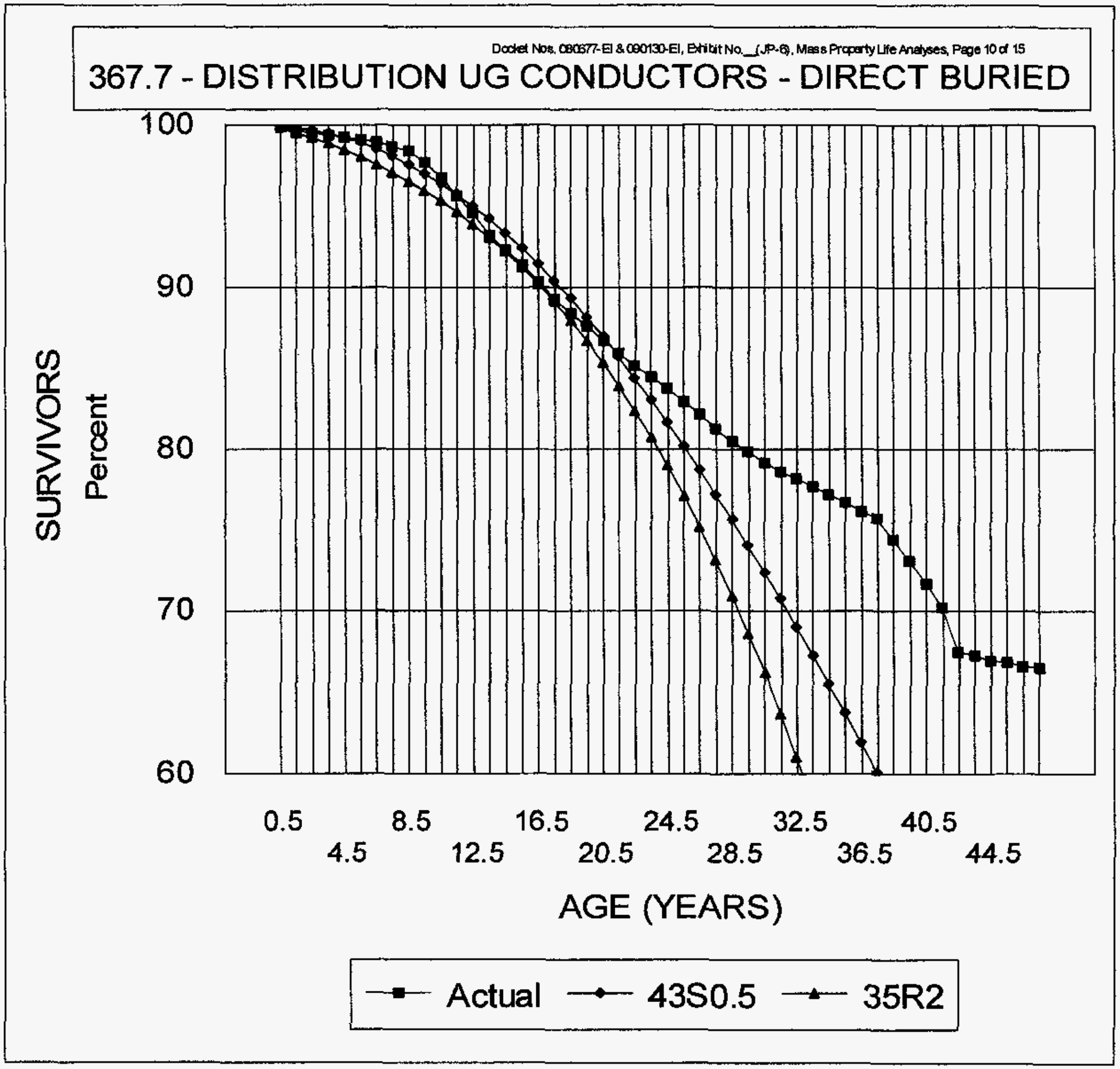

Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 5 of 15
362 - DISTRIBUTION STATION EQUIPMENT
100
90
80
70
60
50
40
SURVIVORS
Percent
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
AGE (YEARS)
Actual
48S0
41R1.5

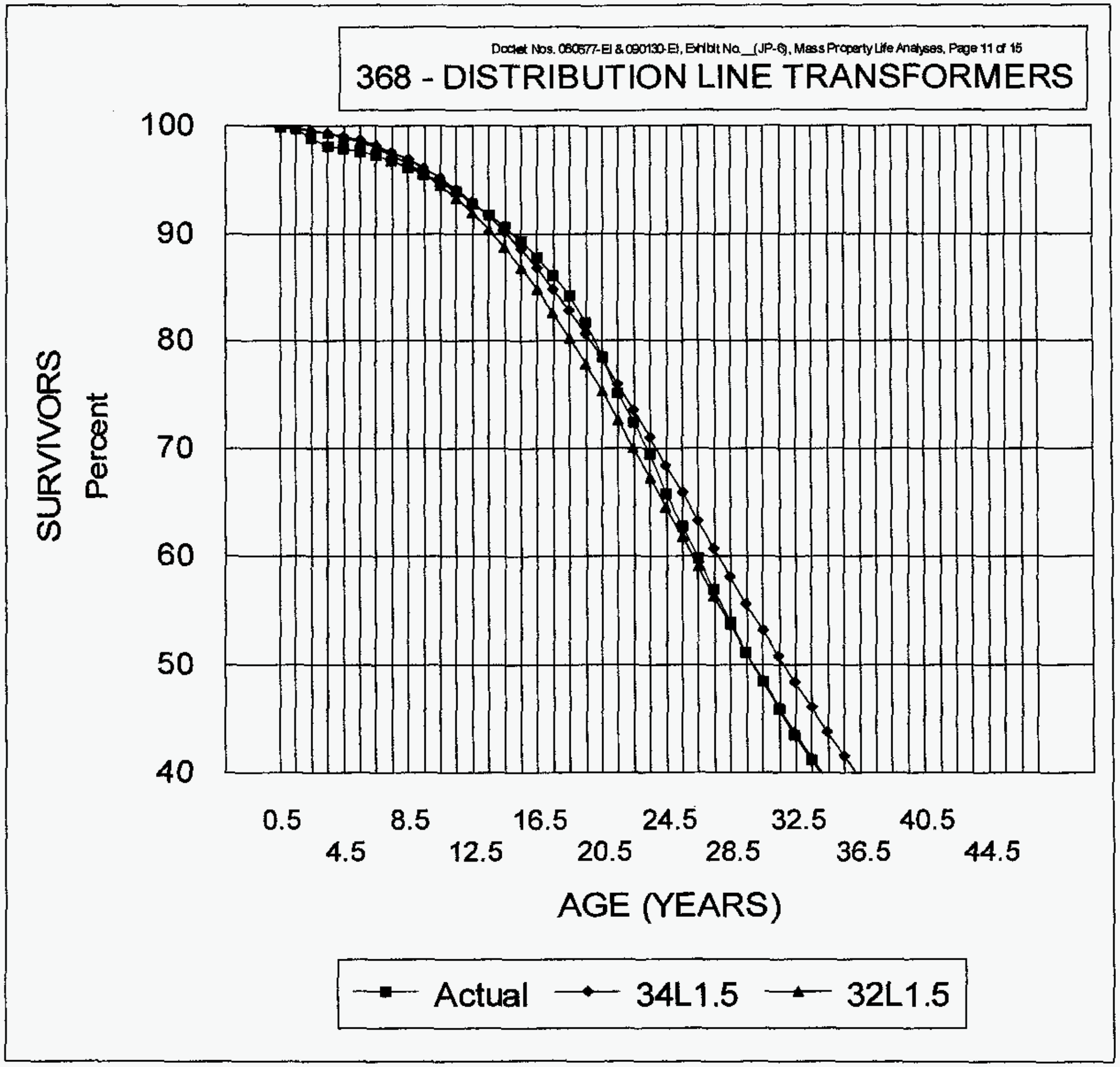

Docket Nos. 080677-EI & 090130-EI, Exhibit No. __(JP-6), Mass Property Life Analyses, Page 6 of 15
364 - DISTRIBUTION POLES, TOWERS & FIXTURES
SURVIVORS
Percent
100
90
80
70
60
50
40
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
AGE (YEARS)
Actual
41R1.5
37R2

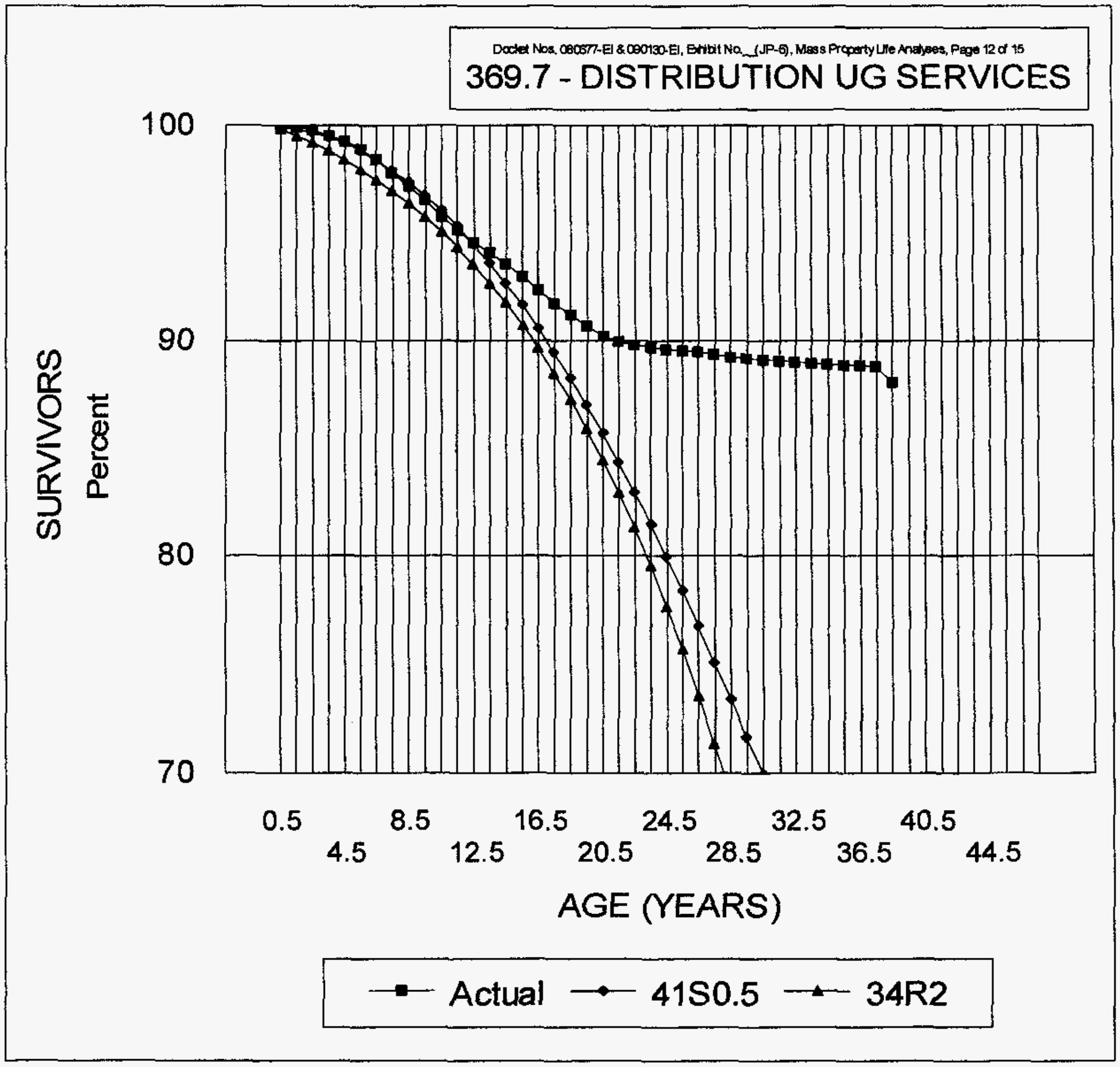

Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 7 of 15
365 - DISTRIBUTION OH CONDUCTORS & DEVICES
Full Band
SURVIVORS
Percent
100
90
80
70
60
50
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
AGE (YEARS)
Actual
42S0
40S0

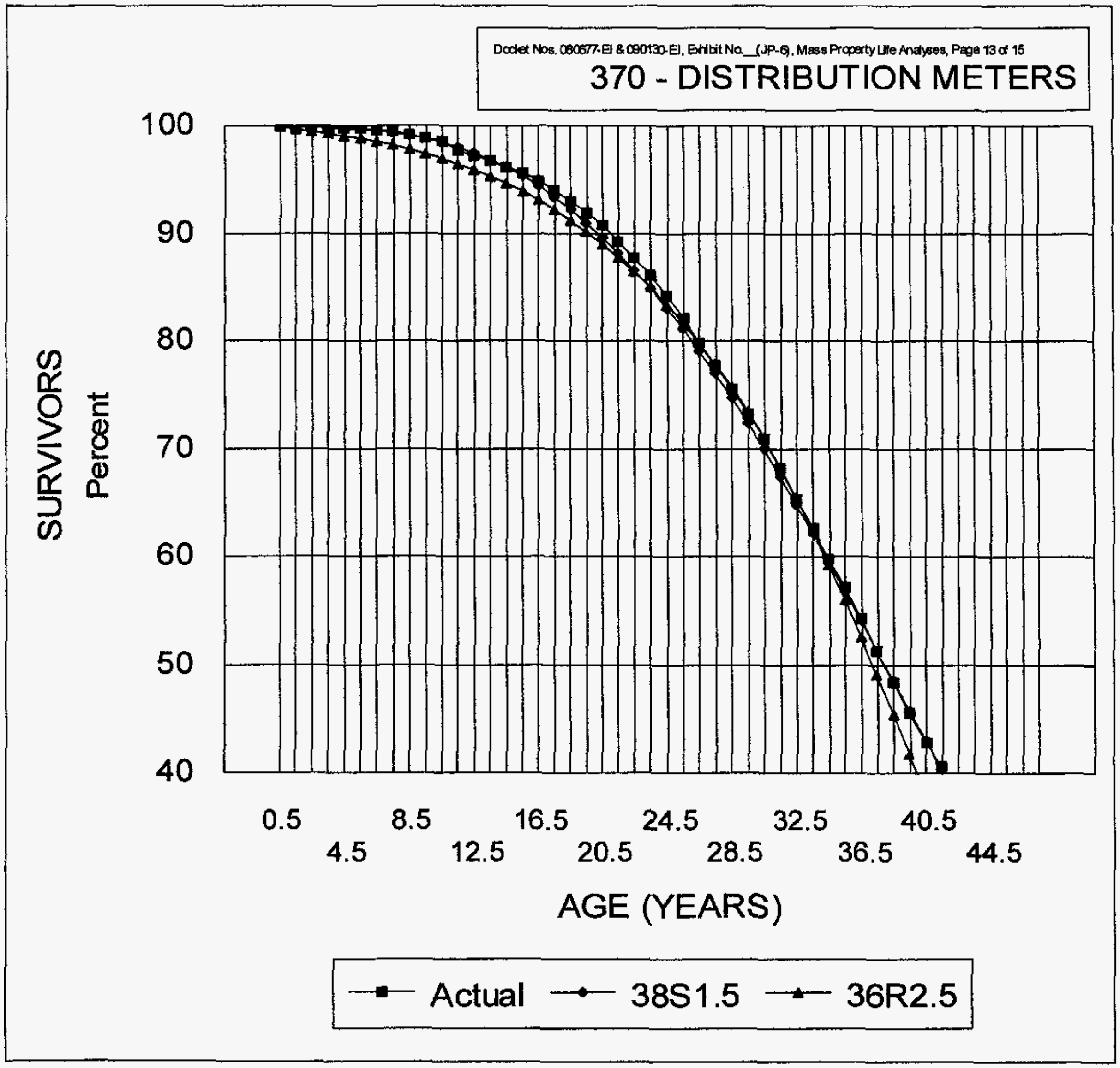

Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 8 of 15
365 - DISTRIBUTION OH CONDUCTORS & DEVICES
20 Year Experience Band
SURVIVORS
Percent
100
90
80
70
60
50
40
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
AGE (YEARS)
Actual
46S0
40S0

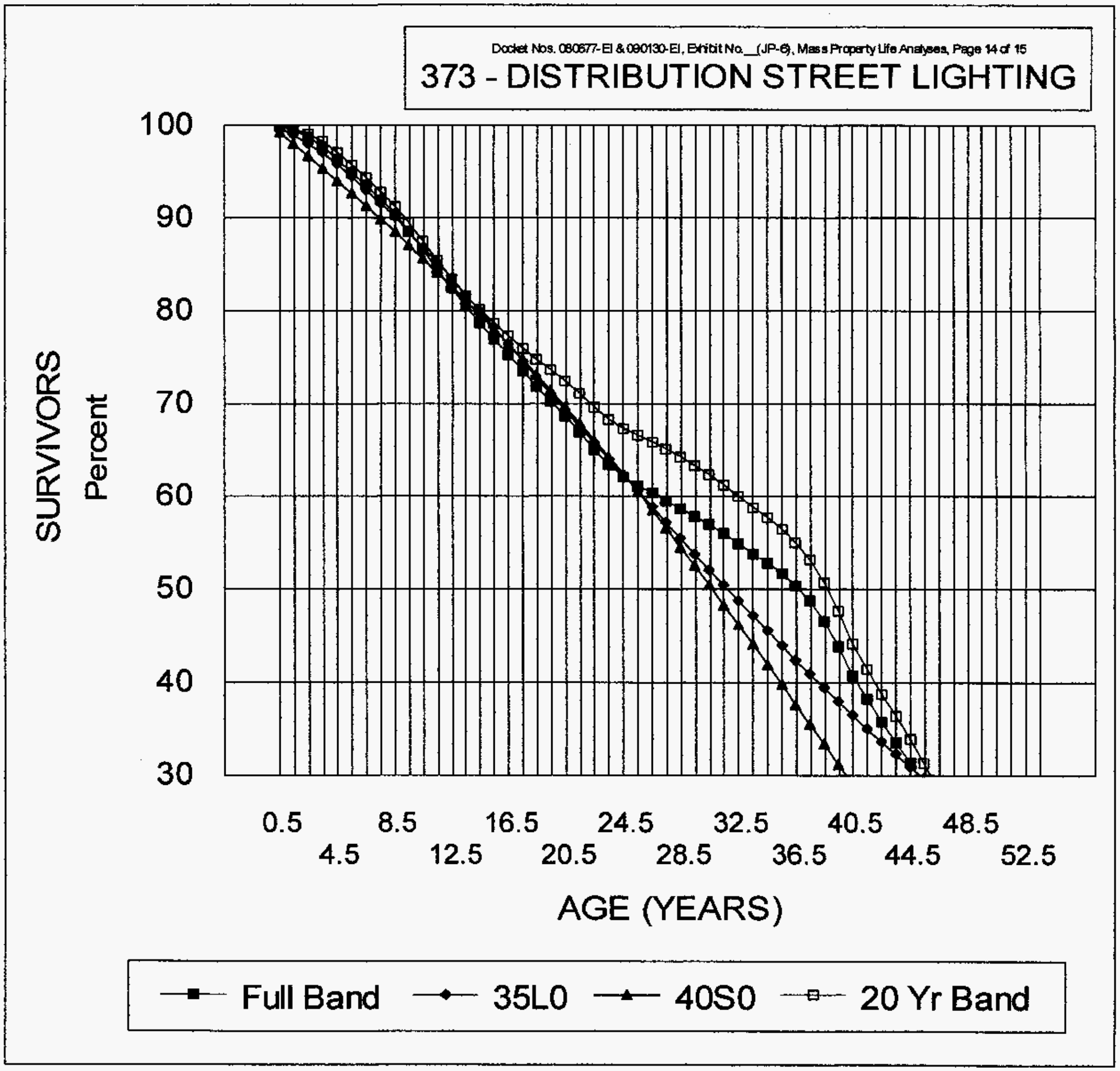

Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 9 of 15
367.6 - DISTRIBUTION UG CONDUCTORS - DUCT SYSTEM
100
90
80
70
60
SURVIVORS
Percent
0.5
4.5
8.5
12.5
16.5
20.5
AGE (YEARS)
Actual
40L1
38S0

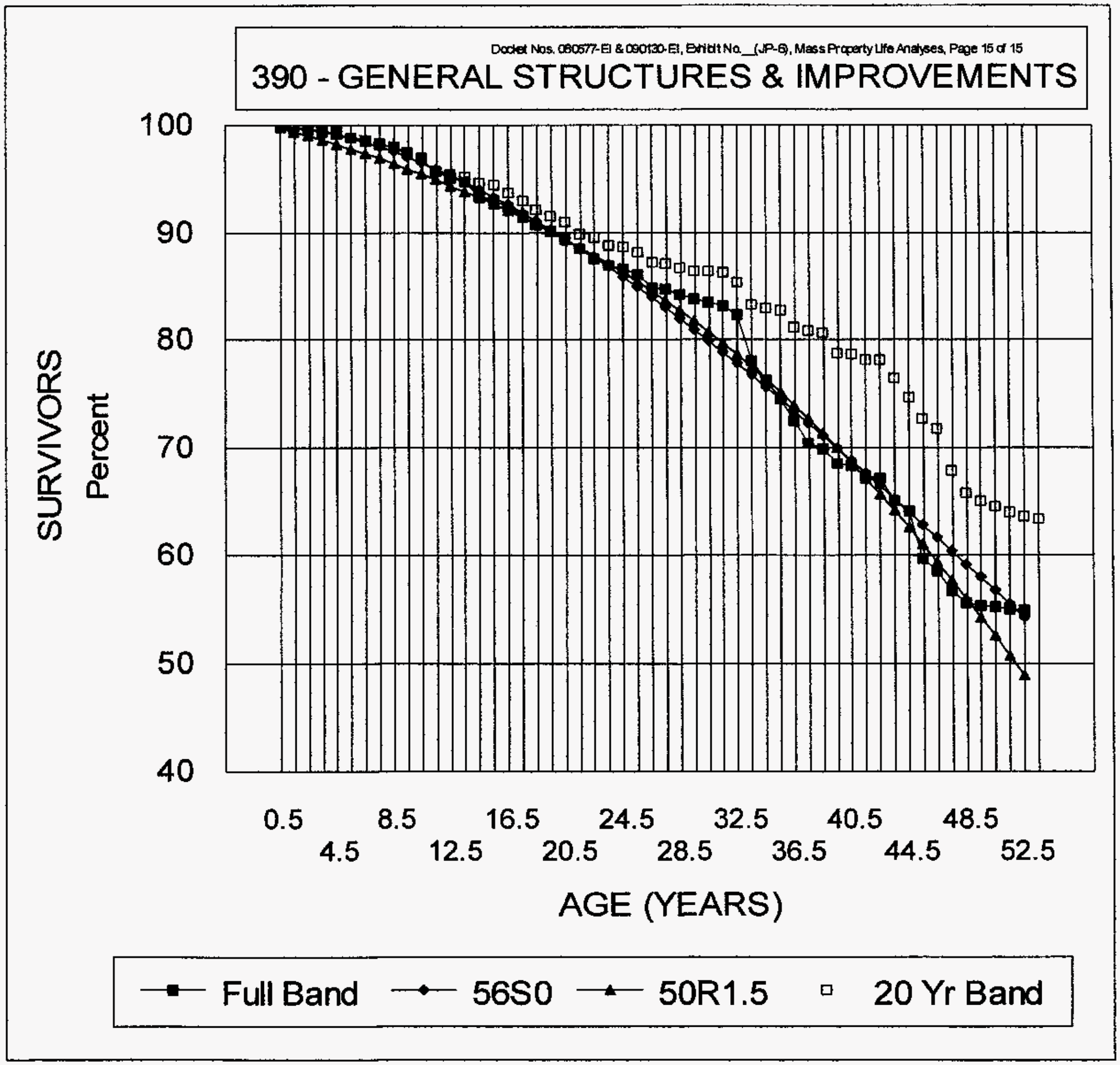

Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 10 of 15
367.7 - DISTRIBUTION UG CONDUCTORS - DIRECT BURIED
SURVIVORS
Percent
100
90
80
70
60
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
44.5
AGE (YEARS)
Actual
43S0.5
35R2


Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 11 of 15
368 - DISTRIBUTION LINE TRANSFORMERS
100
90
80
70
60
50
40
SURVIVORS
Percent
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
44.5
AGE (YEARS)
Actual
34L1.5
32L1.5


Docket Nos. 080677-EI & 090130-EI, Exhibit No._(JP-6), Mass Property Life Analyses, Page 12 of 15
369.7 - DISTRIBUTION UG SERVICES
SURVIVORS
Percent
100
90
80
70
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
44.5
AGE (YEARS)
Actual
41S0.5
34R2


Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 13 of 15
370 - DISTRIBUTION METERS
SURVIVORS
Percent
100
90
80
70
60
50
40
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
44.5
AGE (YEARS)
Actual
38S1.5
36R2.5


Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 14 of 15
373 - DISTRIBUTION STREET LIGHTING
SURVIVORS
Percent
100
90
80
70
60
50
40
30
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
44.5
48.5
52.5
AGE (YEARS)
Full Band
35L0
40S0
20 Yr Band


Docket Nos. 080677-EI & 090130-EI, Exhibit No.__(JP-6), Mass Property Life Analyses, Page 15 of 15
390 - GENERAL STRUCTURES & IMPROVEMENTS
SURVIVORS
Percent
100
90
80
70
60
50
40
0.5
4.5
8.5
12.5
16.5
20.5
24.5
28.5
32.5
36.5
40.5
44.5
48.5
52.5
AGE (YEARS)
Full Band
56S0
50R1.5
20 Yr Band

COMPARISON OF NET SALVAGE %

Account	Existing	FPL Proposal	OPC Recommendation	Difference
353 Transmission Station Equipment	5	(15)	0	15
354 Transmission Tower & Fixtures	5	(15)	0	15
355 Transmission Poles & Fixtures	(50)	(50)	(30)	20
356 Transmission Overhead Conductors	(45)	(50)	(40)	10
364 Distribution Poles, Towers & Fixtures	(40)	(125)	(60)	65
365 Overhead Conductors & Devices	(50)	(100)	(50)	50
366.6 Underground Conduit – Duct System	(10)	(5)	0	5
367.6 Underground Conductor – Duct System	(5)	(5)	0	5
368 Distribution Line Transformers	(35)	(25)	(20)	5
369.1 Distribution Services - Overhead	(60)	(125)	(85)	40
369.7 Distribution Services - Underground	(10)	(10)	(5)	5
370 Distribution Meters	(30)	(55)	(10)	45
370.1 Distribution Meters – AMI	NA	(55)	(10)	45
390 General Structures & Improvements	0	(10)	25	35

Docket No 080677 and 090130

COMPOSITE EXHIBIT JP-8 TO PREFILED TESTIMONY OF JACOB POUS

Table of Contents

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Petition for Rate Increase by
Progress Energy Florida, Inc.

Docket No. 050078-EI

_______________________________/

DIRECT TESTIMONY OF

JACOB POUS

ON BEHALF OF

FLORIDA'S OFFICE OF PUBLIC COUNSEL
&
FLORIDA INDUSTRIAL POWER USERS GROUP

July 13, 2005

increase in plant immediately after this case ends with a short remaining life that <u>might</u> result in a conclusion that "your whole reserve comparison scenario [sizeable excess reserve imbalance] would just totally change" is so far beyond the realm of reality that it represents nothing more than an attempt to deny the obvious. (See Exhibit _ (JP-2), Mr. Robinson's deposition at page 75).

Q. WHAT IS YOUR SPECIFIC PROPOSAL REGARDING THE TREATMENT OF THE RESERVE EXCESS?

A. I recommend an approach that should satisfy all concerns if my recommended adjustments to mass property net salvage are adopted. Under the scenario I recommend, the $714 million plus of additional excess reserves associated with my adjustments to net salvage parameters, plus the nuclear decommissioning excess reserve of $130 million, would be returned to customers over the next 4-years. The $504 million of excess reserve identified by the Company in its own study can be returned to customers over the remaining life as it proposed. This latter aspect provides a safety cushion for those that may believe that one is necessary, while providing the most representative generation of customers available the return of a significant portion of their prior overpaid depreciation expense. This approach addresses the matching principle and its related intergenerational inequity problem, but not to the degree that this Commission has previously found appropriate in other cases. This approach also takes into account the need to gauge the impact of a shorter amortization period so as to protect the financial integrity of the Company. I have discussed the impact of my recommended adjustment with OPC's financial and accounting witnesses, who confirmed that PEF could implement my recommendation and maintain coverage ratios adequate to access the capital markets on reasonable terms and maintain an appropriate capital structure. Alternatively, if the Commission elects not to adopt my recommended net salvage adjustments, then fairness and equity demands that the $504 million reserve excess identified by PEF plus the $129 million excess in the nuclear decommissioning fund be amortized back to customers over a 4-year period. At that point, a clean slate will have been established and future customers will be charged based on the then best estimate of depreciation parameters.

Q. WHY DID YOU CHOOSE A 4-YEAR AMORTIZATION PERIOD?

A. The 4-year period is not only within the range of periods previously adopted by this Commission for other cases where a reserve deficiency was present; it also corrects the intergenerational situation in an effective and manageable manner. Further, the 4-year period provides sufficient time for the Company to gain additional experience and perform and present a new, complete and well-documented depreciation study. Finally, one must always recognize that the ratemaking process already disadvantages current customers in the intergenerational inequity scenario. Remember, those generations of customers nearer to the end of the useful life of an investment pay much less for service than do customers at the beginning of the useful life. While future customers will not see a difference in the actual product (i.e., a kwh of energy or a Kw of capacity), a

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY OF OKLAHOMA, AN OKLAHOMA CORPORATION, FOR AN ADJUSTMENT IN ITS RATES AND CHARGES FOR ELECTRIC SERVICE IN THE STATE OF OKLAHOMA	))))))	CAUSE NO. PUD 200800144 ORDER NO.

HEARING: December 8, 2008 through December 17, 2008
Before the Commission *en banc* with Maribeth D. Snapp, Referee

APPEARANCES: Jack P. Fite, Joann T. Stevenson, Rhonda C. Ryan and Philip F. Ricketts, Attorneys for Public Service Company of Oklahoma
Elizabeth Ryan, Whitney Weingartner and William L. Humes, Assistant Attorneys General for Office of Attorney General, State of Oklahoma
Thomas P. Schroedter, Grayden Dean Luthey, Jr. and J. Fred Gist, Attorneys for Oklahoma Industrial Energy Consumers
Lenora F. Burdine and James L. Myles, Deputy General Counsels, Elizabeth J. Stefanik, Christian D. Szlichta and Don A. Schooler, Assistant General Counsels for Public Utility Division, Oklahoma Corporation Commission
Lee W. Paden, Attorney for Quality of Service Coalition
Rick D. Chamberlain, Attorney for Wal-Mart Stores East, LP
Deirdre O. Dexter, Nancy J. Siegel and Mary Lockhart, Attorneys for City of Tulsa
Robert W. Dace and Robert A. Weishaar, Jr., Attorneys for Gerdau Ameristeel Corporation

FINAL ORDER

BY THE COMMISSION:

The Corporation Commission of the state of Oklahoma ("Commission" or "OCC"), being regularly in session and the undersigned Commissioners being present and participating, there comes on for consideration and action, the application of Public Service Company of Oklahoma ("PSO" or "Company") to adjust its rates and charges for electric service in the State of Oklahoma.

PROCEDURAL HISTORY

On May 15, 2008, PSO filed with this Commission its Notice of Intent pursuant to OAC 165:70-3-7, that it intended to file an application seeking to implement a plan that would modify the rates and charges for PSO's Oklahoma jurisdictional customers.

PUBLIC SERVICE COMPANY OF OKLAHOMA

DEPRECIATION STUDY REPORT

OF

ELECTRIC PLANT IN SERVICE

AT DECEMBER 31, 2007

INTRODUCTION

This report presents the results of a depreciation study of Public Service Company of Oklahoma's (PSO) depreciable electric utility plant in service at December 31, 2007. The study was prepared by David A. Davis, Principle Regulatory Accounting Consultant at American Electric Power Service Corporation (AEPSC). The purpose of this depreciation study was to develop appropriate annual depreciation accrual rates for each of the primary plant accounts, which comprise the functional groups for which PSO computes its annual depreciation expense.

The recommended depreciation rates are based on the Average Remaining Life Method of computing depreciation. Further explanation of this method is contained in the Discussion of Methods and Procedures Used in the Study section of this report.

The definition of depreciation used in this Study is the same as that used by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners:

> "Depreciation, as applied to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities."

> "Service value means the difference between original cost and the net salvage value (net salvage value means the salvage value of the property retired

PUBLIC SERVICE COMPANY OF OKLAHOMA
SCHEDULE IV - GENERATION PLANT RETIREMENT DATES
DEPRECIATION STUDY AS OF DECEMBER 31, 2007

Plant	Fuel	Year Installed	Year Retired	Life Span (Years)
Steam Production Plant				
Northeastern				
Unit 3	Coal	1979	2039	60
Unit 4	Coal	1980	2040	60
Rail Spur		1995	2040	45
Oklaunion	Coal	1986	2046	60
Comanche	Combined Cycle	1986	2024	38
Northeastern				
Unit 1	Combined Cycle	2001	2036	35
Unit 2	Gas	1970	2035	65
Riverside				
Unit 1	Gas	1974	2034	60
Unit 2	Gas	1976	2036	60
Southwestern				
Unit 1	Gas	1952	2017	65
Unit 2	Gas	1954	2019	65
Unit 3	Gas	1967	2032	65
Tulsa				
Unit 2	Gas	1963	2025	62
Unit 3 (re-started in 2006)	Gas	2006	2015	9
Unit 4	Gas	1964	2026	62
Other Production Plant				
Weleetka 4		1975	2019	44
Weleetka 5 & 6		1976	2020	44
Weleetka		1963	2020	57
Comanche		1962	2024	62
Northeastern (1&2)		1968	2036	68
Northeastern (3&4)		1980	2040	60
Riverside - Diesel		1976	2036	60
Southwestern - Diesel		1962	2032	70
Tulsa		1967	2026	59
Riverside - Gas Peaking		2008	2056	48
Southwestern - Gas Peaking		2008	2056	48

Note: Riverside and Southwestern gas peaking units were recorded in account 107, Construction Work in Progress at December 31, 2007

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF **PUBLIC SERVICE COMPANY OF OKLAHOMA**, AN OKLAHOMA CORPORATION, FOR AN ADJUSTMENT IN ITS RATES AND CHARGES FOR ELECTRIC SERVICE IN THE STATE OF OKLAHOMA	))))))	CAUSE NO. **PUD 200600285** ORDER NO. **545168**

Jm

HEARING: May 1, 2, 3, 4, 7, 8 and 9, 2007
Before the Commission *en banc* with Referee Jacqueline T. Miller

APPEARANCES: David B. Dykeman and Lenora F. Burdine, Deputy General Counsels, James L. Myles and Teryl L. Williams, Assistant General Counsels for Public Utility Division, Oklahoma Corporation Commission
William L. Humes, Elizabeth Ryan and Whitney Weingartner, Assistant Attorneys General for the Office of the Attorney General
Jack P. Fite, Ann M. Coffin, James F. McNally, Jr., Bret J. Slocum, and Rhonda C. Ryan, Attorneys for Public Service Company of Oklahoma
Thomas P. Schroedter, James D. Satrom, G. Dean Luthey, Jr. and J. Fred Gist, Attorneys for Oklahoma Industrial Energy Consumers
Lee W. Paden, Attorney for Quality of Service Coalition
Glenn M. White, Robert A. Weishaar, Jr. and Vasiliki Karandrikas, Attorneys for Gerdau Ameristeel Corporation
Ron Comingdeer, Mary Kathryn Kunc and Kendall W. Parrish, Attorneys for Oklahoma Commercial Consumers Group
Cheryl A. Vaught and Scot A. Conner, Attorneys for Redbud Energy, LP
James W. George, Grace C. Wung and Gregory K. Lawrence, Attorneys for Wal-Mart Stores, Inc.
Nancy J. Siegel, General Counsel and Steve Cousparis, City Attorney, Office of the Mayor, The City of Tulsa

FINAL ORDER

PROCEDURAL HISTORY

On September 29, 2006, Public Service Company of Oklahoma ("PSO" or "Company") filed with the Corporation Commission of the State of Oklahoma ("Commission" or "OCC") its Notice of Intent pursuant to OAC 165:70-3-7, that it intended to file an application seeking to implement a plan that would modify the rates and charges for PSO's Oklahoma jurisdictional customers. On October 3, 2006, Oklahoma Industrial Energy Consumers ("OIEC") filed its Motion to Intervene. The Attorney General of Oklahoma ("AG") filed his Entry of Appearance on October 27, 2006. On November 2, 2006, the Commission issued Order No. 531708 granting the OIEC's Motion to Intervene.

t. IPP System Upgrade Credit Interest. The Commission adopts the Company's proposed level of IPP upgrade credit interest expense of $632,504 as a corresponding finding to the Commission's determination regarding IPP System Upgrade Credits.

u. Credit Line Fees.

When the Company filed its case, it reclassified $203,300 in test year credit line fee expense from "below the line" to "above the line." Aaron Rebuttal at p. 72. AEP issues commercial paper that provides low-cost short-term borrowing rates for its affiliated companies, including PSO. In order to issue the commercial paper, AEP must guarantee the availability of funds to pay off maturing series of commercial paper. To do so, AEP obtains bank credit line support for that purpose. Aaron Rebuttal at p. 72.

OCC Staff witness Mr. Thompson and AG witness Ms. Soltani recommend reversal of this adjustment. Mr. Thompson states that PSO has adequate cash working capital and AFUDC to fund its construction activities without including this short-term debt cost in cost of service. Ms. Soltani states that PSO's overall rate of return is sufficient for these purposes and this short-term debt is not included in PSO's capital structure.

The Commission adopts the AG's proposal to reverse PSO's credit line fee adjustment in the amount of $203,300 to reflect that these fees are not included in PSO's net operating income under the FERC Uniform System of Accounts. These fees represent part of the cost of borrowing money in the form of short-term debt and thus are part of interest expense. Regulators provide for the recovery of capital costs including the cost of debt and equity financing through the overall rate of return and not by including interest costs in the income statement.

v. Depreciation Expense.

(1) Production plant life spans. AG Witness Pous testified that the Company's proposal to retain the existing 42-year life span for its coal-fired generating units does not reflect the actual beliefs or expectations of its engineering department or its depreciation experts, nor does it comply with standard industry expectations or what has been testified to in other jurisdictions for affiliates of the Company. The Commission adopts the AG's position that a 60-year life span for coal-fired generation is not only appropriate, but is consonant with how the Company actually expects to operate these units. The Commission takes note of testimony received during the hearing in Cause No. PUD 200600285, that OG&E, also an electric utility serving Oklahoma, uses a 55-year life span for its coal-fired units. The effect of this adjustment is a reduction of $7,055,111, based upon plant as of the end of December 2005.

(2) Production plant net salvage. Messrs. Pous and Selecky also criticize the Company's determination of production plant net salvage value and propose a sweeping recommendation that all production plant be assigned a negative 5% net salvage value. Mr. Pous also suggests an alternate proposal that reflects a positive 10% net salvage value, which he bases on his claims that many of the Company's plants could be sold in the future.

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Rocky Mountain Power, a Division of PacifiCorp, for Authority to Change its Depreciation Rates Effective January 1, 2008	)))))))	DOCKET NO. 07-035-13 ORDER ADOPTING AND APPROVING STIPULATION ON DEPRECIATION RATE CHANGES

ISSUED: February 4, 2008

By the Commission:

On January 15, 2008, pursuant to the Revised Scheduling Order issued October 26, 2007, the Commission held a hearing in this docket. Gregory Monson, of the law firm Stoel Rives LLP, appeared on behalf of Rocky Mountain Power (Rocky Mountain Power or the Company), Assistant Attorney General Michael Ginsberg appeared on behalf of the Utah Division of Public Utilities (Division), Assistant Attorney General Paul Proctor appeared on behalf of the Utah Committee of Consumer Services (Committee). The only other party to this docket, the Utah Association of Energy Users (UAE), did not appear at the hearing.

Rocky Mountain Power, the Division and the Committee entered into a Stipulation on Depreciation Rate Changes (Sitpulation). The Stipulation resolved all issues in this docket. The parties to the Stipulation (Stipulating Parties) represented to the Commission that UAE was aware of the Stipulation and had no objection to it. Accordingly, the purpose of the hearing was to hear evidence and argument regarding adoption and approval of the Stipulation. A copy of the Stipulation is attached to this Order.

TERMS AND CONDITIONS

Substantive Terms of the Stipulation

12. The Stipulating Parties have engaged in good faith, arms-length negotiations in an effort to resolve this matter. The retained experts of the Stipulating Parties have participated in the negotiations. The negotiations have resulted in the agreement of the Parties on the terms and conditions as set forth herein.

13. The Stipulating Parties agree that the proposed depreciation rates set forth in Schedule 1 attached hereto and incorporated herein, represent just and reasonable depreciation rates for Rocky Mountain Power in Utah commencing January 1, 2008.

14. The depreciation rates proposed in Schedule 1 result in a decrease of approximately $22.1 million in Rocky Mountain Power's annual depreciation expense in Utah based on December 31, 2006 depreciable plant balances and relative allocation factors.

15. Among significant factors involved in the changes in rates are the following major components:

a. the accrual rate for steam production is reduced as a result of a combination of generally increasing depreciation lives of steam plants to 61 years, except the Gadsby and Carbon plants that are increased to 64 years, increasing negative net salvage value from $25 to $40 per Kilowatt and including estimated production plant in service balances through December 31, 2007[1];

---

[1] 2007 plant balances are based on 10 months of actual additions and 2 months of estimated additions for purposes of updating remaining lives.

PUC DOCKET NO. 35763
SOAH DOCKET NO. 473-08-3436

APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES, TO RECONCILE FUEL AND PURCHASED POWER COSTS FOR 2006 AND 2007, AND TO PROVIDE A CREDIT FOR FUEL COST SAVINGS	§ § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS

RECEIVED
2009 JUN -2 AM 9:43
PUBLIC UTILITY COMMISSION
FILING CLERK

ORDER

This Order addresses Southwestern Public Service Company's (SPS) combined base rate case and fuel reconciliation for the calendar years 2006 and 2007. The docket was processed in accordance with the applicable statutes and Public Utility Commission of Texas (Commission) rules. SPS, Commission Staff, the Office of Public Utility Counsel (OPC), Texas Industrial Energy Consumers (TIEC), the Alliance of Xcel Municipalities (AXM), Occidental Permian Ltd. (OPL), the State of Texas (State), West Texas Municipal Power Agency (WTMPA), Canadian River Municipal Water Authority (CRMWA), Texas Cotton Ginners' Association (TCGA), Golden Spread Electric Cooperative, Inc. (Golden Spread), and the International Brotherhood of Electrical Workers Local Union No. 602 (IBEW) (collectively, Signatories) filed a unanimous stipulation (Stipulation) resolving all but one issue in this proceeding. The Commission resolved the single remaining issue by answering the certified questions presented by the parties. The JD Wind Companies and W.O. Operating Company also intervened, but withdrew their interventions before the parties executed the Stipulation resolving all of the contested issues. Consistent with the Stipulation, the application of SPS is approved.

The Commission adopts the following findings of fact and conclusions of law.

I. Findings of Fact

Procedural History

1. On June 12, 2008, SPS submitted an application to the Commission seeking authority to: (a) change its rates; (b) reconcile its fuel and purchase power costs for calendar years 2006 and 2007; and (c) provide a credit for fuel cost savings.

approved in Order No. 21, SPS will refund or surcharge the difference to make the final, approved rates effective as of February 1, 2009.

15. The Signatories agreed that SPS will not file a base rate proceeding with the cities in its service territory or the Commission any earlier than February 15, 2010.

16. The Signatories agreed that during the time that the base rates resulting from the Stipulation are in effect, SPS will not seek deregulation of its rates and/or restructuring of its operations under the Public Utility Regulatory Act, TEX. UTIL. CODE ANN., Chapter 39, Title 2 (Vernon 2007 & Supp. 2008) (PURA), and unless agreed to by the parties, SPS will not file for any rate relief that may become available from Commission Project No. 36358 and/or any legislation adopted in any 2009 Legislative Session, Regular or Special, relating to rate-setting.

17. The Signatories agreed that SPS will continue with and maintain the service and spending/hiring commitments agreed to in Section 5 of the Unanimous Stipulation entered in *Application of Southwestern Public Service Company for Authority to Change Rates; Reconciliation of its Fuel Costs for 2004 and 2005; Authority to Revise the Semi Annual Formulae Originally Approved in Docket No. 27751 Used to Adjust its Fuel Factors; and Related Relief*, Docket No. 32766, Order (Jul. 27, 2007) (Docket No. 32766). No new spending and hiring commitments are required under the Stipulation in Docket No. 35763.

18. The Signatories stated that they have reached the following specific agreements as part of the overall resolution of this proceeding:

    a. Depreciation rates recommended by AXM, which are set forth in Exhibit A to the Stipulation, shall be recorded starting January 1, 2009. SPS is authorized to use vintage group accounting for Federal Energy Regulatory Commission (FERC) Accounts 391 through 398 starting January 1, 2009. SPS shall fully justify the continued use of the assumed underlying amortization period reflected in the vintage group accounting in all future rate cases for each account.

SOAH DOCKET NO. 473-08-3436
PUC DOCKET NO. 35763

APPLICATION OF SOUTHWESTERN PUBLIC SERVICE COMPANY FOR AUTHORITY TO CHANGE RATES, TO RECONCILE ITS FUEL AND PURCHASED POWER COSTS FOR 2006 AND 2007, AND TO PROVIDE A CREDIT FOR FUEL COST SAVINGS	§ § § § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY AND EXHIBITS OF JACOB POUS

TABLE OF CONTENTS

coal-fired units and similarly short life spans for gas-fired units long past when it knew that these generating facilities would, and did, operate for longer life spans than originally proposed. The Company now seeks to continue its practice of forcing earlier generations of customers to pay higher levels of depreciation expense in order to reduce any risk of recovery associated with such facilities, and now to potentially provide stock holders with a windfall profit in the future. What we know today is that coal-fired generating facilities are very valuable resources. Economic theory dictates that capital intensive items that can produce a product at a low variable cost will be maintained, repaired and operated in order to maximize its economic worth. The Company's proposed increases in life spans are not a willing presentation, but rather a forced presentation. Even the Company can no longer defend its prior unrealistic short lives. The Company must be required to recognize more realistic life spans for its production investment.

D. Recommendation

Q. WHAT DO YOU RECOMMEND?

A. I recommend a conservative minimal life span for coal and gas-fired generating facilities of 60 years unless the Company provides substantive support that a particular unit will not last for 60 years.

Q. ISN'T THIS IN EFFECT ASKING THE COMPANY TO PROVE A NEGATIVE?

A. No; not at all. As I explain below in my testimony, this is simply requiring SPS to establish why its coal and gas-fired generating units should be treated differently that what others in the electric utility industry have recognized. A 60-year life span is what many other utilities are using for these assets.

Q. **WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

A. First, there can be no doubt that the trend in the industry has been for much longer life spans than originally proposed by utilities in prior decades. As shown on Attachment (JP-5) the Company employed a 35-year life span for its coal-fired units and for some of its gas-fired units in the 1980s. The Company now proposes a 20-year longer life span for its coal units and as much as a 25-year longer life span for some of its gas-fired units. These are not merely incremental increases; these are dramatic changes (i.e., 57% increase for coal units and a 71% increase for some gas units) and demonstrate the Company's inability to reasonably predict the life spans for its generating facilities.

Both the Company and I agree that the driving factor underlying the life span of generating facilities is economics. While the intuitive concept is that the physical aspects of a generating facility represent the limiting factors, in general, that is not the case. Components of the plant will wear out or break, but as long as it is economical to replace worn out or broken parts, the generating facility will continue to operate. For example, one of the largest utilities in the country has stated that it will put in whatever it takes to keep a major generating unit operating, basically forever, so long as it is economic to so do. In fact, that same company noted that it would take a disaster of galactic proportions before it would even consider the issues of "fix or retire" a major generating facility.[22]

Major utilities, operating both coal and gas-fired generating facilities are either proposing or being required by state commissions to extend the life expectancy for coal and gas-fired generating facilities to 60 years or longer. For example, in a recent case before the Oklahoma Corporation Commission, Public Service Company of Oklahoma was ordered to increase the life spans for its coal-fired generating units to 60-years.[23] In addition, in a recent case in Utah, Rocky Mountain Power, a major west coast utility, proposed lives

---

[22] American Electric Power Company as noted in Cause No. 200600285, a Public Service Company of Oklahoma proceeding before the Corporation Commission of the State of Oklahoma.

[23] *Id.*

Florida Power & Light

Attachment A. Calculation of Net Salvage Estimate for Generating Plants Based on Estimated Interim Net Salvage

Account	Net Salvage Estimate for Interim Retirements	Survivor Curve	Final Retirement Age	Final Retirement Pct Surviving	Total Interim Retirements as Pct of Total Retirements	Net Salvage Estimate for Interim Retirements
(1)	(2)	(3)	(4)	(5)	(6)=100%-(5)	(7)=(2)x(6)
311 Structures & Improvements	(15)	55 - R2.5	50	64.82%	35.18%	(5)
312 Boiler Plant Equipment	(15)	40 - R2	50	27.27%	72.73%	(11)
314 Turbogenerator Units	0	40 - R1	50	33.59%	66.41%	0
315 Accessory Electric Equipment	(20)	45 - R2.5	50	40.04%	59.96%	(12)
316 Miscellaneous Equipment	(5)	40 - R2	50	27.27%	72.73%	(4)
321 Structures & Improvements	0	40 - R3	60	1.47%	98.53%	0
322 Reactor Plant Equipment	(5)	45 - R2.5	60	14.58%	85.42%	(4)
323 Turbogenerator Units	0	35 - R1	60	4.80%	95.20%	0
324 Accessory Electric Equipment	(20)	45 - R3	60	9.92%	90.08%	(18)
325 Miscellaneous Equipment	0	55 - R2.5	60	42.70%	57.30%	0
341 Structures & Improvements	(25)	25 - R5	25	53.62%	46.38%	(12)
342 Fuel Holders, Producers & Accessories	(5)	22 - R3	25	34.04%	65.96%	(3)
343 Prime Movers - General	(10)	50 - R1	25	82.67%	17.33%	(2)
344 Generators	(100)	30 - R5	25	88.60%	11.40%	(11)
345 Accessory Electric Equipment	(10)	28 - R4	25	73.37%	26.63%	(3)
346 Misc. Power Plant Equipment	0	22 - R4	25	26.59%	73.41%	0

	Transactior	Transaction	Transactior	Transaction	Adjusted ansacti	Cost of	Reuse	Final	
311	0	Regular Retirement	1986	(232,465.66)		45,331.43	(1,443,520.75)	(3,277.77)	
311	7	Outlier Retirement	1986	-		40,019.09	-	(2,500.00)	
311	0	Regular Retirement	1987	(2,389,099.20)		34,784.14	-	(791.34)	
311	7	Outlier Retirement	1987	-		31,741.65	-	-	
311	0	Regular Retirement	1988	(198,980.21)		87,150.84	-	-	
311	2	Sale	1988	-		-	-	(43,304.52)	
311	7	Outlier Retirement	1988	-		54,556.00	-	-	
311	0	Regular Retirement	1989	(536,550.22)		337,663.03	-	-	
311	7	Outlier Retirement	1989	-		76,537.89	-	-	
311	0	Regular Retirement	1990	(499,439.66)		169,949.71	-	-	
311	7	Outlier Retirement	1990	-		66,601.21	-	-	
311	0	Regular Retirement	1991	(934,096.13)		2,805,191.70	-	15,237.29	
311	7	Outlier Retirement	1991	(44,752.68)		140,390.40	-	-	
311	0	Regular Retirement	1992	(2,589,778.77)		2,285,819.94	-	(115,415.70)	
311	7	Outlier Retirement	1992	-		(597.27)	-	-	Hurricane Related
311	7	Outlier Retirement	1992	1,811.93		(33,454.84)	-	248,500.00	
311	0	Regular Retirement	1993	(2,387,133.08)		362,239.78	-	(731,654.36)	
311	7	Outlier Retirement	1993	-		75,787.01	-	(879,438.02)	Hurricane Related
311	7	Outlier Retirement	1993	(3,372,479.24)		1,463,137.24	-	-	
311	0	Regular Retirement	1994	(1,322,346.81)		154,118.81	-	(50,610.74)	
311	7	Outlier Retirement	1994	-		-	-	(289,672.88)	Hurricane Related
311	7	Outlier Retirement	1994	-		(1,272,219.71)	-	-	
311	0	Regular Retirement	1995	(3,205,112.99)		193,967.12	-	(1,480.00)	
311	7	Outlier Retirement	1995	(324,230.53)		-	-	(93,101.86)	Hurricane Related
311	7	Outlier Retirement	1995	-		(71,566.47)	-	-	
311	0	Regular Retirement	1996	(5,259,390.03)		743,470.71	-	(48,918.98)	
311	0	Regular Retirement	1997	(1,844,666.81)		184,674.33	-	30,918.98	
311	0	Regular Retirement	1998	(123,752.17)		360,496.07	-	-	
311	0	Regular Retirement	1999	(1,150,667.29)		12,255.73	-	(85,120.39)	
311	7	Outlier Retirement	1999	-		1,160,923.03	-	(45,618.80)	
311	0	Regular Retirement	2000	(1,007,290.30)		62,496.23	-	(24,160.11)	
311	7	Outlier Retirement	2000	(267,431.20)		198,055.77	-	-	
311	0	Regular Retirement	2001	(883,555.04)		81,221.24	-	-	
311	7	Outlier Retirement	2001	(8,122,414.02)		1,369,589.16	-	-	
311	0	Regular Retirement	2002	(1,000,255.46)		40,339.32	-	-	
311	7	Outlier Retirement	2002	(2,872,197.65)		1,703,841.46	-	-	
311	0	Regular Retirement	2003	(793,360.58)		114,492.07	-	(196,465.84)	
311	7	Outlier Retirement	2003	45,273.46		160,268.04	-	-	
311	0	Regular Retirement	2004	(276,882.20)		15,065.24	-	(60,082.06)	
311	7	Outlier Retirement	2004	(6,158.05)		-	-	-	Hurricane Related
311	7	Outlier Retirement	2004	(468,233.10)		114,237.74	-	-	
311	0	Regular Retirement	2005	(3,675,044.31)		17,763.02	-	(40,680.23)	
311	7	Outlier Retirement	2005	(14,311.73)		4,170.88	-	-	Hurricane Related
311	7	Outlier Retirement	2005	-		166,857.03	-	-	
311	0	Regular Retirement	2006	(1,597,081.70)		233,175.19	-	(62,066.12)	
311	7	Outlier Retirement	2006	-		(50,000.00)	-	-	
311	0	Regular Retirement	2007	(8,170,206.99)		1,091,530.94	-	(46,826.88)	
312	0	Regular Retirement	1986	(6,850,169.05)		463,022.29	(11,647.95)	(939.48)	
312	7	Outlier Retirement	1986	-		140,122.75	-	-	
312	0	Regular Retirement	1987	(2,356,417.60)		601,391.61	-	899.30	
312	7	Outlier Retirement	1987	-		177,744.02	-	-	
312	0	Regular Retirement	1988	(3,437,165.08)		3,528,398.69	(2,000.00)	-	
312	7	Outlier Retirement	1988	-		314,772.52	-	-	
312	0	Regular Retirement	1989	(5,258,423.61)		5,541,248.77	(5,358.17)	(35,952.39)	
312	7	Outlier Retirement	1989	-		193,175.50	-	(266,601.43)	
312	0	Regular Retirement	1990	(8,448,512.57)		6,833,874.23	(30,245.40)	(59,313.97)	
312	7	Outlier Retirement	1990	-		1,200,416.81	-	-	
312	0	Regular Retirement	1991	(8,550,460.55)		7,010,560.58	(24,920.97)	(38,920.25)	
312	7	Outlier Retirement	1991	(3,917,557.13)		524,150.66	(0.64)	-	
312	0	Regular Retirement	1992	(13,468,957.05)		14,422,334.17	490.00	(361,043.23)	
312	7	Outlier Retirement	1992	-		61,453.16	-	-	Hurricane Related
312	7	Outlier Retirement	1992	-		97,018.71	-	(21,015.00)	
312	0	Regular Retirement	1993	(10,510,719.95)		4,480,679.11	-	(421,726.91)	
312	7	Outlier Retirement	1993	-		6,607.05	-	(774,682.73)	Hurricane Related
312	7	Outlier Retirement	1993	(12,938,971.99)		81,443.45	-	(99,218.36)	
312	0	Regular Retirement	1994	(14,493,006.39)		3,565,899.32	-	(419,018.55)	

312	7	Outlier Retirement	1994	(77,636.10)	40,242.31	-	(64,000.00)	
312	0	Regular Retirement	1995	(15,877,870.65)	1,008,768.16	-	(116,226.48)	
312	7	Outlier Retirement	1995	(13,237.88)	-	-	-	Hurricane Related
312	0	Regular Retirement	1996	(12,426,930.41)	1,220,918.83	-	(512,965.00)	
312	0	Regular Retirement	1997	(6,703,936.58)	584,635.47	-	(11,476.09)	
312	0	Regular Retirement	1998	(2,559,856.35)	1,201,556.60	-	(981,845.07)	
312	7	Outlier Retirement	1998	(91,246.34)	-	-	-	
312	0	Regular Retirement	1999	(6,466,759.41)	318,444.87	-	(417,375.39)	
312	7	Outlier Retirement	1999	(273,469.71)	43,713.41	-	-	
312	0	Regular Retirement	2000	(7,306,173.03)	824,139.27	-	(144,650.46)	
312	7	Outlier Retirement	2000	(8,538.27)	582,861.30	-	-	
312	0	Regular Retirement	2001	(15,932,935.10)	1,909,597.50	-	(161,861.48)	
312	7	Outlier Retirement	2001	(63,024,423.24)	6,486,422.22	-	-	
312	0	Regular Retirement	2002	(6,042,747.39)	3,298,573.76	-	156,360.44	
312	7	Outlier Retirement	2002	(31,428,255.82)	7,616,364.99	-	-	
312	0	Regular Retirement	2003	(10,315,537.58)	1,030,879.68	-	(517,207.83)	
312	7	Outlier Retirement	2003	-	3,219,441.03	-	-	
312	0	Regular Retirement	2004	(13,039,108.33)	2,575,852.17	-	(1,189,498.92)	
312	7	Outlier Retirement	2004	396,153.44	(37,261.87)	-	-	
312	0	Regular Retirement	2005	(28,257,721.06)	4,014,272.18	-	(979,176.78)	
312	7	Outlier Retirement	2005	-	7,679,005.48	-	-	
312	0	Regular Retirement	2006	(22,738,441.01)	4,752,486.37	-	(633,118.68)	
312	7	Outlier Retirement	2006	(704,822.41)	202,273.00	-	-	Hurricane Related
312	7	Outlier Retirement	2006	1,044,812.67	13,427,933.80	-	-	
312	0	Regular Retirement	2007	(23,140,399.11)	6,089,599.23	(225,000.00)	(2,006,962.15)	
312	7	Outlier Retirement	2007	-	(11,578,679.48)	-	-	
314	0	Regular Retirement	1986	(1,401,002.00)	145,540.08	-	-	
314	7	Outlier Retirement	1986	-	91,667.97	-	-	
314	0	Regular Retirement	1987	(1,549,782.52)	439,940.42	-	(3,120,192.70)	
314	7	Outlier Retirement	1987	-	115,160.06	-	-	
314	0	Regular Retirement	1988	(6,700,418.83)	252,457.36	-	(3,098,000.00)	
314	7	Outlier Retirement	1988	-	195,681.41	-	-	
314	0	Regular Retirement	1989	(11,835,458.48)	1,215,525.55	(6,666.00)	(644,675.03)	
314	7	Outlier Retirement	1989	-	135,369.56	-	-	
314	0	Regular Retirement	1990	(2,058,826.38)	213,105.52	-	-	
314	7	Outlier Retirement	1990	-	254,347.00	-	-	
314	0	Regular Retirement	1991	(17,577,316.19)	555,806.18	-	-	
314	7	Outlier Retirement	1991	-	310,803.76	0.64	-	
314	0	Regular Retirement	1992	(7,459,433.46)	2,196,031.90	-	(6,739,653.80)	
314	7	Outlier Retirement	1992	(62,635.15)	(536,200.70)	-	-	
314	0	Regular Retirement	1993	(13,322,843.89)	1,036,736.23	-	(3,354,264.03)	
314	7	Outlier Retirement	1993	-	320.68	-	(35,320.68)	Hurricane Related
314	7	Outlier Retirement	1993	(2,873,471.58)	129,006.23	-	(378,327.00)	
314	0	Regular Retirement	1994	(762,721.28)	130,097.51	-	(196,918.51)	
314	7	Outlier Retirement	1994	-	1.22	-	-	
314	0	Regular Retirement	1995	(23,117,621.04)	861,346.12	-	(207,090.60)	
314	0	Regular Retirement	1996	(556,520.34)	157,251.95	-	(12,200.40)	
314	7	Outlier Retirement	1996	-	-	-	-	
314	0	Regular Retirement	1997	(626,054.12)	1,667,627.78	-	(12,200.40)	
314	0	Regular Retirement	1998	(4,622,832.38)	(60,519.85)	-	-	
314	0	Regular Retirement	1999	(494,950.55)	(1,127,201.73)	-	(82,898.17)	
314	7	Outlier Retirement	1999	-	296.11	-	-	
314	0	Regular Retirement	2000	(647,923.32)	276,549.10	-	(19,960.11)	
314	7	Outlier Retirement	2000	-	54,875.39	-	-	
314	0	Regular Retirement	2001	(2,723,649.75)	1,242,952.67	-	-	
314	7	Outlier Retirement	2001	(5,249,264.11)	457,221.84	-	-	
314	0	Regular Retirement	2002	(7,504,623.77)	445,472.61	-	-	
314	7	Outlier Retirement	2002	(4,280,072.48)	970,201.62	-	-	
314	0	Regular Retirement	2003	(3,257,050.88)	790,782.82	-	(7,882,154.40)	
314	7	Outlier Retirement	2003	-	302,492.65	-	(27,484.00)	
314	0	Regular Retirement	2004	(6,081,599.17)	1,923,051.78	-	(2,484,325.39)	
314	7	Outlier Retirement	2004	(2,602,021.18)	651,685.33	-	-	
314	0	Regular Retirement	2005	(20,778,442.00)	2,315,929.14	-	(2,849,759.51)	
314	7	Outlier Retirement	2005	-	34,839.67	-	-	
314	0	Regular Retirement	2006	(7,695,858.52)	3,017,507.53	(360,000.00)	(1,269,906.07)	
314	0	Regular Retirement	2007	(6,957,818.68)	3,693,955.02	(360,000.00)	(375,086.27)	
315	0	Regular Retirement	1986	(73,694.10)	12,620.12	-	18,000.00	
315	7	Outlier Retirement	1986	(23,267.31)	14,898.65	-	-	

315	0	Regular Retirement	1987	(404,680.01)	22,499.86	-	-	
315	7	Outlier Retirement	1987	-	7,345.87	-	-	
315	0	Regular Retirement	1988	(585,617.58)	27,431.57	-	-	
315	7	Outlier Retirement	1988	-	18,190.26	-	-	
315	0	Regular Retirement	1989	(772,715.28)	437,972.94	(13,334.00)	-	
315	7	Outlier Retirement	1989	-	16,055.35	-	-	
315	0	Regular Retirement	1990	(1,909,614.84)	235,511.21	-	(567,890.00)	
315	7	Outlier Retirement	1990	25,289.00	45,804.06	-	-	
315	0	Regular Retirement	1991	(631,033.10)	44,791.99	-	-	
315	7	Outlier Retirement	1991	(1,743.81)	62,625.39	-	-	
315	0	Regular Retirement	1992	(853,802.96)	467,384.44	-	(4,500.00)	
315	7	Outlier Retirement	1992	-	(125,462.33)	-	-	
315	0	Regular Retirement	1993	(545,964.64)	89,345.07	-	(116,317.70)	
315	7	Outlier Retirement	1993	-	451.28	-	-	Hurricane Related
315	7	Outlier Retirement	1993	(1,386,798.75)	3,105.70	-	-	
315	0	Regular Retirement	1994	(261,291.83)	130,746.58	-	(94,594.00)	
315	7	Outlier Retirement	1994	-	-	-	(2,593.11)	Hurricane Related
315	7	Outlier Retirement	1994	-	2,080.37	-	-	
315	0	Regular Retirement	1995	(692,898.47)	42,649.15	-	(4,697.70)	
315	0	Regular Retirement	1996	(934,574.99)	48,263.41	-	(6,619.76)	
315	7	Outlier Retirement	1996	-	-	-	(3,100.00)	
315	0	Regular Retirement	1997	(431,892.58)	6,408.74	-	(9,500.00)	
315	0	Regular Retirement	1998	(83,299.93)	572.96	-	-	
315	0	Regular Retirement	1999	(902,472.78)	4,483.48	-	(82,898.17)	
315	7	Outlier Retirement	1999	-	147.78	-	-	
315	0	Regular Retirement	2000	(202,184.11)	217,175.39	-	(49,960.11)	
315	7	Outlier Retirement	2000	-	20,066.11	-	-	
315	0	Regular Retirement	2001	(1,075,940.49)	351,747.54	-	-	
315	7	Outlier Retirement	2001	(4,156,979.37)	220,100.89	-	-	
315	0	Regular Retirement	2002	(681,751.22)	51,227.32	-	-	
315	7	Outlier Retirement	2002	(1,746,777.03)	246,189.81	-	-	
315	0	Regular Retirement	2003	(62,044.38)	7,212.95	-	-	
315	7	Outlier Retirement	2003	-	99,415.71	-	-	
315	0	Regular Retirement	2004	(923,709.97)	274,179.47	-	-	
315	7	Outlier Retirement	2004	(1,017,931.81)	252,494.73	-	-	
315	0	Regular Retirement	2005	(1,777,122.77)	321,181.03	-	(7,357.40)	
315	7	Outlier Retirement	2005	-	13,486.33	-	-	
315	0	Regular Retirement	2006	(3,102,721.46)	1,097,221.07	-	(38,078.60)	
315	0	Regular Retirement	2007	(2,722,835.49)	854,917.45	-	(119,800.54)	
316	0	Regular Retirement	1986	(88,376.95)	1,671.54	-	(9,240.27)	
316	7	Outlier Retirement	1986	-	4,877.99	-	-	
316	0	Regular Retirement	1987	(229,946.81)	-	-	(4,368.38)	
316	7	Outlier Retirement	1987	-	1,119.74	-	-	
316	0	Regular Retirement	1988	(97,398.92)	8,232.92	-	(600.91)	
316	7	Outlier Retirement	1988	-	19,661.52	-	-	
316	0	Regular Retirement	1989	(56,260.88)	50,173.05	(10,387.37)	(1,890.11)	
316	7	Outlier Retirement	1989	-	11,825.88	-	-	
316	0	Regular Retirement	1990	(93,816.09)	83,801.43	-	(2,056.41)	
316	7	Outlier Retirement	1990	-	29,319.55	-	-	
316	0	Regular Retirement	1991	(23,042.24)	56,687.38	-	(1,653.98)	
316	7	Outlier Retirement	1991	-	32,208.50	-	-	
316	0	Regular Retirement	1992	(182,235.52)	169,139.27	-	(20,800.20)	
316	7	Outlier Retirement	1992	(48.17)	(82,931.26)	-	-	
316	0	Regular Retirement	1993	(226,340.82)	5,246.93	(52,091.75)	(31,393.02)	
316	7	Outlier Retirement	1993	(212,438.97)	778.47	-	(7,389.65)	
316	0	Regular Retirement	1994	(199,751.78)	1,471.54	-	(626.14)	
316	7	Outlier Retirement	1994	(16,076.84)	1.22	-	-	
316	0	Regular Retirement	1995	(107,304.92)	1,139.89	-	(5,000.00)	
316	0	Regular Retirement	1996	(647,498.16)	7,662.56	-	(27,573.28)	
316	7	Outlier Retirement	1996	-	-	-	-	
316	0	Regular Retirement	1997	(3,385.22)	13,076.23	-	(3,460.00)	
316	0	Regular Retirement	1998	(1,241,230.66)	4,971.04	-	(353.65)	
316	0	Regular Retirement	1999	(256,578.49)	2,282.52	-	(86,534.17)	
316	7	Outlier Retirement	1999	-	75.80	-	-	
316	0	Regular Retirement	2000	(310,999.77)	7,660.76	-	(13,518.11)	
316	7	Outlier Retirement	2000	-	18,023.16	-	-	
316	0	Regular Retirement	2001	(281,719.06)	19,621.02	-	(8,805.00)	
316	7	Outlier Retirement	2001	(652,284.82)	131,811.96	-	-	

316	0	Regular Retirement	2002	(665,298.10)	30,318.91	-	2,500.00	
316	7	Outlier Retirement	2002	(1,144,840.14)	193,160.67	-	(2,500.00)	
316	0	Regular Retirement	2003	(133,039.95)	21,677.66	-	(2,366.80)	
316	7	Outlier Retirement	2003	-	105,430.18	-	-	
316	0	Regular Retirement	2004	(131,833.96)	-	-	-	
316	7	Outlier Retirement	2004	(61,920.30)	30,354.51	-	-	
316	0	Regular Retirement	2005	(157,241.99)	13,879.67	-	-	
316	7	Outlier Retirement	2005	-	1,685.80	-	-	
316	0	Regular Retirement	2006	(202,388.18)	(630.78)	-	(1,720.00)	
316	0	Regular Retirement	2007	(204,109.24)	39,034.21	-	(3,692.00)	
321	0	Regular Retirement	1986	(261,230.49)	381,826.45	-	(4,166.55)	
321	0	Regular Retirement	1987	(190,785.28)	127,970.92	-	(2,864.62)	
321	0	Regular Retirement	1988	(2,611,936.87)	123,069.72	-	(5,941.63)	
321	0	Regular Retirement	1989	(735,928.81)	217,092.37	(87,407.83)	(966.22)	
321	0	Regular Retirement	1990	(2,221,039.56)	795,699.46	(87,385.96)	(1,757,720.95)	
321	0	Regular Retirement	1991	(10,003,788.07)	917,286.85	(865,443.97)	54,607.32	
321	0	Regular Retirement	1992	(5,618,244.33)	973,305.45	54,796.56	76,293.31	
321	7	Outlier Retirement	1992	-	150.32	-	-	Hurricane Related
321	0	Regular Retirement	1993	(3,795,337.41)	143,740.06	-	(2,246,550.76)	
321	7	Outlier Retirement	1993	-	394,193.19	-	(1,477,711.73)	Hurricane Related
321	0	Regular Retirement	1994	(4,390,795.89)	113,404.70	(3,179.00)	(1,995,538.51)	
321	7	Outlier Retirement	1994	-	-	-	232,742.92	Hurricane Related
321	0	Regular Retirement	1995	(2,117,326.04)	192,493.99	(10,656.49)	(1,438,593.39)	
321	7	Outlier Retirement	1995	(40,953.61)	-	-	-	Hurricane Related
321	0	Regular Retirement	1996	(1,994,630.10)	55,040.43	(239,661.50)	(24,026.05)	
321	0	Regular Retirement	1997	(2,177,274.69)	77,395.92	(254,409.82)	46,070.88	
321	0	Regular Retirement	1998	(205,957.78)	-	-	1,024.49	
321	0	Regular Retirement	1999	(1,074,143.88)	84,790.32	-	(6,314.98)	
321	0	Regular Retirement	2000	(176,472.21)	314,513.23	-	(5,030.64)	
321	0	Regular Retirement	2001	(800,719.36)	29,453.65	-	(3,142.15)	
321	0	Regular Retirement	2002	(1,278,387.38)	50,132.22	-	-	
321	0	Regular Retirement	2003	(394,338.76)	25,386.86	-	(63,072.08)	
321	0	Regular Retirement	2004	(1,089,131.52)	(13,936.92)	-	(312,660.71)	
321	0	Regular Retirement	2005	(2,628,323.25)	303,479.51	-	(627,142.84)	
321	7	Outlier Retirement	2005	(3,791,128.37)	-	-	-	Hurricane Related
321	0	Regular Retirement	2006	(4,133,272.61)	355,379.71	-	(374,411.43)	
321	7	Outlier Retirement	2006	(496,656.46)	44,723.94	-	-	Hurricane Related
321	0	Regular Retirement	2007	(6,163,316.13)	1,122,175.78	-	(532,602.00)	
321	7	Outlier Retirement	2007	(541,994.66)	-	-	-	Hurricane Related
322	0	Regular Retirement	1986	4,467,648.29	1,596,468.65	-	-	
322	0	Regular Retirement	1987	(6,967,131.67)	608,951.81	-	(75,492.16)	
322	0	Regular Retirement	1988	(3,759,052.42)	(465,082.70)	-	(13,026.90)	
322	0	Regular Retirement	1989	(7,651,212.93)	676,715.19	-	(4,188.21)	
322	0	Regular Retirement	1990	(12,787,284.03)	565,953.44	-	(68,841.54)	
322	0	Regular Retirement	1991	(6,300,526.07)	1,367,402.08	(42,931.42)	(128,634.28)	
322	0	Regular Retirement	1992	(21,256,876.30)	399,394.48	(129,658.17)	(74,237.29)	
322	7	Outlier Retirement	1992	-	9,351.88	-	-	Hurricane Related
322	0	Regular Retirement	1993	(8,178,457.75)	947,259.89	(123,852.09)	(225,324.54)	
322	0	Regular Retirement	1994	(4,853,354.06)	530,628.19	(192,343.01)	(133,720.25)	
322	0	Regular Retirement	1995	(9,819,988.52)	341,342.12	(3,465,812.92)	37,905.92	
322	7	Outlier Retirement	1995	-	9,471,102.51	-	-	Steam Generator Replacement
322	0	Regular Retirement	1996	(5,305,894.52)	198,479.01	(218,124.57)	223,997.58	
322	7	Outlier Retirement	1996	-	2,442,678.58	-	-	Steam Generator Replacement
322	0	Regular Retirement	1997	(7,727,081.51)	84,124.14	-	(3,618.22)	
322	7	Outlier Retirement	1997	-	27,028,389.65	-	-	Steam Generator Replacement
322	0	Regular Retirement	1998	(3,312,286.02)	92,175.42	-	(7.75)	
322	7	Outlier Retirement	1998	(18,266,078.71)	9,951,352.92	-	-	Steam Generator Replacement
322	0	Regular Retirement	1999	(1,016,137.48)	34,909.60	-	(75.76)	
322	0	Regular Retirement	2000	(3,798,736.46)	67,223.54	-	(7,034.18)	
322	0	Regular Retirement	2001	(7,190,793.45)	44,366.76	-	(3,142.16)	
322	0	Regular Retirement	2002	(3,725,474.92)	15,185.43	-	-	
322	0	Regular Retirement	2003	(2,958,582.17)	264,445.63	-	(215,081.53)	
322	0	Regular Retirement	2004	(2,629,451.04)	281,160.40	-	-	
322	7	Outlier Retirement	2004	(2,018,259.66)	6,388,102.00	-	-	Reactor Vessel Head Replacement
322	0	Regular Retirement	2005	(10,818,073.10)	14,938,875.78	-	(1,659,986.05)	
322	7	Outlier Retirement	2005	(3,429,375.28)	14,324,419.41	-	-	Reactor Vessel Head Replacement
322	0	Regular Retirement	2006	(8,862,965.75)	1,633,675.17	-	(45,859.72)	
322	7	Outlier Retirement	2006	(3,677,774.87)	(25,756.74)	-	-	Reactor Vessel Head Replacement

322	0	Regular Retirement	2007	(24,896,169.19)	6,628,206.17	-	(6,796,965.08)	
322	7	Outlier Retirement	2007	(265,481.88)	6,388,102.00	-	-	Reactor Vessel Head Replacement
322	7	Outlier Retirement	2007	-	44,601,704.00	-	-	Steam Generator Replacement
323	0	Regular Retirement	1986	(6,200,272.24)	402,125.34	-	(10,904.77)	
323	0	Regular Retirement	1987	(8,628,305.20)	366,827.14	-	-	
323	0	Regular Retirement	1988	(1,307,005.80)	281,094.47	-	(27,652.12)	
323	0	Regular Retirement	1989	(7,824,016.74)	106,337.12	-	9,992.29	
323	0	Regular Retirement	1990	(1,914,888.40)	325,915.57	-	(61,238.72)	
323	0	Regular Retirement	1991	(2,167,400.24)	503,773.04	-	(5,837.77)	
323	0	Regular Retirement	1992	(9,194,062.39)	267,026.91	(29,333.45)	(219,288.71)	
323	0	Regular Retirement	1993	(2,567,945.84)	92,124.12	(788,856.15)	(472,851.23)	
323	0	Regular Retirement	1994	(6,991,624.66)	322,887.91	(2,127,743.22)	(3,564,910.00)	
323	7	Outlier Retirement	1994	-	-	-	(90,199.63)	Hurricane Related
323	0	Regular Retirement	1995	(8,228,581.04)	1,195,034.82	(962,619.93)	138,591.83	
323	0	Regular Retirement	1996	(2,195,141.83)	405,527.77	-	(293,320.84)	
323	0	Regular Retirement	1997	(28,637.63)	-	-	-	
323	0	Regular Retirement	1998	(1,276,277.62)	-	-	-	
323	0	Regular Retirement	1999	-	130,351.23	-	(19,416.48)	
323	0	Regular Retirement	2000	(3,351,277.88)	368,794.51	-	(29,029.79)	
323	0	Regular Retirement	2001	(812,367.79)	-	-	(3,142.16)	
323	0	Regular Retirement	2002	(61,949.95)	-	-	-	
323	0	Regular Retirement	2003	(2,986,372.79)	168,303.19	-	(5,418.42)	
323	0	Regular Retirement	2004	(1,613,262.60)	523,137.75	-	(873,029.12)	
323	0	Regular Retirement	2005	(49,210,659.09)	3,942,706.59	-	(23,396,113.76)	
323	0	Regular Retirement	2006	(6,091,921.42)	6,121,665.34	-	(4,719,474.53)	
323	0	Regular Retirement	2007	(10,924,527.89)	4,359,770.75	-	(3,512,866.03)	
324	0	Regular Retirement	1986	241,350.87	5.92	(78.00)	-	
324	0	Regular Retirement	1987	(490,199.88)	90,672.00	-	(50,565.79)	
324	0	Regular Retirement	1988	(1,644,163.14)	231,793.47	78.00	(5,048.53)	
324	0	Regular Retirement	1989	(501,380.13)	91,569.73	-	(501.63)	
324	0	Regular Retirement	1990	1,119,997.07	70,470.29	(2,854.91)	(39,347.53)	
324	0	Regular Retirement	1991	(1,096,269.54)	301,689.62	-	(8,047.51)	
324	0	Regular Retirement	1992	(3,032,499.42)	117,695.27	(3,955.80)	(105.80)	
324	7	Outlier Retirement	1992	-	1,914.73	-	-	Hurricane Related
324	0	Regular Retirement	1993	(684,374.00)	7,521.92	-	(185,005.35)	
324	0	Regular Retirement	1994	(56,587.31)	9,244.64	(21,553.00)	-	
324	7	Outlier Retirement	1994	-	-	-	(29,713.59)	Hurricane Related
324	0	Regular Retirement	1995	(184,672.71)	27,792.37	-	723.11	
324	0	Regular Retirement	1996	(1,487,379.99)	63,677.45	(20,372.63)	2,853.41	
324	0	Regular Retirement	1997	(8,447.25)	1,236.97	-	(184.25)	
324	0	Regular Retirement	1999	(185,023.88)	-	-	-	
324	0	Regular Retirement	2000	(172,936.99)	9,815.47	-	(888.59)	
324	0	Regular Retirement	2001	(320,816.58)	4,005.14	-	(3,142.16)	
324	0	Regular Retirement	2002	(846,697.24)	208,680.66	-	-	
324	0	Regular Retirement	2003	(383,027.93)	16,756.06	-	-	
324	0	Regular Retirement	2004	(300,767.04)	760,968.50	-	(22,979.93)	
324	0	Regular Retirement	2005	(1,129,441.85)	808,251.46	-	(62,555.41)	
324	0	Regular Retirement	2006	(1,559,373.71)	6,776.14	-	-	
324	0	Regular Retirement	2007	(486,493.82)	72,614.35	-	-	
325	0	Regular Retirement	1986	(8,257.75)	-	(26.00)	(1,148.07)	
325	0	Regular Retirement	1987	(165,467.07)	6,208.00	-	(13,863.31)	
325	0	Regular Retirement	1988	(214,309.77)	1,103.46	(3,050.91)	8,185.37	
325	0	Regular Retirement	1989	(165,768.15)	41,509.83	-	(389.83)	
325	0	Regular Retirement	1990	23,027.01	268.00	(15.12)	500.79	
325	0	Regular Retirement	1991	(118,885.54)	9,258.22	26.00	(1,044.77)	
325	0	Regular Retirement	1992	(1,454,433.78)	53,075.55	-	(1,193.81)	
325	0	Regular Retirement	1993	(68,933.11)	36,269.90	(38,996.29)	(770,044.03)	
325	0	Regular Retirement	1994	(254,640.98)	5,929.35	-	(5,462.85)	
325	0	Regular Retirement	1995	(158,041.86)	28,449.48	-	(182.65)	
325	0	Regular Retirement	1996	(1,966.20)	-	-	(1,257.46)	
325	0	Regular Retirement	1997	(100,845.30)	-	-	(4,420.21)	
325	0	Regular Retirement	1998	(2,245,498.87)	69,631.97	-	(353.65)	
325	0	Regular Retirement	1999	(60,411.40)	1,381.17	-	(8,435.56)	
325	0	Regular Retirement	2000	(10,191.70)	-	-	(14,500.00)	
325	0	Regular Retirement	2001	-	-	-	(3,142.16)	
325	0	Regular Retirement	2002	(93,967.62)	351.57	-	-	
325	0	Regular Retirement	2003	(93,967.62)	352.18	-	(20,000.00)	
325	0	Regular Retirement	2004	-	(22,091.05)	-	-	

325	0	Regular Retirement	2005	-	0.05	-	(0.05)	
325	0	Regular Retirement	2006	(176,636.26)	11,505.42	-	-	
325	0	Regular Retirement	2007	(223,916.95)	16,276.81	-	(4,780.18)	
341	0	Regular Retirement	1986	(5,054.00)	-	-	-	
341	0	Regular Retirement	1987	(41,533.36)	4,789.04	-	-	
341	0	Regular Retirement	1988	(69,360.32)	1,971.32	-	-	
341	0	Regular Retirement	1989	-	300.00	-	-	
341	0	Regular Retirement	1990	(39,054.45)	46,591.83	-	-	
341	0	Regular Retirement	1991	(60,416.44)	90,729.82	-	-	
341	0	Regular Retirement	1992	(141,883.03)	15,681.84	-	-	
341	0	Regular Retirement	1993	(80,241.65)	1,327.21	-	-	
341	0	Regular Retirement	1994	17,422.17	1,507,180.19	-	-	
341	0	Regular Retirement	1995	(4,413,571.16)	804.86	-	(12,500.00)	
341	0	Regular Retirement	1996	(155,004.21)	2,034.04	-	-	
341	0	Regular Retirement	1997	(122,836.47)	80,000.00	-	-	
341	0	Regular Retirement	1998	(218,927.85)	-	-	-	
341	0	Regular Retirement	2000	(191,834.19)	13,069.66	-	-	
341	0	Regular Retirement	2001	(58,936.40)	22,193.20	-	-	
341	7	Outlier Retirement	2001	-	8,669.53	-	-	
341	0	Regular Retirement	2002	(329,800.54)	6,404.43	-	(10,000.00)	
341	0	Regular Retirement	2003	-	290,976.27	-	-	
341	7	Outlier Retirement	2003	-	1,674.95	-	-	
341	0	Regular Retirement	2004	(530,380.61)	160,504.60	-	-	
341	0	Regular Retirement	2005	(153,276.34)	720,878.42	-	(17,382.00)	
341	0	Regular Retirement	2006	(239,754.12)	64,178.00	-	(4,538.76)	
341	7	Outlier Retirement	2006	(244,339.34)	29,670.00	-	-	Hurricane Related
341	0	Regular Retirement	2007	(1,118,162.95)	117,172.29	-	(1,512,326.50)	
342	0	Regular Retirement	1987	(6,000.00)	128.84	-	-	
342	0	Regular Retirement	1988	-	75.76	-	-	
342	0	Regular Retirement	1990	(60,984.00)	-	-	-	
342	0	Regular Retirement	1991	30,492.00	-	-	-	
342	0	Regular Retirement	1992	(1,975.00)	-	-	-	
342	0	Regular Retirement	1993	(564,224.08)	1,576.68	-	-	
342	0	Regular Retirement	1994	(154,023.73)	-	-	-	
342	0	Regular Retirement	1995	(2,241,443.68)	6,883.78	-	(10,000.00)	
342	0	Regular Retirement	1996	-	-	-	(5,500.00)	
342	0	Regular Retirement	1997	(369,451.12)	26,917.04	-	-	
342	0	Regular Retirement	1998	(1,244,305.60)	3,887.08	-	(87,112.50)	
342	0	Regular Retirement	1999	-	-	-	(45,360.00)	
342	7	Outlier Retirement	1999	-	4.36	-	-	
342	7	Outlier Retirement	2000	-	175.58	-	-	
342	0	Regular Retirement	2001	(1,233,296.61)	2,616.74	-	-	
342	7	Outlier Retirement	2001	(937,311.28)	4,385.11	-	-	
342	0	Regular Retirement	2002	(586,712.64)	910.90	-	-	
342	7	Outlier Retirement	2002	-	224,843.96	-	-	
342	0	Regular Retirement	2004	(531,139.02)	225,402.62	-	-	
342	0	Regular Retirement	2005	(1,757,158.40)	209,379.76	-	-	
343	0	Regular Retirement	1986	(573,198.00)	981.43	-	-	
343	0	Regular Retirement	1987	(931,730.00)	22,586.84	-	-	
343	0	Regular Retirement	1988	(2,253,091.00)	3,319.87	-	-	
343	0	Regular Retirement	1989	(1,423,526.99)	4,511.76	(334,636.87)	-	
343	0	Regular Retirement	1990	(561,622.00)	35,636.93	-	-	
343	0	Regular Retirement	1990	51,802.00	(10,275.45)	-	-	CapSpareParts
343	0	Regular Retirement	1991	(1,841,835.00)	720,955.91	-	(38,250.00)	
343	0	Regular Retirement	1991	1,753,453.00	(194,988.48)	-	38,250.00	CapSpareParts
343	0	Regular Retirement	1992	(12,430,658.60)	587,407.93	-	(19,959.40)	
343	0	Regular Retirement	1992	2,089,128.88	(23,346.34)	-	-	CapSpareParts
343	0	Regular Retirement	1993	(3,382,430.35)	44,410.64	-	(175,000.00)	
343	0	Regular Retirement	1993	116,000.00	(12,996.62)	-	50,000.00	CapSpareParts
343	0	Regular Retirement	1994	2,571,262.50	233,971.12	-	(75,000.00)	
343	0	Regular Retirement	1994	2,538,836.33	(91,357.08)	-	-	CapSpareParts
343	0	Regular Retirement	1995	(2,582,774.65)	136,041.72	-	(71,987.38)	
343	0	Regular Retirement	1995	594,071.45	(78,491.00)	-	16,380.00	CapSpareParts
343	0	Regular Retirement	1996	(4,544,243.13)	63,197.39	-	-	
343	0	Regular Retirement	1996	2,434,403.90	(33,246.71)	-	-	CapSpareParts
343	0	Regular Retirement	1997	(1,633,805.96)	98,427.40	-	(715,274.55)	
343	0	Regular Retirement	1997	1,027,857.27	(61,004.88)	-	715,274.55	CapSpareParts
343	0	Regular Retirement	1998	(4,853,356.57)	60,892.06	-	(575,000.00)	

343	0	Regular Retirement	1998	1,700,615.19	(60,832.08)	-	575,000.00	CapSpareParts
343	0	Regular Retirement	1999	(22,918,548.49)	42,909.17	-	(1,877,891.93)	
343	0	Regular Retirement	1999	22,918,548.49	(31,534.40)	-	1,877,891.93	CapSpareParts
343	0	Regular Retirement	2000	(43,926,839.10)	299,729.16	-	(11,478,183.46)	
343	0	Regular Retirement	2000	41,984,183.27	(276,695.85)	-	11,472,231.46	CapSpareParts
343	0	Regular Retirement	2001	(41,238,167.83)	1,152,716.96	-	(12,209,554.59)	
343	0	Regular Retirement	2001	40,980,232.20	(976,188.82)	-	12,180,754.59	CapSpareParts
343	7	Outlier Retirement	2001	-	58,680.25	-	-	
343	0	Regular Retirement	2002	(30,058,695.85)	1,123,670.97	-	16,350,665.69	
343	0	Regular Retirement	2002	642,094.17	-	-	137,692.00	CapSpareParts
343	0	Regular Retirement	2003	(99,999,999.99)	-	#VALUE!	-	
343	0	Regular Retirement	2003	(16,127,551.53)	2,534,635.01	-	(30,124,865.29)	
343	0	Regular Retirement	2003	5,042,574.81	(988,321.38)	-	32,609,175.46	CapSpareParts
343	0	Regular Retirement	2003	99,999,999.99	-	-	-	CapSpareParts
343	7	Outlier Retirement	2003	-	11,337.01	-	-	
343	0	Regular Retirement	2004	(99,999,999.99)	-	#VALUE!	-	
343	0	Regular Retirement	2004	(51,194,219.95)	2,946,291.96	-	(71,279,741.55)	
343	0	Regular Retirement	2004	41,610,940.19	(2,012,969.71)	-	69,985,105.65	CapSpareParts
343	0	Regular Retirement	2004	99,999,999.99	-	-	-	CapSpareParts
343	0	Regular Retirement	2005	(99,999,999.99)	-	#VALUE!	-	
343	0	Regular Retirement	2005	(44,240,585.63)	4,951,969.12	-	(55,307,746.18)	
343	0	Regular Retirement	2005	36,371,713.60	(4,006,959.88)	-	55,229,926.02	CapSpareParts
343	0	Regular Retirement	2005	99,999,999.99	-	-	-	CapSpareParts
343	7	Outlier Retirement	2005	(31,812.52)	-	-	-	Hurricane Related
343	0	Regular Retirement	2006	(99,999,999.99)	-	#VALUE!	-	
343	0	Regular Retirement	2006	(48,261,645.10)	6,304,874.05	-	(59,038,895.49)	
343	0	Regular Retirement	2006	39,295,000.72	(4,681,326.43)	-	58,521,772.34	CapSpareParts
343	0	Regular Retirement	2006	99,999,999.99	-	-	-	CapSpareParts
343	7	Outlier Retirement	2006	-	39,466.86	-	-	Hurricane Related
343	0	Regular Retirement	2007	(99,999,999.99)	-	#VALUE!	-	
343	0	Regular Retirement	2007	(47,421,618.41)	4,390,996.56	-	(74,816,145.51)	
343	0	Regular Retirement	2007	30,211,827.18	(1,978,796.82)	-	74,609,354.88	CapSpareParts
343	0	Regular Retirement	2007	99,999,999.99	-	-	-	CapSpareParts
343.2	0	Regular Retirement	1990	(51,802.00)	10,275.45	-	-	CapSpareParts
343.2	0	Regular Retirement	1991	(1,753,453.00)	194,988.48	-	(38,250.00)	CapSpareParts
343.2	0	Regular Retirement	1992	(2,089,128.88)	23,346.34	-	-	CapSpareParts
343.2	0	Regular Retirement	1993	(116,000.00)	12,996.62	-	(50,000.00)	CapSpareParts
343.2	0	Regular Retirement	1994	(2,538,836.33)	91,357.08	-	-	CapSpareParts
343.2	0	Regular Retirement	1995	(594,071.45)	78,491.00	-	(16,380.00)	CapSpareParts
343.2	0	Regular Retirement	1996	(2,434,403.90)	33,246.71	-	-	CapSpareParts
343.2	0	Regular Retirement	1997	(1,027,857.27)	61,004.88	-	(715,274.55)	CapSpareParts
343.2	0	Regular Retirement	1998	(1,700,615.19)	60,832.08	-	(575,000.00)	CapSpareParts
343.2	0	Regular Retirement	1999	(22,918,548.49)	31,534.40	-	(1,877,891.93)	CapSpareParts
343.2	0	Regular Retirement	2000	(41,984,183.27)	276,695.85	-	(11,472,231.46)	CapSpareParts
343.2	0	Regular Retirement	2001	(40,980,232.20)	976,188.82	-	(12,180,754.59)	CapSpareParts
343.2	0	Regular Retirement	2002	(642,094.17)	#VALUE!	-	(137,692.00)	CapSpareParts
343.2	0	Regular Retirement	2003	(5,042,574.81)	988,321.38	-	(32,609,175.46)	CapSpareParts
343.2	0	Regular Retirement	2003	(99,999,999.99)	-	-	-	CapSpareParts
343.2	0	Regular Retirement	2004	(41,610,940.19)	2,012,969.71	-	(69,985,105.65)	CapSpareParts
343.2	0	Regular Retirement	2004	(99,999,999.99)	-	-	-	CapSpareParts
343.2	0	Regular Retirement	2005	(36,371,713.60)	4,006,959.88	-	(55,229,926.02)	CapSpareParts
343.2	0	Regular Retirement	2005	(99,999,999.99)	-	-	-	CapSpareParts
343.2	0	Regular Retirement	2006	(39,295,000.72)	4,681,326.43	-	(58,521,772.34)	CapSpareParts
343.2	0	Regular Retirement	2006	(99,999,999.99)	-	-	-	CapSpareParts
343.2	0	Regular Retirement	2007	(30,211,827.18)	1,978,796.82	-	(74,609,354.88)	CapSpareParts
343.2	0	Regular Retirement	2007	(99,999,999.99)	-	-	-	CapSpareParts
344	0	Regular Retirement	1987	(19,368.00)	1,051.42	-	-	
344	0	Regular Retirement	1990	(198,349.71)	5,945.45	-	-	
344	0	Regular Retirement	1993	(642,207.47)	10,787.96	-	-	
344	0	Regular Retirement	1994	-	-	-	(571,395.48)	
344	0	Regular Retirement	1996	(46,002.07)	25,360.50	-	-	
344	0	Regular Retirement	2000	(247,359.72)	24,195.82	-	-	
344	0	Regular Retirement	2001	(222,746.22)	49,110.85	-	-	
344	0	Regular Retirement	2002	-	65,000.00	-	-	
344	7	Outlier Retirement	2002	-	(75,490.51)	-	-	
344	0	Regular Retirement	2003	(1,330,522.09)	1,908,061.88	-	(11,300.00)	
344	0	Regular Retirement	2004	(1,098,584.80)	2,669,039.39	-	(22,600.00)	
344	0	Regular Retirement	2005	(527,333.91)	72,463.59	-	(58,733.08)	

344	0	Regular Retirement	2006	(1,342,297.32)	1,803,702.04	-	(68,900.23)
344	0	Regular Retirement	2007	(309,718.53)	14,972.63	-	(23,116.42)
345	0	Regular Retirement	1986	(177,338.42)	1,517.17	-	-
345	0	Regular Retirement	1987	(55,870.00)	1,960.86	-	-
345	0	Regular Retirement	1988	(25,083.00)	2,234.97	-	-
345	0	Regular Retirement	1989	(13,983.00)	2,995.20	-	-
345	0	Regular Retirement	1990	(51,333.00)	751.72	-	-
345	0	Regular Retirement	1991	(76,804.00)	1,210.47	-	-
345	0	Regular Retirement	1992	(47,520.00)	727.30	-	-
345	0	Regular Retirement	1993	62,027.40	7,858.97	-	(5,250.00)
345	0	Regular Retirement	1994	(256,808.61)	4,503.64	-	(13,500.00)
345	0	Regular Retirement	1995	(74,536.13)	10,859.91	-	-
345	0	Regular Retirement	1996	(238,983.21)	4,600.33	-	-
345	0	Regular Retirement	1997	(17,354.49)	6,805.47	-	-
345	0	Regular Retirement	1999	(13,497.28)	4,343.37	-	-
345	7	Outlier Retirement	1999	-	0.55	-	-
345	0	Regular Retirement	2000	(1,357,708.59)	913.48	-	-
345	7	Outlier Retirement	2000	-	21.94	-	-
345	0	Regular Retirement	2001	(144,752.72)	17,276.97	-	-
345	7	Outlier Retirement	2001	-	548.14	-	-
345	0	Regular Retirement	2002	(376,514.06)	34,130.25	-	-
345	7	Outlier Retirement	2002	-	(1,167.02)	-	-
345	0	Regular Retirement	2003	(306,854.00)	96,796.10	-	-
345	0	Regular Retirement	2004	(452,236.71)	31,282.14	-	-
345	0	Regular Retirement	2005	(386,107.85)	17,761.57	-	(7,000.00)
345	0	Regular Retirement	2006	(27,788.43)	148.14	-	(6,000.00)
345	0	Regular Retirement	2007	(337,221.78)	91,177.23	-	(5,700.00)
346	0	Regular Retirement	1986	(13,309.92)	-	-	-
346	0	Regular Retirement	1987	(62,514.71)	-	-	-
346	0	Regular Retirement	1990	(14,175.92)	-	-	-
346	0	Regular Retirement	1991	(90,746.33)	1,000.00	-	-
346	0	Regular Retirement	1993	28,796.49	-	-	-
346	0	Regular Retirement	1994	41,732.84	-	-	-
346	0	Regular Retirement	1995	(50.00)	-	-	-
346	0	Regular Retirement	1996	-	-	-	-
346	0	Regular Retirement	1997	(54,059.72)	-	-	-
346	0	Regular Retirement	2000	(14,010.82)	1,500.53	-	-
346	0	Regular Retirement	2001	(131,414.19)	1,653.45	-	(1,500.00)
346	7	Outlier Retirement	2001	-	100.32	-	-
346	0	Regular Retirement	2003	-	730.66	-	-
346	7	Outlier Retirement	2003	-	19.40	-	-
346	0	Regular Retirement	2004	(174,374.12)	-	-	-
346	0	Regular Retirement	2005	(134,226.18)	7,252.82	-	-
346	0	Regular Retirement	2006	(178,939.13)	2,268.71	-	-
346	0	Regular Retirement	2007	(118,268.84)	1,049.57	-	-

Q.
Industry Service Lives/Salvage. Regarding the statement on page I-2 of Exhibit CRC-1 relating to knowledge of service life and salvage estimates used for other electric properties, please provide the following:

a. Identify each separate life and or salvage for each of the other electric properties along with the identity of the source (e.g. a 10-year life was observed for company "X" & "Y" and company "Z" had a 12-year life, etc.)
b. The accounts to which each item of comparative data applied;
c. The identity of the source of the information and a complete copy of the corresponding source;
d. A detailed narrative setting forth why each life and or salvage estimate from each other electric properties were applicable to FPL's specific account to which they were applied;
e. The impact that each such individual item of knowledge had in the development of each separate life and or salvage parameter.

A.

a. The utility statistics that were used in this depreciation study are provided in Attachment No. 1 to this interrogatory.

b. Comparisons were made for all of Florida Power & Light's accounts.

c. See Attachment No. 1 to this interrogatory.

d. The estimates of other utilities were not considered individually, but rather were considered as a whole. That is, the estimates of others were used to establish a range of reasonableness against which the historical and other Company-specific indications of service life and net salvage percentages could be compared.

e. The life and net salvage of other utilities were used as comparisons and reasonableness for the estimates established for Florida Power & Light Company by the consultant and are described in each of the account write-ups presented in the depreciation report (Exhibit CRC-1).

Also see FPL's response provided in OPC's First Request for Production of Documents No. 12 "Depr-OPC 1st Set of POD No 12, 1 of 5.xls".

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Account No.	Description	Jackson Energy Cooperative	Alliant	Dominion - *Virginia* Power	Bonneville Power Administration	Sierra Pacific *Electric* Company	Reliant Energy	PPL Electric Corporation
Client		Jackson Energy Cooperative	Alliant	Dominion - *Virginia* Power	Bonneville Power Administration	Sierra Pacific *Electric* Company	Reliant Energy	PPL Electric Corporation
Depreciation Method		SL Rem Life	SL Rem Life		SL Rem Life	SL Rem. Life.	SL Rem Life	SL Rem Life
Purpose of Study								
Study Data Year		1999	2000	2001	1998	2005	2002	2004
	FERC Account							
Account No.	Description							
Production Plant								
310 - 316	Steam Production							
310	*Steam Production - Land and Land Rights*		Non Depr					
310.1	Steam Production - Land and Land Rights - Land							
310.2	Steam Production - Land and Land Rights - Land Rights					75-R3		
311	Steam Production - Structures and Improvements		100-S2*			122-R2		
312	Steam Production - Boiler Plant Equipment		75-S2*			60-R2		
312.2	*Steam Production - Boiler Plant Equipment* - Coal Cars							
312.3	Steam Production - Boiler Plant Equipment - Scrubbers							
313	Engines and Engine Driven Generators							
314	Steam Production - Turbogenerator Units		75-S3*			70-R2		
315	Steam Production - Accessory Electric Equipment		65-R4*			60-S1.5		
316	*Steam Production* - Miscellaneous Power Plant Equipment		60-S1.5*			50-R1.5		
316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop							
316.2	Steam Production - Miscellaneous Power Plant Equipment - Other							
320 - 325	Nuclear Production							
320	Nuclear Production - Land and Land Rights							
320.1	Nuclear Production - Land and Land Rights - Land							
320.2	Nuclear Production - Land and Land Rights - Land Rights							
321	Nuclear Production - Structures and Improvements							
322	Nuclear Production - Reactor Plant Equipment							
322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators							
323	Nuclear Production - Turbogenerator Units							
324	Nuclear Production - Accessory Electric Equipment							
325	Nuclear Production - Miscellaneous Power Plant Equipment							
330 - 336	Hydraulic Production							
330	Hydraulic Production -Land and Land Rights							
330.1	Hydraulic Production -Land and Land Rights - Land							
330.2	Hydraulic Production -Land and Land Rights - Land Rights					*120-S4*		
331	Hydraulic Production - Structures and Improvements					100-S1		
332	Hydraulic Production - Reservoirs, Dams and Waterways					70-R1		
333	Hydraulic Production - Water Wheels, Turbines and Generators					65-R1.5		
334	Hydraulic Production - Accessory Electric Equipment					55-S3		
335	Hydraulic Production - Miscellaneous Power Plant Equipment					*50-S2.5*		
336	Hydraulic Production - Roads, Railroads and Bridges					55-R3		
340 - 346	Other Production							
340 - 346	Other Production - Solar							
340	Other Production -Land and Land Rights		Non Depr					
340.1	Other Production -Land and Land Rights - Land							
340.2	Other Production -Land and Land Rights - Land Rights							
341	Other Production - Structures and Improvements		40-S4*			SQ		
342	Other Production - Fuel Holders, Producers and Accessories		48-R1.5*			SQ		
343	Other Production - Prime Movers		38-L4*			SQ		
343.1	Other Production - Prime Movers - *Fuel Cells*							
343.2	Other Production - Prime Movers - Base Load							
343.3	Other Production - Prime Movers - Peakers							
344	Other Production - Generators		60-S2.5*			SQ		
345	Other Production - Accessory Electric Equipment		28-R2.5*			SQ		
346	*Other Production - Miscellaneous Power Plant Equipment*		22-S2.5*			SQ		
Transmission Plant								
350	Land and Land Rights		Non Depr		Non Depr			
350.1	*Land and Land Rights - Land*			Non Depr				Non Depr
350.2	Land and Land Rights - Land Rights			70-R3	75-R4	70-R4	75-R4	70-R4
352	Structures and Improvements		46-R2	50-S4	60-R2.5	55-R4	50-R4	50-R3
352.1	Structures and Improvements - Major							
352.2	Structures and Improvements - Small							
353	Station Equipment		38-R0.5	40-R1.5		50-R3	40-R2	40-R1
353.2	Station Equipment - Power Supply Company				10-S4			
353	Station Equipment - 1970 & Prior				39-S0			
353	Station Equipment - 1971 & Subsequent				34-R2.5			
353.1	Station Equipment - Substation on Customer Premises				28-R1.5			
353.2	Station Equipment - Portable Property at Substations				40-SQ			
353.3	Station Equipment - Metering Station				32-R0.5			
353.4	Station Equipment - Control Equipment (SCADA)				13-R2.5			
354	Towers and Fixtures		65-R4	70-R3	65-R3	60-R4	56-R3	60-R3

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Account No.	Description	Jackson Energy Cooperative	Alliant	Dominion - Virginia Power	Bonneville Power Administration	Sierra Pacific Electric Company	Reliant Energy	PPL Electric Corporation
Client		Jackson Energy Cooperative	Alliant	Dominion - Virginia Power	Bonneville Power Administration	Sierra Pacific Electric Company	Reliant Energy	PPL Electric Corporation
Depreciation Method		SL Rem Life	SL Rem Life		SL Rem Life	SL Rem. Life.	SL Rem Life	SL Rem Life
Purpose of Study								
Study Data Year		1999	2000	2001	1998	2005	2002	2004
	FERC Account							
Account No.	Description							
354.1	Towers and Fixtures - Clearing Right of Way			70-R3				70-R4
355	Poles and Fixtures		45-R1.5	55-R3	50-R2	60-R3	31-R0.5	44-R1.5
355.1	Poles and Fixtures - Clearing of Right of Way			70-R3				70-R4
355.2	Poles and Fixtures - Wood							
355.3	Poles and Fixtures - Steel							
356	Overhead Conductors and Devices		45-R2.5	55-R3	50-R4	55-R4	38-R2.5	50-S2
356.1	Overhead Conductors and Devices - Clearing of Rights of Way							
357	Underground Conduit			50-S3		60-S4	55-R4	50-R4
358	Underground Conductors and Devices		30-S2	30-S3	30-S3	50-S3	55-R4	35-S3
358.1	*Underground Conductors and Devices - Submarine*							
359	Roads and Trails			70-R3	74-R4	70-R4	75-SQ	70-R4
Distribution Plant								
360	Land and Land Rights		Non Depr					
360.1	Land and Land Rights - Land			Non Depr				Non Depr
360.2	*Land and Land Rights - Land Rights*			70-S4		65-R4	74-R4	60-R3
361	Structures and Improvements		46-R2	32-S2		55-R3	50-S3	60-R2.5
361.1	Structures and Improvements - Major							
361.2	Structures and Improvements - Small							
362	Station Equipment		21-S1.5	44-O1		50-R4	40-R2	47-R2
362.1	Station Equipment - Company Stations							
362.2	Station Equipment - Customer High Tension							
362.3	Station Equipment - SCADA							
364	Poles, Towers and Fixtures	28-L1.5	40-R1.5	30-R1.5		45-R0.5	23-R2	
364.1	Poles, Towers and Fixtures - Clearing Right of Way			30-R1.5				
364.2	Poles, Towers and Fixtures - Towers							55-R3
364.4	Poles, Towers and Fixtures - Poles							40-O1
364.6	Poles, Towers and Fixtures - Clearing Towers							50-S3
364.8	Poles, Towers and Fixtures - Clearing Poles							60-R3
364.9	Poles, Towers and Fixtures - Wood							
364.10	Poles, Towers and Fixtures - Steel							
365	Overhead Conductors and Devices	35-R1	36-R1	37-R1.5		55-R2.5	24-R2	41-R1.5
365.1	Sodium Vapor Security Lights		15-R1					55-S1.5
365.2	Overhead Conductors and Devices - Clearing Rights of Way							
366	Underground Conduit	50-S2	34-S2			60-S2	51-S1.5	
366.1	Underground Conduit - Not encased			53-R2				
366.2	Underground Conduit - Manholes and Vaults			55-R2				
366.3	*Underground Conduit - Encased*			60-S1				
367	Underground Conductors and Devices	30-R2	36-S1.5	29-R0.5		50-S2.5	29-R0.5	39-S1.5
367.1	Underground Conductors and Devices - Clearing Right of Way			38-R2				
368	Line Transformers	38-R1	31-S0.5	32-R0.5		45-R0.5	26-R1.5	
368.1	Line Transformers - Pole Top							34-SQ
368.2	Line Transformers - Pad Mounted							48-SQ
368.3	Line Transformers - Non-Network Housing							35-SQ
368.4	Line Transformers - Network							
368.5	Line Transformers - Underground Residential Distribution							
369	Services	27-L0	39-R1			40-R2	22-S2.5	34-R2
369.1	Services - Overhead			29-S2				
369.2	Services - Underground			29-S2				
370	Meters	36 R1.5	43-S2	25-S0		33-R1.5	25-S1	28-SQ
370.2	Meters - AMR and Electronic							15-SQ
371	Installations on Customer Premises	23-R1	20-R3	25-R2		25-R2.5		30-R3
371.2	Installations on Customer Premises - Area Lighting							17-L0.5
372	Leased Property on Customer Premises							
373	Street Lighting and Signal Systems	23-R1	22-L1	23-R0.5		35-R2	27-S0	26-S1
373.1	Street Lighting and Signal Systems - Clearing			23-R0.5				
373.2	Street Lighting and Signal Systems - M.V.							
373.3	Street Lighting and Signal Systems - H.P.S.							
General and Intangible Plant								
301	Organization							Non Depr
302	Franchises and Consents		Non Depr	5 - 25 SQ				Non Depr
303	Intangible Plant		Non Depr	Non Depr	40-SQ	10-SQ		
303.1	Intangible Plant - Software							5-SQ
303.2	Intangible Plant - Fiber Optic							15-SQ
389	Land and Land Rights	Non Depr	Non Depr					

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Client		Jackson Energy Cooperative	Alliant	Dominion - *Virginia* Power	Bonneville Power Administration	Sierra Pacific Electric Company	Reliant Energy	PPL Electric Corporation
Depreciation Method		SL Rem Life	SL Rem Life		SL Rem Life	SL Rem. Life.	SL Rem Life	SL Rem Life
Purpose of Study								
Study Data Year		1999	2000	2001	1998	2005	2002	2004
	FERC Account							
Account No.	Description							
389.1	Land and Land Rights - Land			Non Depr				Non Depr
389.2	Land and Land Rights - Land Rights			65-R4	75-R4		55-R4	65-R4
390	Structures and Improvements	45-50 SQ			60-R2	45-R2.5	40-R2.5	
390.1	*Structures and Improvements* - Leasehold Improvements		20-S3					
390	Structures and Improvements - Major			90-S1.5*				*60-S0**
390	Structures and Improvements - Other (Small)			45-R3				45-R3
391	Office Furniture and Equipment			15-SQ			10-SQ	
391	Office Furniture and Equipment - Equipment	5-SQ	20-SQ					15-SQ
391	Office *Furniture and* Equipment - Furniture	25-SQ	20-SQ		20-SQ	20-SQ		20-SQ
391	Office Furniture and Equipment - Hardware (PCs)	10-SQ	5-SQ	5-SQ	5-SQ	*5-SQ*	*6-SQ*	*5-SQ*
391	Office Furniture and Equipment - Software	5-SQ			5-SQ			
392	Transportation Equipment			10-L1	10-L3	Various		
392.1	Transportation Equipment - Cars	5-S3	15				5-S2	
392.2	Transportation Equipment - Light Trucks	7-R3	9-L2.5				10-S1	
392.21	Transportation Equipment - Pickup Trucks							
392.3	Transportation Equipment - Heavy Trucks	10-L2						
392.4	Transportation Equipment - Airplanes and Helicopters				15-SQ			
392.5	Transportation Equipment - Trailers							14-L0
392.6	Transportation Equipment - Other							
393	Stores Equipment	20-SQ	25-SQ	*25-SQ*	30-SQ	*20-SQ*	*15-SQ*	*25-SQ*
394	Tools, Shop and Garage Equipment	20-SQ	25-SQ	25-SQ	25-SQ	25-SQ	20-SQ	20-SQ
394.1	Tools, Shop and Garage Equipment - Electric Vehicles			10-SQ				
395	Laboratory Equipment	15-SQ	15-SQ	25-SQ	15-SQ	15-SQ	20-SQ	20-SQ
396	Power Operated Equipment	12-L2	11-L4	10-L2	15-L2	Various	14-S1.5	
397	Communication Equipment	10-SQ	15-SQ	*15 - 25 SQ*	*15-SQ*	*15-SQ*	*15-SQ*	*15-SQ*
397.1	Communication Equipment - Trans Line				40-S4			
397.2	Communication Equipment - EMS							
397.3	Communication Equipment - Fiber Optic							
398	Miscellaneous Equipment	15-SQ	10-SQ	25-SQ	15-SQ		10-SQ	20-SQ
399	Other Tangible Property							

SUMMARY OF SERVICE LIFE RECOMMENDATIONS							
Client		Owen Electric Cooperative	Oklahoma Gas and Eclectic	Oklahoma Gas and Electric (Holding Co.)	Cincinnati Gas and Electric Company	Arizona Public Service Company	AmerenUE
Depreciation Method		SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life	SL Whole Life (w/ 20Yr.True-up)
Purpose of Study							
Study Data Year		1995	2002	2002	2003	2002	2000
	FERC Account						
Account No.	Description						
Production Plant							
310 - 316	Steam Production						
310	*Steam Production - Land and Land Rights*					Non Depr	Non Depr
310.1	Steam Production - Land and Land Rights - Land		Non Depr				
310.2	Steam Production - Land and Land Rights - Land Rights		100-S4*		75-R4		
311	Steam Production - Structures and Improvements		100-R2.5*		100-R2.5*	75-S1.5*	120-S0*
312	Steam Production - Boiler Plant Equipment		90-R2*		55-S0.5*	48-L2*	60-S0*
312.2	*Steam Production - Boiler Plant Equipment - Coal Cars*						22-R3
312.3	Steam Production - Boiler Plant Equipment - Scrubbers						
313	Engines and Engine Driven Generators						
314	Steam Production - Turbogenerator Units		75-S1.5*		55-R1.5*, 55-R2.5* (Zim	65-R2*	100-S0*
315	Steam Production - Accessory Electric Equipment		60-R3*		55-R2.5*	60-R2.5*	80-R2*
316	Steam Production - Miscellaneous Power Plant Equipment		30-S0*		75-R1*	40-R2*	70-L0*
316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop				37-S0.5*		
316.2	Steam Production - Miscellaneous Power Plant Equipment - Other						
320 - 325	Nuclear Production						
320	Nuclear Production - Land and Land Rights					Non Depr	Non Depr
320.1	Nuclear Production - Land and Land Rights - Land						
320.2	Nuclear Production - Land and Land Rights - Land Rights						
321	Nuclear Production - Structures and Improvements					65-R2.5*	100-R1*
322	Nuclear Production - Reactor Plant Equipment					70-R1*	60-S0*
322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators					SQUARE*	
323	Nuclear Production - Turbogenerator Units					60-S0*	100-S0*
324	Nuclear Production - Accessory Electric Equipment					45-R3*	80-R2*
325	Nuclear Production - Miscellaneous Power Plant Equipment					35-R0.5*	70-L0*
330 - 336	Hydraulic Production						
330	Hydraulic Production -Land and Land Rights					Non Depr	Non Depr
330.1	Hydraulic Production -Land and Land Rights - Land						
330.2	Hydraulic Production -Land and Land Rights - Land Rights						
331	Hydraulic Production - Structures and Improvements					SQUARE*	160-R1*
332	Hydraulic Production - Reservoirs, Dams and Waterways					SQUARE*	200-SQ*
333	Hydraulic Production - Water Wheels, Turbines and Generators					SQUARE*	130-S0*
334	Hydraulic Production - Accessory Electric Equipment					SQUARE*	70-R1.5*
335	Hydraulic Production - Miscellaneous Power Plant Equipment					SQUARE*	60-R0.5*
336	Hydraulic Production - Roads, Railroads and Bridges					SQUARE*	200-SQ*
340 - 346	Other Production						
340 - 346	Other Production - Solar					12-SQ	
340	Other Production -Land and Land Rights					Non Depr	Non Depr
340.1	Other Production -Land and Land Rights - Land						
340.2	Other Production -Land and Land Rights - Land Rights				40-SQ		
341	Other Production - Structures and Improvements		SQ*		SQUARE*	80-S1*	30-SQ
342	Other Production - Fuel Holders, Producers and Accessories		SQ*		SQUARE*	70-S1*	30-SQ
343	Other Production - Prime Movers		SQ*		SQUARE*	70-L1.5*	
343.1	*Other Production - Prime Movers - Fuel Cells*						
343.2	Other Production - Prime Movers - Base Load						
343.3	Other Production - Prime Movers - Peakers						
344	Other Production - Generators		42-S3*		70-R2.5*	37-R3*	30-SQ
345	Other Production - Accessory Electric Equipment		28-S2*		55-S0.5*	50-S2*	30-SQ
346	*Other Production - Miscellaneous Power Plant Equipment*		25-S2.5*		30-S3*	70-L1*	30-SQ
Transmission Plant							
350	Land and Land Rights					Non Depr	Non Depr
350.1	Land and Land Rights - Land		Non Depr				
350.2	Land and Land Rights - Land Rights		75-R4				
352	Structures and Improvements		65-S4			50-R4	60-R2
352.1	Structures and Improvements - Major						
352.2	Structures and Improvements - Small						
353	Station Equipment		50-S2.5			42-R3	55-R2.5
353.2	Station Equipment - Power Supply Company				55-R1		
353	Station Equipment - 1970 & Prior						
353	Station Equipment - 1971 & Subsequent						
353.1	Station Equipment - Substation on Customer Premises						
353.2	Station Equipment - Portable Property at Substations						
353.3	Station Equipment - Metering Station						
353.4	Station Equipment - Control Equipment (SCADA)						
354	Towers and Fixtures		65-S4			60-R3	65-R4

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Client		Owen Electric Cooperative	Oklahoma Gas and Eclectic	Oklahoma Gas and Electric (Holding Co.)	Cincinnati Gas and Electric Company	Arizona Public Service Company	AmerenUE
Depreciation Method		SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life	SL Whole Life (w/ 20Yr.True-up)
Purpose of Study							
Study Data Year		1995	2002	2002	2003	2002	2000
	FERC Account						
Account No.	Description						
354.1	Towers and Fixtures - Clearing Right of Way						
355	Poles and Fixtures		50-R1.5				53-R4
355.1	Poles and Fixtures - Clearing of Right of Way						
355.2	Poles and Fixtures - Wood					48-R1.5	
355.3	Poles and Fixtures - Steel					55-R3	
356	Overhead Conductors and Devices		50-S2			55-R3	55-R4
356.1	Overhead Conductors and Devices - Clearing of Rights of Way						
357	Underground Conduit					48-S1.5	
358	Underground Conductors and Devices		42-R1.5			40-R3	
358.1	*Underground Conductors and Devices - Submarine*						
359	Roads and Trails						50-SQ
Distribution Plant							
360	Land and Land Rights					Non Depr	Non Depr
360.1	Land and Land Rights - Land		Non Depr				
360.2	*Land and Land Rights - Land Rights*		65-R4				
361	Structures and Improvements		65-R4			*45-R2.5*	*60-R2.5*
361.1	Structures and Improvements - Major						
361.2	Structures and Improvements - Small						
362	Station Equipment		52-R4			38-S0	55-R2.5
362.1	Station Equipment - Company Stations						
362.2	Station Equipment - Customer High Tension						
362.3	Station Equipment - SCADA						
364	Poles, Towers and Fixtures	44-R0.5	*45-S0.5*				43-R3
364.1	Poles, Towers and Fixtures - Clearing Right of Way						
364.2	Poles, Towers and Fixtures - Towers						
364.4	Poles, Towers and Fixtures - Poles						
364.6	Poles, Towers and Fixtures - Clearing Towers						
364.8	Poles, Towers and Fixtures - Clearing Poles						
364.9	Poles, Towers and Fixtures - Wood					38-R0.5	
364.10	Poles, Towers and Fixtures - *Steel*					50-R3	
365	Overhead Conductors and Devices	37-L2	48-R2			53-O1	47-R1
365.1	Sodium Vapor Security Lights						
365.2	Overhead Conductors and Devices - Clearing Rights of Way						
366	Underground Conduit		55-R3			55-R1.5	65-R3
366.1	Underground Conduit - Not encased						
366.2	Underground Conduit - Manholes and Vaults						
366.3	*Underground Conduit - Encased*						
367	Underground Conductors and Devices	25-R3	50-S1			29-L1	53-R2
367.1	Underground Conductors and Devices - Clearing Right of Way						
368	Line Transformers	37-R1.5	35-R0.5			36-R3	40-SQ
368.1	Line Transformers - Pole Top						
368.2	Line Transformers - Pad Mounted						
368.3	Line Transformers - Non-Network Housing						
368.4	Line Transformers - Network						
368.5	Line Transformers - Underground Residential Distribution						
369	Services	36-R0.5	45-R2			37-S2	
369.1	Services - Overhead						36-R3
369.2	Services - Underground						45-R3
370	Meters	33-R3	31-R3			23-R1	30-SQ
370.2	Meters - AMR and Electronic					12-S2	
371	Installations on Customer Premises	28-R1				30-R1	20-O1
371.2	Installations on Customer Premises - Area Lighting						
372	Leased Property on Customer Premises						
373	Street Lighting and Signal Systems	28-R1	31-R3			35-R2	32-L1
373.1	Street Lighting and Signal Systems - Clearing						
373.2	Street Lighting and Signal Systems - M.V.						
373.3	Street Lighting and Signal Systems - H.P.S.						
General and Intangible Plant							
301	Organization		Non Depr				
302	Franchises and Consents		Non dear				
303	Intangible Plant		5-SQ				
303.1	Intangible Plant - Software						
303.2	Intangible Plant - Fiber Optic						
389	Land and Land Rights					Non Depr	Non Depr

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Client		Owen Electric Cooperative	Oklahoma Gas and Eclectic	Oklahoma Gas and Electric (Holding Co.)	Cincinnati Gas and Electric Company	Arizona Public Service Company	AmerenUE
Depreciation Method		SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life	SL Whole Life (w/ 20Yr.True-up)
Purpose of Study							
Study Data Year		1995	2002	2002	2003	2002	2000
	FERC Account						
Account No.	Description						
389.1	Land and Land Rights - Land		Non Depr				
389.2	Land and Land Rights - Land Rights		60-R4				
390	Structures and Improvements		35-S4			39-R1	42-S0
390.1	Structures and Improvements - Leasehold Improvements						
390	Structures and Improvements - Major						
390	Structures and Improvements - Other (Small)						
391	Office Furniture and Equipment		15-SQ	15-SQ			20-L0.5
391	Office Furniture and Equipment - Equipment			3SQ - 10SQ		10-SQUARE	
391	*Office Furniture and Equipment - Furniture*					20-SQUARE	
391	Office Furniture and Equipment - Hardware (PCs)			3SQ - 10SQ		5-SQUARE	5-L0.5, 5-L3 (PCs)
391	Office Furniture and Equipment - Software			3SQ - 10SQ			
392	Transportation Equipment						10-S0
392.1	Transportation Equipment - Cars		8-L3	6-L3, 7-S2.5			
392.2	Transportation Equipment - Light Trucks		10-R4	9-S3			
392.21	Transportation Equipment - Pickup Trucks		9-S3	8-L3			
392.3	Transportation Equipment - Heavy Trucks		13-R2	13-R2			
392.4	Transportation Equipment - Airplanes and Helicopters						
392.5	*Transportation Equipment - Trailers*		14-S2	14-S2			
392.6	Transportation Equipment - Other			7-S4, 20-R4			
393	Stores Equipment		25-SQ			20-SQ	22-L0.5
394	Tools, Shop and Garage Equipment		25-SQ	25-SQ		20-SQ	22-L0.5
394.1	Tools, Shop and Garage Equipment - Electric Vehicles						
395	Laboratory Equipment		20-SQ	20-SQ		15-SQ	*20-L0.5*
396	Power Operated Equipment		17-S2.5	17-S2.5			15-L2
397	Communication Equipment		10-SQ	5SQ - 15SQ		19-S1.5	18-R3
397.1	Communication Equipment - Trans Line						
397.2	Communication Equipment - EMS						
397.3	Communication Equipment - Fiber Optic						
398	Miscellaneous Equipment		20-SQ	15-SQ		20-SQ	18-L0.5
399	Other Tangible Property						

SUMMARY OF SERVICE LIFE RECOMMENDATIONS								
Client		Duquesne Light Company	Metropolitan Edison Company	Bangor Hydro - Electric Company	Pennsylvania Electric Company	Omaha Public Power District	PSI Energy, Inc.	Kentucky Utilities
Depreciation Method		SI Rem Life	SL Rem Life	(w/ Rem Life True-up)	SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life
Purpose of Study								
Study Data Year		2001	1999	2002	1999	2007	2002	2007
	FERC Account							
Account No.	Description							
Production Plant								
310 - 316	Steam Production							
310	Steam Production - Land and Land Rights					Non Depr	Non Depr	
310.1	Steam Production - Land and Land Rights - Land							
310.2	Steam Production - Land and Land Rights - Land Rights							
311	Steam Production - Structures and Improvements					100-R2	100-R2.5*	100-S1.5
312	Steam Production - Boiler Plant Equipment					62-S0.5	50-S0.5*	65-R2
312.2	Steam Production - Boiler Plant Equipment - Coal Cars						30-R3	
312.3	Steam Production - Boiler Plant Equipment - Scrubbers							
313	Engines and Engine Driven Generators							
314	Steam Production - Turbogenerator Units					65-R2	65-S1*	55-R2.5
315	Steam Production - Accessory Electric Equipment					50-R3	55-R2*	70-S3
316	Steam Production - Miscellaneous Power Plant Equipment					48-S0.5	40-S0*	70-R1.5
316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop							
316.2	Steam Production - Miscellaneous Power Plant Equipment - Other							
320 - 325	Nuclear Production							
320	Nuclear Production - Land and Land Rights							
320.1	Nuclear Production - Land and Land Rights - Land							
320.2	Nuclear Production - Land and Land Rights - Land Rights							
321	Nuclear Production - Structures and Improvements					100-R2.5		
322	Nuclear Production - Reactor Plant Equipment					40-R2*		
322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators							
323	Nuclear Production - Turbogenerator Units					60-R3*		
324	Nuclear Production - Accessory Electric Equipment					40-S1*		
325	Nuclear Production - Miscellaneous Power Plant Equipment					40-R3*		
330 - 336	Hydraulic Production							
330	Hydraulic Production -Land and Land Rights							Non Depr
330.1	Hydraulic Production -Land and Land Rights - Land							
330.2	Hydraulic Production -Land and Land Rights - Land Rights							100-R4
331	Hydraulic Production - Structures and Improvements						SQ*	90-S2.5
332	Hydraulic Production - Reservoirs, Dams and Waterways						SQ*	100-S2.5
333	Hydraulic Production - Water Wheels, Turbines and Generators						70-R2.5*	80-R3
334	Hydraulic Production - Accessory Electric Equipment						55-R3*	40-L2.5
335	Hydraulic Production - Miscellaneous Power Plant Equipment						50-R2.5*	35-L1
336	Hydraulic Production - Roads, Railroads and Bridges							55-R4
340 - 346	Other Production							
340 - 346	Other Production - Solar							
340	Other Production -Land and Land Rights			Non Depr		Non Depr	Non Depr	Non Depr
340.1	Other Production -Land and Land Rights - Land							
340.2	Other Production -Land and Land Rights - Land Rights							30-R0.5
341	Other Production - Structures and Improvements			120-R1.5*		SQ*	SQ*	40-R2.5
342	Other Production - Fuel Holders, Producers and Accessories			SQ*		SQ*	SQ*	45-R2.5
343	Other Production - Prime Movers			70-R0.5*		60-R2.5	52-R2.5*	35-R1
343.1	Other Production - Prime Movers - Fuel Cells							
343.2	Other Production - Prime Movers - Base Load							
343.3	Other Production - Prime Movers - Peakers							
344	Other Production - Generators			70-L0*		65-R2.5	44-R4*	55-S3
345	Other Production - Accessory Electric Equipment					55-S1.5	45-S1.5*	45-R3
346	Other Production - Miscellaneous Power Plant Equipment			SQ*		SQ*	40-R1.5*	35-R2
Transmission Plant								
350	Land and Land Rights	Non Depr		Non Depr		Non Depr		
350.1	Land and Land Rights - Land		Non Depr		Non Depr		Non Depr	
350.2	Land and Land Rights - Land Rights		80-SQ		80-SQ		75-R4	60-R3
352	Structures and Improvements		55-R3		55-R3	60-R2.5	75-R3	65-S2.5
352.1	Structures and Improvements - Major	65-R2*						
352.2	Structures and Improvements - Small	45-R3						
353	Station Equipment	44-S0.5	46-R2	47-R2	48-R2	43-R1.5	60-R2	30-R2.5
353.2	Station Equipment - Power Supply Company							
353	Station Equipment - 1970 & Prior							
353	Station Equipment - 1971 & Subsequent							
353.1	Station Equipment - Substation on Customer Premises							
353.2	Station Equipment - Portable Property at Substations							
353.3	Station Equipment - Metering Station							
353.4	Station Equipment - Control Equipment (SCADA)			13-L2				
354	Towers and Fixtures	65-R4	65-R3	50-S3	65-R3	70-R2	70-R2.5	70-R4

Exhibit_(JP-8)
Page 36 of 140

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Client		Duquesne Light Company	Metropolitan Edison Company	Bangor Hydro - Electric Company	Pennsylvania Electric Company	Omaha Public Power District	PSI Energy, Inc.	Kentucky Utilities
Depreciation Method		SI Rem Life	SL Rem Life	(w/ Rem Life True-up)	SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life
Purpose of Study								
Study Data Year		2001	1999	2002	1999	2007	2002	2007
FERC Account								
Account No.	Description							
354.1	Towers and Fixtures - Clearing Right of Way							
355	Poles and Fixtures	54-R3	55-R2.5	48-R2.5	57-R3	45-R2	56-S0	50-R2
355.1	Poles and Fixtures - Clearing of Right of Way							
355.2	Poles and Fixtures - Wood							
355.3	Poles and Fixtures - Steel							
356	Overhead Conductors and Devices	55-L3	60-R2	45-R3	60-R3	48-R1.5	65-R2	60-R3
356.1	Overhead Conductors and Devices - Clearing of Rights of Way		80-SQ		80-SQ			
357	Underground Conduit	60-S3		60-R4	50-R3	65-R3	65-R3	40-L2.5
358	Underground Conductors and Devices	60-R3		35-R3		30-R3	30-SQ	35-R3
358.1	Underground Conductors and Devices - *Submarine*							
359	Roads and Trails	55-R4	50-SQ	60-R4	50-SQ			65-R3
Distribution Plant								
360	Land and Land Rights	Non Depr		Non Depr		Non Depr		Non Depr
360.1	Land and Land Rights - Land		Non Depr		Non Depr		Non Depr	
360.2	*Land and Land Rights - Land Rights*		65-SQ	70-SQ	65-SQ		70-R3	65-R4
361	Structures and Improvements		45-R3	50-R2	45-R3		60-R1.5	60-R2.5
361.1	Structures and Improvements - Major	65-R2*				50-R2		
361.2	Structures and Improvements - Small	45-R3				45-R1.5		
362	Station Equipment		55-R2	43-R2.5	50-R1	50-R0.5	50-R0.5	52-R2
362.1	Station Equipment - Company Stations	55-R1						
362.2	Station Equipment - Customer High Tension	44-R0.5						
362.3	Station Equipment - SCADA			13-L2				
364	Poles, Towers and Fixtures	55-R1	57-R1	45-S1		32-R1.5	43-R0.5	48-S0
364.1	Poles, Towers and Fixtures - Clearing Right of Way							
364.2	Poles, Towers and Fixtures - Towers							
364.4	Poles, Towers and Fixtures - Poles							
364.6	Poles, Towers and Fixtures - Clearing Towers							
364.8	Poles, Towers and Fixtures - Clearing Poles							
364.9	Poles, Towers and Fixtures - Wood							
364.10	Poles, Towers and Fixtures - Steel							
365	Overhead Conductors and Devices	55-R1	53-R0.5	48-S1.5	58-R0.5	34-R1.5	50-R0.5	48-R2
365.1	Sodium Vapor Security Lights							
365.2	Overhead Conductors and Devices - Clearing Rights of Way		65-SQ		65-SQ			
366	Underground Conduit	80-R3	65-R3	60-R3	65-R3	60-R3	65-R3	55-S4
366.1	Underground Conduit - Not encased							
366.2	Underground Conduit - Manholes and Vaults					60-R3		
366.3	*Underground Conduit - Encased*							
367	Underground Conductors and Devices	49-R1	35-R3	47-R2.5	35-R3	32-R2	55-R2	44-S0.5
367.1	Underground Conductors and Devices - Clearing Right of Way							
368	Line Transformers		37-S0.5	39-R2	32-S0	33-R2.5	35-R1	40-R2
368.1	Line Transformers - Pole Top	44-S0						
368.2	Line Transformers - Pad Mounted	46-R1						
368.3	Line Transformers - Non-Network Housing							
368.4	Line Transformers - Network	55-R2						
368.5	Line Transformers - Underground Residential Distribution	38-R1.5						
369	Services	60-R3		45-R4		45-R3		43-R1.5
369.1	Services - Overhead		40-R0.5		39-O1		35-R1	
369.2	Services - Underground		38-R2		36-R3		40-R1.5	
370	Meters	30-R2.5	24-O1	33-R2.5	26-S0	28-R4	32-R2	40-R1.5
370.2	Meters - AMR and Electronic	10-S3		12-S2				
371	Installations on Customer Premises		10SQ - 25SQ		10SQ - 25-SQ	16-R1	14-L0	20-R0.5
371.2	Installations on Customer Premises - Area Lighting		*20-O1*		*20-O1*			
372	Leased Property on Customer Premises				30-SQ			
373	Street Lighting and Signal Systems	23-S0	31-R0.5		22-O1	29-R1.5	24-R1	33-R1
373.1	Street Lighting and Signal Systems - Clearing							
373.2	Street Lighting and Signal Systems - M.V.			28-R3				
373.3	Street Lighting and Signal Systems - H.P.S.			20-S2				
General and Intangible Plant								
301	Organization		Non Depr	Intangible	Non Depr			
302	Franchises and Consents		Non Depr	Intangible	Non Depr			
303	Intangible Plant		7SQ - 10SQ	Intangible				
303.1	Intangible Plant - Software				7SQ, 10SQ			
303.2	Intangible Plant - Fiber Optic							
389	Land and Land Rights	Non Depr		Non Depr		Non Depr	Non Depr	Non Depr

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Client		**Duquesne Light Company**	**Metropolitan Edison Company**	**Bangor Hydro - Electric Company**	**Pennsylvania Electric Company**	**Omaha Public Power *District***	**PSI Energy, *Inc.***	**Kentucky Utilities**
Depreciation Method		Sl Rem Life	SL Rem Life	(w/ Rem Life True-up)	SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life
Purpose of Study								
Study Data Year		2001	1999	2002	1999	2007	2002	2007
	FERC Account							
Account No.	Description							
389.1	Land and Land Rights - Land		Non Depr		Non Depr			
389.2	Land and Land Rights - Land Rights		50-SQ		50-SQ			
390	Structures and Improvements							60-S0
390.1	Structures and Improvements - Leasehold Improvements							30-R1
390	Structures and Improvements - Major	65-R2*	0-S0*, SQ* (Yard	120-R1*	S0*, SQ (Impro	SQ*	1*, SQ* (Amorti	
390	Structures and Improvements - Other (Small)	*45-R3*	*1, 25-R1 (impro*	*40-R1, Various*	1, 25-R1 (Impr	33-S1	40-R3	
391	Office Furniture and Equipment						20-SQ	20-SQ
391	Office Furniture and Equipment - Equipment	7-SQ		10-SQ	10-SQ			5-SQ
391	Office Furniture and Equipment - Furniture	20-SQ	20-SQ	20-SQ	20-SQ			
391	Office Furniture and Equipment - Hardware (PCs)	5-SQ	10SQ, 3SQ (PCs	5-SQ	SQ, 3-SQ(PCs	6-R4	5-SQ	4-SQ
391	*Office Furniture and Equipment - Software*							
392	Transportation Equipment					13-R2		
392.1	Transportation Equipment - Cars	6.5-S2.5		5-L1.5				
392.2	Transportation Equipment - Light Trucks				7-L3			
392.21	Transportation Equipment - Pickup Trucks							
392.3	Transportation Equipment - Heavy Trucks		10-L3		10-S3			
392.4	Transportation Equipment - Airplanes and Helicopters							
392.5	Transportation Equipment - Trailers		25-S1		26-S1		26-L1.5	
392.6	Transportation Equipment - Other	12-S2						
393	Stores Equipment	30-SQ	20SQ	20-SQ	20-SQ		20-SQ	25-SQ
394	Tools, Shop and Garage Equipment	25-SQ			25-SQ		25-SQ	25-SQ
394.1	Tools, Shop and Garage Equipment - *Electric Vehicles*							
395	Laboratory Equipment	20-SQ			20-SQ		20-SQ	15-SQ
396	Power Operated Equipment	21-S0	15-L3	10.5-R1.5	21-S0.5	18-L0.5	20-S0.5	17-R5
397	Communication Equipment	15-SQ	15-R1	13-L2	15-R1	20-R1.5	19-L2	15-SQ
397.1	Communication Equipment - Trans Line							
397.2	*Communication Equipment - EMS*		SQ*		SQ*			
397.3	Communication Equipment - Fiber Optic							
398	Miscellaneous Equipment	20-SQ	20-SQ	20-SQ	20-SQ		15-SQ	10-SQ
399	Other Tangible Property							

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Client		El Paso Electric Company	Duke Power Company	Nevada Power Company	Chugach Electric Association, Inc	Puget Sound Energy	Idaho Power Company	Louisville Gas & Electric
Depreciation Method		SL Rem Life	Sl Rem Life	SL Rem Life	SL Rem Life	S.I. Rem. Life	SL Rem. Life	SL Rem. Life
Purpose of Study								
Study Data Year		2002	2003	2006	2002	2007	2007	2007
FERC Account								
Account No.	Description							
Production Plant								
310 - 316	Steam Production							
310	Steam Production - Land and Land Rights	Non Depr						
310.1	Steam Production - Land and Land Rights - Land		Non Depr	Non Depr				
310.2	Steam Production - Land and Land Rights - Land Rights		75-R4*	SQ*			75-R4	
311	Steam Production - Structures and Improvements	100-S1.5*	100-S0.5*	125-R2*	65-R1.5*	125-R2	100-S1	100-S1.5
312	Steam Production - Boiler Plant Equipment	80-S2*	45-S3*	65-R1.5*	65-R2.5*	65-R1.5	70-R1.5	45-R1.5
312.2	Steam Production - Boiler Plant Equipment - Coal Cars						25-R3	
312.3	Steam Production - Boiler Plant Equipment - Scrubbers						60-R3	
313	Engines and Engine Driven Generators	40-R2.5*						
314	Steam Production - Turbogenerator Units	75-R3	55-S2.5*	100-R1	65-R3*	70-R2	50-S0.5	50-S1.5
315	Steam Production - Accessory Electric Equipment	65-S1	50-S1.5*	75-S1.5*	30-R3*	70-S2	65-S1.5	50-S2
316	Steam Production - Miscellaneous Power Plant Equipment	55-R2	60-R1.5*	35-S0*	35-R2.5*	45-R0.5	50-R0.5	40-S2
316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop							
316.2	Steam Production - Miscellaneous Power Plant Equipment - Other							
320 - 325	Nuclear Production							
320	Nuclear Production - Land and Land Rights							
320.1	Nuclear Production - Land and Land Rights - Land		Non Depr					
320.2	Nuclear Production - Land and Land Rights - Land Rights		75-R4*					
321	Nuclear Production - Structures and Improvements		100-S0.5*					
322	Nuclear Production - Reactor Plant Equipment		55-R1.5*					
322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators							
323	Nuclear Production - Turbogenerator Units		50-R1*					
324	Nuclear Production - Accessory Electric Equipment		50-S1.5*					
325	Nuclear Production - Miscellaneous Power Plant Equipment		60-R1.5*					
330 - 336	Hydraulic Production							
330	Hydraulic Production -Land and Land Rights							
330.1	Hydraulic Production -Land and Land Rights - Land		Non Depr					
330.2	Hydraulic Production -Land and Land Rights - Land Rights		90-R4*					
331	Hydraulic Production - Structures and Improvements		90-R3*		90-S2*	100-S1.5	100-R2.5	100-S2.5
332	Hydraulic Production - Reservoirs, Dams and Waterways		110-L2.5*		90-S1.5*	100-S1.5	90-S4	100-S2.5
333	Hydraulic Production - Water Wheels, Turbines and Generators		75-S0.5*		45-S3.5*	70-R1.5	80-R3	100-S2.5
334	Hydraulic Production - Accessory Electric Equipment		50-L0.5*		40-S4*	65-R1	50-R1.5	80-S4
335	Hydraulic Production - Miscellaneous Power Plant Equipment		60-R1.5*		40-R4*	35-S1.5	90-R2	80-S3
336	Hydraulic Production - Roads, Railroads and Bridges		65-R2.5*		40-S3*	70-R5	75-R3	80-S4
340 - 346	Other Production							
340 - 346	Other Production - Solar							
340	Other Production -Land and Land Rights	Non Depr			Non Depr			
340.1	Other Production -Land and Land Rights - Land		Non Depr					
340.2	Other Production -Land and Land Rights - Land Rights			SQ*				
341	Other Production - Structures and Improvements	SQ	SQ*	SQ*	65-R1.5*	40-R5	SQ	55-R3
342	Other Production - Fuel Holders, Producers and Accessories	SQ	SQ*	SQ*	28-S3*	40-R5	SQ	50-R3
343	Other Production - Prime Movers		SQ*	SQ*			SQ	30-R2
343.1	Other Production - Prime Movers - Fuel Cells				5.5-S4			
343.2	Other Production - Prime Movers - Base Load				12-L1*			
343.3	Other Production - Prime Movers - Peakers				30-R3*			
344	Other Production - Generators	SQ	SQ*	35-S2*	65-R3*	40-R5	SQ	60-S3
345	Other Production - Accessory Electric Equipment	SQ	SQ*	45-S0*	30-R3*	40-R5	SQ	35-S1.5
346	Other Production - Miscellaneous Power Plant Equipment	SQ	SQ*	SQ*	35-R2.5*	40-R5	SQ	50-S3
Transmission Plant								
350	Land and Land Rights				Non Depr			
350.1	Land and Land Rights - Land		Non Depr	Non Depr				
350.2	Land and Land Rights - Land Rights	70-R4	65-R3	60-R5			65-R3	50-R3
352	Structures and Improvements		43-R3	50-R3	50-R3	55-R3	60-R3	60-R2.5
352.1	Structures and Improvements - Major	55-S2*						
352.2	Structures and Improvements - Small	55-S2						
353	Station Equipment	45-R3	39-R2.5	50-R2	40-S2.5	45-R1	45-R1	55-R2.5
353.2	Station Equipment - Power Supply Company							
353	Station Equipment - 1970 & Prior							
353	Station Equipment - 1971 & Subsequent							
353.1	Station Equipment - Substation on Customer Premises							
353.2	Station Equipment - Portable Property at Substations							
353.3	Station Equipment - Metering Station							
353.4	Station Equipment - Control Equipment (SCADA)				10-SQ			
354	Towers and Fixtures	65-R4	48-R4	60-R4	65-R4	65-R4	65-S3	65-R3

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Client		El Paso Electric Company	Duke Power Company	Nevada Power Company	Chugach Electric Association, Inc	Puget Sound Energy	Idaho Power Company	Louisville Gas & Electric
Depreciation Method		SL Rem Life	Sl Rem Life	SL Rem Life	SL Rem Life	S.l. Rem. Life	SL Rem. Life	SL Rem. Life
Purpose of Study								
Study Data Year		2002	2003	2006	2002	2007	2007	2007
	FERC Account							
Account No.	Description							
354.1	Towers and Fixtures - Clearing Right of Way							
355	Poles and Fixtures	40-R2.5	40-R3	45-R1.5	38-R2.5	45-R2	55-R2	50-R2
355.1	Poles and Fixtures - Clearing of Right of Way							
355.2	Poles and Fixtures - Wood							
355.3	Poles and Fixtures - Steel							
356	Overhead Conductors and Devices	50-R5	40-R4	50-R1.5	40-R2.5	50-R3	65-R1.5	50-R2
356.1	Overhead Conductors and Devices - Clearing of Rights of Way							
357	Underground Conduit		50-R4	50-R2	50-R4			50-R3
358	Underground Conductors and Devices		40-R3	35-R3	30-S3	50-R3		30-R3
358.1	Underground Conductors and Devices - Submarine				20-S3 (So.), 35-R3 (No.)			
359	*Roads and Trails*	40-S1.5		60-R5	50-R3	60-R4	65-R3	
Distribution Plant								
360	Land and Land Rights				Non Depr			
360.1	Land and Land Rights - Land		Non Depr	Non Depr				
360.2	Land and Land Rights - Land Rights	70-R4	65-R3	65-R4				
361	Structures and Improvements	55-S2	41-R4	50-R3	50-R3	55-R3	65-R2.5	60-R3
361.1	Structures and Improvements - Major							
361.2	Structures and Improvements - Small							
362	Station Equipment	45-R3	35-R1.5	50-R1.5	29-R3	45-R1.5	50-R0.5	55-R1.5
362.1	Station Equipment - Company Stations							
362.2	Station Equipment - Customer High Tension							
362.3	Station Equipment - SCADA				10-SQ			
364	Poles, Towers and Fixtures	39-R3	35-R2.5	50-R1.5	32-R3	45-R2	44-R1.5	50-R2.5
364.1	Poles, Towers and Fixtures - Clearing Right of Way							
364.2	*Poles, Towers and Fixtures - Towers*							
364.4	Poles, Towers and Fixtures - Poles							
364.6	Poles, Towers and Fixtures - Clearing Towers							
364.8	Poles, Towers and Fixtures - Clearing Poles							
364.9	Poles, Towers and Fixtures - Wood							
364.10	Poles, Towers and Fixtures - Steel							
365	Overhead Conductors and Devices	40-R2.5	32-R1	50-R1	32-R2.5	40-R2.5	47-R0.5	45-R1.5
365.1	Sodium Vapor Security Lights							
365.2	Overhead Conductors and Devices - Clearing Rights of Way							
366	Underground Conduit	50-R3	42-R3	50-R3	50-R3	50-R4	60-R2	70-R4
366.1	Underground Conduit - Not encased							
366.2	Underground Conduit - *Manholes and Vaults*							
366.3	Underground Conduit - Encased							
367	Underground Conductors and Devices	33-R2.5	33-R4	35-S4	R4, 15-S3 (Cabl	35-R2.5	50-S0.5	50-R2
367.1	Underground Conductors and Devices - Clearing Right of Way							
368	Line Transformers	45-R3	32-R1.5	38-R2.5	29-R3	40-R2	37-R1	45-R1.5
368.1	*Line Transformers* - Pole Top							
368.2	Line Transformers - Pad Mounted							
368.3	Line Transformers - Non-Network Housing							
368.4	Line Transformers - Network							
368.5	Line Transformers - Underground Residential Distribution							
369	Services	50-S3	30-R1.5	40-R4	40-R3	45-R3	**35-R2.5**	
369.1	Services - Overhead							*45-S1.5*
369.2	Services - Underground							45-R1.5
370	Meters	28-R2.5	25-O1	35-R1	18-R2.5	35-R2.5	**20-O1**	30-R2
370.2	Meters - AMR and Electronic						**15-S3**	
371	Installations on Customer Premises	27-R1.5	24-O1		20-R2		**10-R2**	
371.2	Installations on *Customer Premises - Area Lighting*						**15-R2**	
372	Leased Property on Customer Premises			25-R1				
373	Street Lighting and Signal Systems	45-R2.5	30-R2.5	25-R1	32-R3	35-R2.5	**25-R1.5**	35-R1.5
373.1	Street Lighting and Signal Systems - Clearing							
373.2	Street Lighting and Signal Systems - M.V.							
373.3	Street Lighting and Signal Systems - H.P.S.							
General and Intangible Plant								
301	Organization							
302	Franchises and Consents							
303	Intangible Plant			10-SQ	Non Depr			
303.1	Intangible Plant - Software							
303.2	Intangible Plant - Fiber Optic							
389	Land and Land Rights	Non Depr			Non Depr			

SUMMARY OF SERVICE LIFE RECOMMENDATIONS

Client		El Paso Electric Company	Duke Power Company	Nevada Power Company	Chugach Electric Association, Inc	Puget Sound Energy	Idaho Power Company	Louisville Gas & Electric
Depreciation Method		SL Rem Life	Sl Rem Life	SL Rem Life	SL Rem Life	S.I. Rem. Life	SL Rem. Life	SL Rem. Life
Purpose of Study								
Study Data Year		2002	2003	2006	2002	2007	2007	2007
FERC Account								
Account No.	Description							
389.1	Land and Land Rights - Land			Non Depr				
389.2	Land and Land Rights - Land Rights		40-SQ	50-SQ				
390	Structures and Improvements		40-R2	45-R2	65-R4	35-R4	50-L2	
390.1	Structures and Improvements - Leasehold Improvements				SQ*		30-S3	
390	Structures and Improvements - Major	90-S1.5*					100-S1.5	
390	Structures and Improvements - Other (Small)	40-R2.5			45-S3, 25-S3 (MW Bldgs.)			
391	Office Furniture and Equipment	, SQ* (Four Co	10-SQ	20-SQ	10-SQ		20-SQ	
391	Office Furniture and Equipment - Equipment						7-SQ	
391	Office Furniture and Equipment - Furniture					20-SQ		
391	Office Furniture and Equipment - Hardware (PCs)		8-SQ	5-SQ	5-SQ	5-SQ	5-SQ	
391	Office Furniture and Equipment - Software							
392	Transportation Equipment			Various	7-R2.5	10-SQ		
392.1	Transportation Equipment - Cars		5-R3				10-L2.5	
392.2	Transportation Equipment - Light Trucks		6-R3				10-L2.5	
392.21	Transportation Equipment - Pickup Trucks		7-R3, 7-R4 (Power Equipped)					
392.3	Transportation Equipment - Heavy Trucks		10-R2, 10-R2.5 (Power Equipped)				19-S2	
392.4	Transportation Equipment - Airplanes and Helicopters						8-S2.5	
392.5	Transportation Equipment - Trailers		17-L1				30-S1.5	30-S4
392.6	Transportation Equipment - Other		12-R3					
393	Stores Equipment	, SQ* (Four Co	10-SQ	20-SQ	20-SQ	20-SQ	25-SQ	
394	Tools, Shop and Garage Equipment	25-SQ	10-SQ	25-SQ	20-SQ		20-SQ	25-SQ
394.1	Tools, Shop and Garage Equipment - Electric Vehicles							
395	Laboratory Equipment	15-SQ	10-SQ	15-SQ	20-SQ	20-SQ	20-SQ	15-SQ
396	Power Operated Equipment	19-R-2.5* (Four	10-	Various	12-S2	15-SQ	16-SQ	30-R1.5
397	Communication Equipment	, SQ* (Four Co	10-SQ	15-SQ	10-SQ	15-SQ	15-SQ	
397.1	Communication Equipment - Trans Line							
397.2	Communication Equipment - EMS							
397.3	Communication Equipment - Fiber Optic						10-SQ	
398	Miscellaneous Equipment	15-SQ	10-SQ	15-SQ	10-SQ, Non Dep	15-SQ	15-SQ	
399	Other Tangible Property							

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Jackson Energy Cooperative	Alliant	Dominion-Virginia Power	Bonneville Power Administration	Sierra Pacific Power Company
	Depreciation Method		SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life	SL Whole Life
	Purpose of Study						
	Study Data Year		1999	2000	2001	1998	2006
	FERC Account						
GF Order	Account No.	Description					
	Production Plant						
1	310 - 316	Steam Production					
	310	Steam Production - Land and Land Rights					
	310.1	Steam Production - Land and Land Rights - Land					
	310.2	Steam Production - Land and Land Rights - Land Rights					
	311	Steam Production - Structures and Improvements		(20)			(50)
23	312	Steam Production - Boiler Plant Equipment		(10)			(50)
	312.2	Steam Production - Boiler Plant Equipment - Coal Cars					
	312.3	Steam Production - Boiler Plant Equipment - Scrubbers					
	313	Engines and Engine Driven Generators					
	314	Steam Production - Turbogenerator Units		(40)			(50)
	315	Steam Production - Accessory Electric Equipment		0			(50)
	316	Steam Production - Miscellaneous Power Plant Equipment		0			(50)
	316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop					
	316.2	Steam Production - Miscellaneous Power Plant Equipment - Other					
	320 - 325	Nuclear Production					
	320	Nuclear Production - Land and Land Rights					
	320.1	Nuclear Production - Land and Land Rights - Land					
	320.2	Nuclear Production - Land and Land Rights - Land Rights					
	321	Nuclear Production - Structures and Improvements					
	322	Nuclear Production - Reactor Plant Equipment					
	322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators					
	323	Nuclear Production - Turbogenerator Units					
	324	Nuclear Production - Accessory Electric Equipment					
	325	Nuclear Production - Miscellaneous Power Plant Equipment					
24	330 - 336	Hydraulic Production					
2	330	Hydraulic Production -Land and Land Rights					
	330.1	Hydraulic Production -Land and Land Rights - Land					
	330.2	Hydraulic Production -Land and Land Rights - Land Rights					
25	331	Hydraulic Production - Structures and Improvements					(2)
17	332	Hydraulic Production - Reservoirs, Dams and Waterways					(2)
27	333	Hydraulic Production - Water Wheels, Turbines and Generators					(2)
29	334	Hydraulic Production - Accessory Electric Equipment					(2)
15	335	Hydraulic Production - Miscellaneous Power Plant Equipment					(2)
16	336	Hydraulic Production - Roads, Railroads and Bridges					(2)
3	340 - 346	Other Production					
	340 - 346	Other Production - Solar					
	340	Other Production -Land and Land Rights					
	340.1	Other Production -Land and Land Rights - Land					
	340.2	Other Production -Land and Land Rights - Land Rights					
6	341	Other Production - Structures and Improvements		0			(10)
13	342	Other Production - Fuel Holders, Producers and Accessories		(5)			(10)
7	343	Other Production - Prime Movers		0			(10)
	343.1	Other Production - Prime Movers - Fuel Cells					
	343.2	Other Production - Prime Movers - Base Load					
	343.3	Other Production - Prime Movers - Peakers					
	344	Other Production - Generators		0			(10)
12	345	Other Production - Accessory Electric Equipment		0			(10)
	346	Other Production - Miscellaneous Power Plant Equipment		0			(10)
1							
2							
3	**Transmission Plant**						
4	350	Land and Land Rights		Non Depr		Non Depr	
	350.1	Land and Land Rights - Land			Non Depr		
	350.2	Land and Land Rights - Land Rights			0	0	
40	352	Structures and Improvements		0	(5)	(5)	(5)
	352.1	Structures and Improvements - Major					
	352.2	Structures and Improvements - Small					
1700	353	Station Equipment		(5)	(10)		(10)
	353.2	Station Equipment - Power Supply Company			(5)		
	353	Station Equipment - 1970 & Prior				(10)	
	353	Station Equipment - 1971 & Subsequent				(10)	
	353.1	Station Equipment - Substation on Customer Premises				(10)	
	353.2	Station Equipment - Portable Property at Substations				(10)	
	353.3	Station Equipment - Metering Station				(10)	

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Jackson Energy Cooperative	Alliant	Dominion-Virginia Power	Bonneville Power Administration	Sierra Pacific Power Company
	353.4	*Station Equipment - Control Equipment*				(10)	
22	354	Towers and Fixtures		(50)	(50)	(25)	(10)
	354.1	Towers and Fixtures - Clearing Right of Way			0		
31	355	Poles and Fixtures		(40)	(30)	(70)	(30)
	355.1	Poles and Fixtures - Clearing Right of Way			0		
	355.2	*Poles and Fixtures - Wood*					
	355.3	Poles and Fixtures - Steel					
33	356	Overhead Conductors and Devices		(10)	(20)	(25)	(25)
	356.1	Overhead Conductors and Devices - Clearing of Rights of Way					
34	357	Underground Conduit			0		(10)
35	358	Underground Conductors and Devices		0	(5)	(10)	(15)
	358.1	Underground Conductors and Devices - Submarine					
39	359	Roads and Trails			0	0	0
48							
600							
1600	**Distribution Plant**						
1800	360	Land and Land Rights		Non Depr			
	360.1	Land and Land Rights - Land			Non Depr		
	360.2	Land and Land Rights - Land Rights			0		
1900	361	Structures and Improvements		0	(5)		(5)
	361.1	Structures and Improvements - Major					
	361.2	Structures and Improvements - Small					
2000	362	Station Equipment		(5)	(10)		(10)
	362.1	Station Equipment - Company Stations					
	362.2	Station Equipment - Customer High Tension					
	362.3	Station Equipment - SCADA					
5	364	Poles, Towers and Fixtures	(45)	(75)	(40)		(15)
	364.1	Poles, Towers and Fixtures - Clearing Right of Way			0		
	364.2	Poles, Towers and Fixtures - Towers					
	364.4	Poles, Towers and Fixtures - Poles					
	364.6	Poles, Towers and Fixtures - Clearing Towers					
	364.8	Poles, Towers and Fixtures - Clearing Poles					
	364.9	Poles, Towers and Fixtures - Wood					
	364.10	Poles, Towers and Fixtures - Steel					
6	365	Overhead Conductors and Devices	(30)	(25)	(20)		(50)
	365.1	Sodium Vapor Security Lights		(5)			
	365.2	Overhead Conductors and Devices - Clearing Rights of Way					
7	366	Underground Conduit	0	40			(10)
	366.1	Underground Conduit - Not encased			0		
	366.2	Underground Conduit - Manholes and Vaults			0		
	366.3	Underground Conduit - Encased			0		
9	367	Underground Conductors and Devices	(10)	(15)	(10)		(40)
	367.1	Underground Conductors and Devices - Clearing Right of Way			0		
44	368	Line Transformers	0	(5)	(5)		(15)
	368.1	Line Transformers - Pole Top					(5)
	368.2	Line Transformers - Pad Mounted					(5)
	368.3	Line Transformers - Non-Network Housing					
	368.4	Line Transformers - Network					
	368.5	Line Transformers - Underground Residential Distribution					
46	369	Services	(75)	(40)			(60)
	369.1	Services - Overhead			(30)		
	369.2	*Services - Underground*			(15)		
100	370	Meters	0	0	0		0
	370.2	Meters - AMR and Electronic					
11	371	Installations on Customer Premises	(15)	(5)	0		(40)
	371.2	Installations on Customer Premises - Area Lighting					
	372	Leased Property on Customer Premises					
12	373	Street Lighting and Signal Systems	(50)	(20)	(20)		(20)
	373.1	Street Lighting and Signal Systems - Clearing			0		
	373.2	Street Lighting and Signal Systems - M.V.					
13	373.3	Street Lighting and Signal Systems - H.P.S.					
14							
15	**General and Intangible Plant**						
	301	Organization					
	302	Franchises and Consents		Non Depr	0		
16	303	Intangible Plant		Non Depr	Non Depr	0	
	303.1	Intangible Plant - Software					
	303.2	Intangible Plant - Fiber Optic					
17	389	Land and Land Rights	Non Depr	Non Depr			
	389.1	Land and Land Rights - Land			Non Depr		
	389.2	Land and Land Rights - Land Rights			0	0	
18	390	Structures and Improvements	0 - (25)	(5)		(5)	(5)
	390.1	Structures and Improvements - Leasehold Improvements		0			
	390	Structures and Improvements - Major			(5)		

SUMMARY OF NET SALVAGE RECOMMENDATIONS

	Client		Jackson Energy Cooperative	Alliant	Dominion-Virginia Power	Bonneville Power Administration	Sierra Pacific Power Company
	390	Structures and Improvements - Other			(5)		
	391	Office Furniture and Equipment			0		0
19	391	Office Furniture and Equipment - Equipment	0	0			
20	391	Office Furniture and Equipment - Furniture	0	0		20-SQ	
45	391	Office Furniture and Equipment - Hardware (PCs)	0	0	0	5-SQ	0
47	391	Office Furniture and Equipment - Software	0			5-SQ	
	392	Transportation Equipment			15	0	10
200	392.1	Transportation Equipment - Cars	20	15			
300	392.2	Transportation Equipment - Light Trucks	20	20			
	392.21	Transportation Equipment - Pickup Trucks					
400	392.3	Transportation Equipment - Heavy Trucks	20				
	392.4	Transportation Equipment - Airplanes and Helicopters				50	
	392.5	Transportation Equipment - Trailers					
	392.6	Transportation Equipment - Other					
23	393	Stores Equipment	0	0	0	0	0
24	394	Tools, Shop and Garage Equipment	0	0	0	0	0
	394.1	Tools, Shop and Garage Equipment - Electric Vehicles			0		
500	395	Laboratory Equipment	0	0	0	0	0
700	396	Power Operated Equipment	0	20	10	0	10
800	397	Communication Equipment	0	0	0	0	0
	397.1	Communication Equipment - Trans Line				0	
	397.2	Communication Equipment - EMS					
	397.3	Communication Equipment - Fiber Optic					
900	398	Miscellaneous Equipment	0	0	0	0	0
25	399	Other Tangible Property					

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Reliant Energy	PPL Electric Corporation	Owen Electric Cooperative	Oklahoma Gas and Electric	Oklahoma Gas and Electric (Holding Co.)
	Depreciation Method		SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life
	Purpose of Study						
	Study Data Year		2002	2007	1995	2002	2002
	FERC Account						
GF Order	Account No.	Description					
	Production Plant						
1	310 - 316	Steam Production					
	310	Steam Production - Land and Land Rights					
	310.1	Steam Production - Land and Land Rights - Land				Non Depr	
	310.2	*Steam Production - Land and Land Rights* - Land Rights				0	
	311	Steam Production - Structures and Improvements				(15)	
23	312	Steam Production - Boiler Plant Equipment				(10)	
	312.2	Steam Production - Boiler Plant Equipment - Coal Cars					
	312.3	Steam Production - Boiler Plant Equipment - Scrubbers					
	313	Engines and Engine Driven Generators					
	314	Steam Production - Turbogenerator Units				(10)	
	315	Steam Production - Accessory Electric Equipment				0	
	316	Steam Production - Miscellaneous Power Plant Equipment				(5)	
	316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop					
	316.2	Steam Production - Miscellaneous Power Plant Equipment - Other					
	320 - 325	Nuclear Production					
	320	Nuclear Production - Land and Land Rights					
	320.1	Nuclear Production - Land and Land Rights - Land					
	320.2	Nuclear Production - Land and Land Rights - Land Rights					
	321	Nuclear Production - Structures and Improvements					
	322	Nuclear Production - Reactor Plant Equipment					
	322.1	*Nuclear Production - Reactor Plant Equipment* - Steam Generators					
	323	Nuclear Production - Turbogenerator Units					
	324	Nuclear Production - Accessory Electric Equipment					
	325	Nuclear Production - Miscellaneous Power Plant Equipment					
24	330 - 336	Hydraulic Production					
2	330	Hydraulic Production -Land and Land Rights					
	330.1	Hydraulic Production -Land and Land Rights - Land					
	330.2	Hydraulic Production -Land and Land Rights - Land Rights					
25	331	Hydraulic Production - Structures and Improvements					
17	332	Hydraulic Production - Reservoirs, Dams and Waterways					
27	333	Hydraulic Production - Water Wheels, Turbines and Generators					
29	334	Hydraulic Production - Accessory Electric Equipment					
15	335	Hydraulic Production - Miscellaneous Power Plant Equipment					
16	336	Hydraulic Production - Roads, Railroads and Bridges					
3	340 - 346	Other Production					
	340 - 346	Other Production - Solar					
	340	Other Production -Land and Land Rights					
	340.1	*Other Production -Land and Land Rights* - Land					
	340.2	Other Production -Land and Land Rights - Land Rights					
6	341	Other Production - Structures and Improvements				0	
13	342	Other Production - Fuel Holders, Producers and Accessories				0 - (7)	
7	343	Other Production - Prime Movers				0 - (6)	
	343.1	Other Production - Prime Movers - Fuel Cells					
	343.2	Other Production - Prime Movers - Base Load					
	343.3	Other Production - Prime Movers - Peakers					
	344	Other Production - Generators				0	
12	345	Other Production - Accessory Electric Equipment				0 - (6)	
	346	Other Production - Miscellaneous Power Plant Equipment				0 - (6)	
1							
2							
3	**Transmission Plant**						
4	350	Land and Land Rights					
	350.1	Land and Land Rights - Land		Non Depr		Non Depr	
	350.2	Land and Land Rights - Land Rights	0	70-R4		0	
40	352	Structures and Improvements	(45)	55-R4		(5)	
	352.1	Structures and Improvements - Major					
	352.2	Structures and Improvements - Small					
1700	353	Station Equipment	5	45-R1		(5)	
	353.2	Station Equipment - Power Supply Company					
	353	Station Equipment - 1970 & Prior					
	353	Station Equipment - 1971 & Subsequent					
	353.1	Station Equipment - Substation on Customer Premises					
	353.2	Station Equipment - Portable Property at Substations					
	353.3	Station Equipment - Metering Station					

SUMMARY OF NET SALVAGE RECOMMENDATIONS

	Client		Reliant Energy	PPL Electric Corporation	Owen Electric Cooperative	Oklahoma Gas and Electric	Oklahoma Gas and Electric (Holding Co.)
	353.4	Station Equipment - Control Equipment					
22	354	Towers and Fixtures	0	60-R3		(20)	
	354.1	Towers and Fixtures - Clearing Right of Way		70-R4			
31	355	Poles and Fixtures	(65)	50-R1.5		(50)	
	355.1	Poles and Fixtures - Clearing Right of Way		70-R4			
	355.2	Poles and Fixtures - Wood					
	355.3	Poles and Fixtures - Steel					
33	356	Overhead Conductors and Devices	(80)	55-R3		(30)	
	356.1	Overhead Conductors and Devices - Clearing of Rights of Way					
34	357	Underground Conduit	0	50-R4			
35	358	Underground Conductors and Devices	0	35-R3		0	
	358.1	Underground Conductors and Devices - Submarine					
39	359	Roads and Trails	0	70-R4			
48							
600							
1600	**Distribution Plant**						
1800	*360*	*Land and Land Rights*					
	360.1	Land and Land Rights - Land		Non Depr		Non Depr	
	360.2	Land and Land Rights - Land Rights	0	60-R3		0	
1900	361	Structures and Improvements	(50)	60-R2.5		(10)	
	361.1	Structures and Improvements - Major					
	361.2	Structures and Improvements - Small					
2000	362	Station Equipment	5	48-R2		(10)	
	362.1	Station Equipment - Company Stations					
	362.2	Station Equipment - Customer High Tension					
	362.3	Station Equipment - SCADA					
5	364	Poles, Towers and Fixtures	(45)		(95)	(35)	
	364.1	Poles, Towers and Fixtures - Clearing Right of Way					
	364.2	Poles, Towers and Fixtures - Towers		60-R3			
	364.4	Poles, Towers and Fixtures - Poles		40-R0.5			
	364.6	Poles, Towers and Fixtures - Clearing Towers		50-S3			
	364.8	Poles, Towers and Fixtures - Clearing Poles		60-R3			
	364.9	Poles, Towers and Fixtures - Wood					
	364.10	Poles, Towers and Fixtures - Steel					
6	365	Overhead Conductors and Devices	(25)	44-R1	(75)	(25)	
	365.1	Sodium Vapor Security Lights					
	365.2	Overhead Conductors and Devices - Clearing Rights of Way					
7	366	Underground Conduit	(30)	50-S2		(15)	
	366.1	*Underground Conduit - Not encased*					
	366.2	Underground Conduit - Manholes and Vaults					
	366.3	Underground Conduit - Encased					
9	367	Underground Conductors and Devices	(15)	42-S1.5	(20)	(20)	
	367.1	Underground Conductors and Devices - Clearing Right of Way					
44	368	Line Transformers	0		0	(10)	
	368.1	Line Transformers - Pole Top		34-SQ			
	368.2	Line Transformers - Pad Mounted		48-SQ			
	368.3	Line Transformers - Non-Network Housing		35-SQ			
	368.4	Line Transformers - Network					
	368.5	Line Transformers - Underground Residential Distribution					
46	369	Services	(45)	37-R2	(85)	(20)	
	369.1	Services - Overhead					
	369.2	Services - Underground					
100	370	Meters	0	28-SQ	0	(15)	
	370.2	Meters - AMR and Electronic		15-SQ			
11	371	Installations on Customer Premises		30-R3	(35)		
	371.2	Installations on Customer Premises - Area Lighting		19-L0.5			
	372	Leased Property on Customer Premises					
12	373	Street Lighting and Signal Systems	(60)	30-S0.5	(35)	(20)	
	373.1	Street Lighting and Signal Systems - Clearing					
	373.2	Street Lighting and Signal Systems - M.V.					
13	*373.3*	*Street Lighting and Signal Systems - H.P.S.*					
14							
15	**General and Intangible Plant**						
	301	Organization		Non Depr		Non Depr	
	302	Franchises and Consents		Non Depr		Non dear	
16	303	Intangible Plant				0	
	303.1	Intangible Plant - Software		5-SQ			
	303.2	Intangible Plant - Fiber Optic		15-SQ			
17	389	Land and Land Rights					
	389.1	Land and Land Rights - Land		Non Depr		Non Depr	
	389.2	Land and Land Rights - Land Rights	0	65-R4		0	
18	390	Structures and Improvements	0			0	
	390.1	Structures and Improvements - Leasehold Improvements					
	390	Structures and Improvements - Major		60-SQ			

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Reliant Energy	PPL Electric Corporation	Owen Electric Cooperative	Oklahoma Gas and Electric	Oklahoma Gas and Electric (Holding Co.)
	390	Structures and Improvements - Other		45-R3			
	391	Office Furniture and Equipment	0			0	0
19	391	Office Furniture and Equipment - Equipment		15-SQ			0
20	391	Office Furniture and Equipment - Furniture		20-SQ			
45	391	Office Furniture and Equipment - Hardware (PCs)	0	5-SQ			0
47	391	Office Furniture and Equipment - Software		7-SQ			0
	392	Transportation Equipment					
200	392.1	Transportation Equipment - Cars	15	5-SQ		10	10
300	392.2	Transportation Equipment - Light Trucks	15	8-SQ		10	10
	392.21	Transportation Equipment - Pickup Trucks		15-SQ		10	10
400	392.3	Transportation Equipment - Heavy Trucks		10-SQ		10	10
	392.4	Transportation Equipment - Airplanes and Helicopters					
	392.5	Transportation Equipment - Trailers		16-L1		10	10
	392.6	Transportation Equipment - Other		20-SQ			10
23	393	Stores Equipment	0	25-SQ		0	
24	394	Tools, Shop and Garage Equipment	0	20-SQ			0
	394.1	Tools, Shop and Garage Equipment - Electric Vehicles					
500	395	Laboratory Equipment	0	20-SQ		0	0
700	396	Power Operated Equipment	15	15-SQ		5	5
800	397	Communication Equipment	0	15-SQ		0	0
	397.1	Communication Equipment - Trans Line					
	397.2	Communication Equipment - EMS					
	397.3	Communication Equipment - Fiber Optic					
900	398	Miscellaneous Equipment	0	20-SQ		0	0
25	399	Other Tangible Property					

GF Order	Account No.	Description	Cincinnati Gas and Electric Company	Arizona Public Service Company	AmerenUE	Duquesne Light Company	Metropolitan Edison Company
	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Cincinnati Gas and Electric Company	Arizona Public Service Company	AmerenUE	Duquesne Light Company	Metropolitan Edison Company
	Depreciation Method		SL Rem Life	SL Rem Life	SL Whole Life (w/ 20Yr.True-up)	Sl Rem Life	SL Rem Life
	Purpose of Study						
	Study Data Year		2003	2002	2000	2001	1999
	FERC Account						
GF Order	Account No.	Description					
	Production Plant						
1	310 - 316	Steam Production					
	310	Steam Production - Land and Land Rights		Non Depr	Non Depr		
	310.1	Steam Production - Land and Land Rights - Land					
	310.2	Steam Production - Land and Land Rights - Land Rights	EXPENSED				
	311	Steam Production - Structures and Improvements	EXPENSED	(20)	(24) - (60)		
23	312	Steam Production - Boiler Plant Equipment	EXPENSED	(20)	(24) - (60)		
	312.2	Steam Production - Boiler Plant Equipment - Coal Cars			30		
	312.3	Steam Production - Boiler Plant Equipment - Scrubbers					
	313	Engines and Engine Driven Generators					
	314	Steam Production - Turbogenerator Units	EXPENSED	(20)	(24) - (60)		
	315	Steam Production - Accessory Electric Equipment	EXPENSED	(20)	(24) - (60)		
	316	Steam Production - Miscellaneous Power Plant Equipment	EXPENSED	(20)	(24) - (60)		
	316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop	EXPENSED				
	316.2	Steam Production - Miscellaneous Power Plant Equipment - Other					
	320 - 325	Nuclear Production					
	320	Nuclear Production - Land and Land Rights		Non Depr	Non Depr		
	320.1	Nuclear Production - Land and Land Rights - Land					
	320.2	Nuclear Production - Land and Land Rights - Land Rights					
	321	Nuclear Production - Structures and Improvements		0	0		
	322	Nuclear Production - Reactor Plant Equipment		(2)	0		
	322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators		(17)			
	323	Nuclear Production - Turbogenerator Units		(2)	0		
	324	Nuclear Production - Accessory Electric Equipment		(2)	0		
	325	Nuclear Production - Miscellaneous Power Plant Equipment		(2)	0		
24	330 - 336	Hydraulic Production					
2	330	Hydraulic Production -Land and Land Rights		Non Depr	Non Depr		
	330.1	Hydraulic Production -Land and Land Rights - Land					
	330.2	Hydraulic Production -Land and Land Rights - Land Rights					
25	331	Hydraulic Production - Structures and Improvements		0	(10)		
17	332	Hydraulic Production - Reservoirs, Dams and Waterways		0	(20)		
27	333	Hydraulic Production - Water Wheels, Turbines and Generators		0	(10)		
29	334	Hydraulic Production - Accessory Electric Equipment		0	0		
15	335	Hydraulic Production - Miscellaneous Power Plant Equipment		0	0		
16	336	Hydraulic Production - Roads, Railroads and Bridges		0	0		
3	340 - 346	Other Production					
	340 - 346	Other Production - Solar		0			
	340	Other Production -Land and Land Rights		Non Depr	Non Depr		
	340.1	Other Production -Land and Land Rights - Land					
	340.2	Other Production -Land and Land Rights - Land Rights	EXPENSED				
6	341	Other Production - Structures and Improvements	EXPENSED	(5)	(5)		
13	342	Other Production - Fuel Holders, Producers and Accessories	EXPENSED	(5)	(5)		
7	343	Other Production - Prime Movers	EXPENSED	0			
	343.1	Other Production - Prime Movers - Fuel Cells					
	343.2	Other Production - Prime Movers - Base Load					
	343.3	Other Production - Prime Movers - Peakers					
	344	Other Production - Generators	EXPENSED	, (2) West Phoeni	(5)		
12	345	Other Production - Accessory Electric Equipment	EXPENSED	0	(5)		
	346	Other Production - Miscellaneous Power Plant Equipment	EXPENSED	0	(5)		
1							
2							
3	**Transmission Plant**						
4	350	Land and Land Rights		Non Depr	Non Depr	Non Depr	
	350.1	Land and Land Rights - Land					Non Depr
	350.2	Land and Land Rights - Land Rights					AMORTIZED
40	352	Structures and Improvements		(5)	(5)		AMORTIZED
	352.1	Structures and Improvements - Major				AMORTIZED	
	352.2	Structures and Improvements - Small				AMORTIZED	
1700	353	Station Equipment		0	0	AMORTIZED	AMORTIZED
	353.2	Station Equipment - Power Supply Company	EXPENSED				
	353	Station Equipment - 1970 & Prior					
	353	Station Equipment - 1971 & Subsequent					
	353.1	Station Equipment - Substation on Customer Premises					
	353.2	Station Equipment - Portable Property at Substations					
	353.3	Station Equipment - Metering Station					

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Cincinnati Gas and Electric Company	Arizona Public Service Company	AmerenUE	Duquesne Light Company	Metropolitan Edison Company
	353.4	Station Equipment - Control Equipment					
22	354	Towers and Fixtures		(35)	(7)	AMORTIZED	AMORTIZED
	354.1	Towers and Fixtures - Clearing Right of Way					
31	355	Poles and Fixtures			(90)	AMORTIZED	AMORTIZED
	355.1	Poles and Fixtures - Clearing Right of Way					
	355.2	Poles and Fixtures - Wood		(35)			
	355.3	Poles and Fixtures - Steel		(15)			
33	356	Overhead Conductors and Devices		(35)	(25)	AMORTIZED	AMORTIZED
	356.1	Overhead Conductors and Devices - Clearing of Rights of Way					AMORTIZED
34	357	Underground Conduit		(10)		AMORTIZED	
35	358	Underground Conductors and Devices		(10)		AMORTIZED	
	358.1	Underground Conductors and Devices - Submarine					
39	359	Roads and Trails			0	AMORTIZED	AMORTIZED
48							
600							
1600	**Distribution Plant**						
1800	360	Land and Land Rights		Non Depr	Non Depr	Non Depr	
	360.1	Land and Land Rights - Land					Non Depr
	360.2	Land and Land Rights - Land Rights					AMORTIZED
1900	361	Structures and Improvements		(10)	(5)		AMORTIZED
	361.1	Structures and Improvements - Major				AMORTIZED	
	361.2	Structures and Improvements - Small				AMORTIZED	
2000	362	Station Equipment		0	(5)		AMORTIZED
	362.1	Station Equipment - Company Stations				AMORTIZED	
	362.2	Station Equipment - Customer High Tension				AMORTIZED	
	362.3	Station Equipment - SCADA					
5	364	Poles, Towers and Fixtures			(135)	AMORTIZED	AMORTIZED
	364.1	Poles, Towers and Fixtures - Clearing Right of Way					
	364.2	Poles, Towers and Fixtures - Towers					
	364.4	Poles, Towers and Fixtures - Poles					
	364.6	Poles, Towers and Fixtures - Clearing Towers					
	364.8	Poles, Towers and Fixtures - Clearing Poles					
	364.9	Poles, Towers and Fixtures - Wood		(10)			
	364.10	Poles, Towers and Fixtures - Steel		(5)			
6	365	Overhead Conductors and Devices		(10)	(50)	AMORTIZED	AMORTIZED
	365.1	Sodium Vapor Security Lights					
	365.2	Overhead Conductors and Devices - Clearing Rights of Way					AMORTIZED
7	366	Underground Conduit		(5)	(50)	AMORTIZED	AMORTIZED
	366.1	Underground Conduit - Not encased					
	366.2	Underground Conduit - Manholes and Vaults					
	366.3	Underground Conduit - Encased					
9	367	Underground Conductors and Devices		(5)	(25)	AMORTIZED	AMORTIZED
	367.1	Underground Conductors and Devices - Clearing Right of Way					
44	368	Line Transformers		(5)	0		AMORTIZED
	368.1	Line Transformers - Pole Top				AMORTIZED	
	368.2	Line Transformers - Pad Mounted				AMORTIZED	
	368.3	Line Transformers - Non-Network Housing					
	368.4	Line Transformers - Network				AMORTIZED	
	368.5	Line Transformers - Underground Residential Distribution				AMORTIZED	
46	369	Services		(10)		AMORTIZED	
	369.1	Services - Overhead			(180)		AMORTIZED
	369.2	Services - Underground			(70)		AMORTIZED
100	370	Meters		0	0	AMORTIZED	AMORTIZED
	370.2	Meters - AMR and Electronic		0		AMORTIZED	
11	371	Installations on Customer Premises		(20)	0		AMORTIZED
	371.2	Installations on Customer Premises - Area Lighting					AMORTIZED
	372	Leased Property on Customer Premises					
12	373	Street Lighting and Signal Systems		(20)	(45)	AMORTIZED	AMORTIZED
	373.1	Street Lighting and Signal Systems - Clearing					
	373.2	Street Lighting and Signal Systems - M.V.					
13	373.3	Street Lighting and Signal Systems - H.P.S.					
14							
15	**General and Intangible Plant**						
	301	Organization					Non Depr
	302	Franchises and Consents					Non Depr
16	303	Intangible Plant					AMORTIZED
	303.1	Intangible Plant - Software					
	303.2	Intangible Plant - Fiber Optic					
17	389	Land and Land Rights		Non Depr	Non Depr	Non Depr	
	389.1	Land and Land Rights - Land					Non Depr
	389.2	Land and Land Rights - Land Rights					AMORTIZED
18	390	Structures and Improvements		(15)	(5)		
	390.1	Structures and Improvements - Leasehold Improvements					
	390	Structures and Improvements - Major				AMORTIZED	AMORTIZED

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Cincinnati Gas and Electric Company	Arizona Public Service Company	AmerenUE	Duquesne Light Company	Metropolitan Edison Company
	390	Structures and Improvements - Other				AMORTIZED	AMORTIZED
	391	Office Furniture and Equipment			1		
19	391	Office Furniture and Equipment - Equipment		0		AMORTIZED	
20	391	Office Furniture and Equipment - Furniture		0		AMORTIZED	AMORTIZED
45	391	Office Furniture and Equipment - Hardware (PCs)		0	0, 1 (PCs)	AMORTIZED	AMORTIZED
47	391	Office Furniture and Equipment - Software					
	392	Transportation Equipment			10		
200	392.1	Transportation Equipment - Cars				AMORTIZED	
300	392.2	Transportation Equipment - Light Trucks					
	392.21	Transportation Equipment - Pickup Trucks					
400	392.3	Transportation Equipment - Heavy Trucks					AMORTIZED
	392.4	Transportation Equipment - Airplanes and Helicopters					
	392.5	Transportation Equipment - Trailers					AMORTIZED
	392.6	Transportation Equipment - Other				AMORTIZED	
23	393	Stores Equipment		0	0	AMORTIZED	AMORTIZED
24	394	Tools, Shop and Garage Equipment		0	3	AMORTIZED	
	394.1	Tools, Shop and Garage Equipment - Electric Vehicles					
500	395	Laboratory Equipment		0	0	AMORTIZED	
700	396	Power Operated Equipment			20	AMORTIZED	AMORTIZED
800	397	Communication Equipment		0	0	AMORTIZED	AMORTIZED
	397.1	Communication Equipment - Trans Line					
	397.2	Communication Equipment - EMS					AMORTIZED
	397.3	Communication Equipment - Fiber Optic					
900	398	Miscellaneous Equipment		0	0	AMORTIZED	AMORTIZED
25	399	Other Tangible Property					

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Bangor Hydro Electric Company	Pennsylvania Electric Company	Omaha Public Power District	PSI Energy, Inc.	Kentucky Utilities
	Depreciation Method		SL Whole Life (w/ Rem Life True-up)	SL Rem Life	SL Rem Life	SL Rem Life	SL Rem Life
	Purpose of Study						
	Study Data Year		2002	1999	2007	2002	2006
	FERC Account						
GF Order	Account No.	Description					
	Production Plant						
1	310 - 316	Steam Production					
	310	Steam Production - Land and Land Rights			Non Depr	Non Depr	
	310.1	Steam Production - Land and Land Rights - Land					
	310.2	Steam Production - Land and Land Rights - Land Rights					0
	311	Steam Production - Structures and Improvements			(32)	(35)	(5)
23	312	Steam Production - Boiler Plant Equipment			(32)	(30)	(20)
	312.2	Steam Production - Boiler Plant Equipment - Coal Cars				(25)	
	312.3	Steam Production - Boiler Plant Equipment - Scrubbers					
	313	Engines and Engine Driven Generators					
	314	Steam Production - Turbogenerator Units			(32)	(30)	(15)
	315	Steam Production - Accessory Electric Equipment			(32)	(10)	(5)
	316	Steam Production - Miscellaneous Power Plant Equipment			(32)	(5)	0
	316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop					
	316.2	Steam Production - Miscellaneous Power Plant Equipment - Other					
	320 - 325	Nuclear Production					
	320	Nuclear Production - Land and Land Rights					
	320.1	Nuclear Production - Land and Land Rights - Land					
	320.2	Nuclear Production - Land and Land Rights - Land Rights					
	321	Nuclear Production - Structures and Improvements			(10)		
	322	Nuclear Production - Reactor Plant Equipment			(15)		
	322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators					
	323	Nuclear Production - Turbogenerator Units			(10)		
	324	Nuclear Production - Accessory Electric Equipment			(10)		
	325	Nuclear Production - Miscellaneous Power Plant Equipment			(15)		
24	330 - 336	Hydraulic Production					
2	330	Hydraulic Production -Land and Land Rights					
	330.1	Hydraulic Production -Land and Land Rights - Land					
	330.2	Hydraulic Production -Land and Land Rights - Land Rights					0
25	331	Hydraulic Production - Structures and Improvements				(20)	(5)
17	332	Hydraulic Production - Reservoirs, Dams and Waterways				(20)	0
27	333	Hydraulic Production - Water Wheels, Turbines and Generators				(10)	(10)
29	334	Hydraulic Production - Accessory Electric Equipment				0	0
15	335	Hydraulic Production - Miscellaneous Power Plant Equipment				0	0
16	336	Hydraulic Production - Roads, Railroads and Bridges					0
3	340 - 346	Other Production					
	340 - 346	Other Production - Solar					
	340	Other Production -Land and Land Rights	Non Depr		Non Depr	Non Depr	
	340.1	Other Production -Land and Land Rights - Land					
	340.2	Other Production -Land and Land Rights - Land Rights					0
6	341	Other Production - Structures and Improvements	0 - (10)		(5)	(5)	0
13	342	Other Production - Fuel Holders, Producers and Accessories	(5)		0	(5)	(5)
7	343	Other Production - Prime Movers	0		0	(10)	(5)
	343.1	Other Production - Prime Movers - Fuel Cells					
	343.2	Other Production - Prime Movers - Base Load					
	343.3	Other Production - Prime Movers - Peakers					
	344	Other Production - Generators	0		(5)	0	(5)
12	345	Other Production - Accessory Electric Equipment			0	0	0
	346	Other Production - Miscellaneous Power Plant Equipment	0		0	0	0
1							
2							
3	**Transmission Plant**						
4	350	Land and Land Rights	Non Depr		Non Depr		
	350.1	Land and Land Rights - Land		Non Depr		Non Depr	
	350.2	Land and Land Rights - Land Rights		AMORTIZED		0	0
40	352	Structures and Improvements		AMORTIZED	(15)	0	(25)
	352.1	Structures and Improvements - Major					
	352.2	Structures and Improvements - Small					
1700	353	Station Equipment	(5)	AMORTIZED	(5)	(10)	(20)
	353.2	Station Equipment - Power Supply Company					
	353	Station Equipment - 1970 & Prior					
	353	Station Equipment - 1971 & Subsequent					
	353.1	Station Equipment - Substation on Customer Premises					
	353.2	Station Equipment - Portable Property at Substations					
	353.3	Station Equipment - Metering Station					

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		Bangor Hydro Electric Company	Pennsylvania Electric Company	Omaha Public Power District	PSI Energy, Inc.	Kentucky Utilities
	353.4	Station Equipment - Control Equipment	0				
22	354	Towers and Fixtures	(15)	AMORTIZED	(25)	(10)	(25)
	354.1	Towers and Fixtures - Clearing Right of Way					
31	355	Poles and Fixtures	(20)	AMORTIZED	(30)	(60)	(60)
	355.1	Poles and Fixtures - Clearing Right of Way					
	355.2	Poles and Fixtures - Wood					
	355.3	Poles and Fixtures - Steel					
33	356	Overhead Conductors and Devices	(10)	AMORTIZED	(20)	(40)	(50)
	356.1	Overhead Conductors and Devices - Clearing of Rights of Way		AMORTIZED			
34	357	Underground Conduit	0	AMORTIZED	0	(25)	0
35	358	Underground Conductors and Devices	0		0	0	0
	358.1	Underground Conductors and Devices - Submarine					
39	359	Roads and Trails	0	AMORTIZED			
48							
600							
1600	Distribution Plant						
1800	360	Land and Land Rights	Non Depr		Non Depr		Non Depr
	360.1	Land and Land Rights - Land		Non Depr		Non Depr	
	360.2	Land and Land Rights - Land Rights	0	AMORTIZED		0	0
1900	361	Structures and Improvements	(15)	AMORTIZED		0	(10)
	361.1	Structures and Improvements - Major			(5)		
	361.2	Structures and Improvements - Small			(5)		
2000	362	Station Equipment	0	AMORTIZED	(10)	(15)	(15)
	362.1	Station Equipment - Company Stations					
	362.2	Station Equipment - Customer High Tension					
	362.3	Station Equipment - SCADA	0				
5	364	Poles, Towers and Fixtures	(20)		(15)	(50)	(45)
	364.1	Poles, Towers and Fixtures - Clearing Right of Way					
	364.2	Poles, Towers and Fixtures - Towers					
	364.4	Poles, Towers and Fixtures - Poles					
	364.6	Poles, Towers and Fixtures - Clearing Towers					
	364.8	Poles, Towers and Fixtures - Clearing Poles					
	364.9	Poles, Towers and Fixtures - Wood					
	364.10	Poles, Towers and Fixtures - Steel					
6	365	Overhead Conductors and Devices	(15)	AMORTIZED	(15)	(55)	(75)
	365.1	Sodium Vapor Security Lights					
	365.2	Overhead Conductors and Devices - Clearing Rights of Way		AMORTIZED			
7	366	Underground Conduit	(5)	AMORTIZED	(20)	(25)	0
	366.1	Underground Conduit - Not encased					
	366.2	Underground Conduit - Manholes and Vaults					
	366.3	Underground Conduit - Encased					
9	367	Underground Conductors and Devices	0	AMORTIZED	(10)	(25)	(5)
	367.1	Underground Conductors and Devices - Clearing Right of Way					
44	368	Line Transformers	(5)	AMORTIZED	(15)	(10)	(20)
	368.1	Line Transformers - Pole Top					
	368.2	Line Transformers - Pad Mounted					
	368.3	Line Transformers - Non-Network Housing					
	368.4	Line Transformers - Network					
	368.5	Line Transformers - Underground Residential Distribution					
46	369	Services	(15)		(35)		(30)
	369.1	Services - Overhead		AMORTIZED		(60)	
	369.2	Services - Underground		AMORTIZED		(30)	
100	370	Meters	0	AMORTIZED	(5)	0	0
	370.2	Meters - AMR and Electronic	0				
11	371	Installations on Customer Premises		AMORTIZED	(15)	(5)	(10)
	371.2	Installations on Customer Premises - Area Lighting		AMORTIZED			0
	372	Leased Property on Customer Premises		AMORTIZED			
12	373	Street Lighting and Signal Systems		AMORTIZED	(15)	(20)	(5)
	373.1	Street Lighting and Signal Systems - Clearing					
	373.2	Street Lighting and Signal Systems - M.V.	(10)				
13	373.3	Street Lighting and Signal Systems - H.P.S.	(10)				
14							
15	General and Intangible Plant						
	301	Organization	Intangible	Non Depr			
	302	Franchises and Consents	Intangible	Non Depr			
16	303	Intangible Plant	Intangible				
	303.1	Intangible Plant - Software		AMORTIZED			
	303.2	Intangible Plant - Fiber Optic					
17	389	Land and Land Rights	Non Depr		Non Depr	Non Depr	Non Depr
	389.1	Land and Land Rights - Land		Non Depr			
	389.2	Land and Land Rights - Land Rights		AMORTIZED			
18	390	Structures and Improvements					(5)
	390.1	Structures and Improvements - Leasehold Improvements					(5)
	390	Structures and Improvements - Major	50	AMORTIZED	0	0	

	Client	SUMMARY OF NET SALVAGE RECOMMENDATIONS	Bangor Hydro Electric Company	Pennsylvania Electric Company	Omaha Public Power District	PSI Energy, Inc.	Kentucky Utilities
	390	Structures and Improvements - Other	0	AMORTIZED	(5)	(5)	
	391	Office Furniture and Equipment				0	0
19	391	Office Furniture and Equipment - Equipment	0	AMORTIZED			0
20	391	Office Furniture and Equipment - Furniture	0	AMORTIZED			
45	391	Office Furniture and Equipment - Hardware (PCs)	0	AMORTIZED	0	0	0
47	391	Office Furniture and Equipment - Software					
	392	Transportation Equipment			15		
200	392.1	Transportation Equipment - Cars	10				
300	392.2	Transportation Equipment - Light Trucks		AMORTIZED			
	392.21	Transportation Equipment - Pickup Trucks					
400	392.3	Transportation Equipment - Heavy Trucks		AMORTIZED			
	392.4	Transportation Equipment - Airplanes and Helicopters					
	392.5	Transportation Equipment - Trailers		AMORTIZED		10	
	392.6	Transportation Equipment - Other					
23	393	Stores Equipment	0	AMORTIZED		0	0
24	394	Tools, Shop and Garage Equipment	0	AMORTIZED		0	0
	394.1	Tools, Shop and Garage Equipment - Electric Vehicles					
500	395	Laboratory Equipment		AMORTIZED		0	0
700	396	Power Operated Equipment	10	AMORTIZED	35	0	0
800	397	Communication Equipment	0	AMORTIZED	0	0	0
	397.1	Communication Equipment - Trans Line					
	397.2	Communication Equipment - EMS		AMORTIZED			
	397.3	Communication Equipment - Fiber Optic					
900	398	Miscellaneous Equipment	0	AMORTIZED		0	0
25	399	Other Tangible Property					

SUMMARY OF NET SALVAGE RECOMMENDATIONS

GF Order	Account No.	Description	El Paso Electric Company	Duke Power Company	Nevada Power Company	Chugach Electric Association, Inc	Puget Sound Energy
	Client		El Paso Electric Company	Duke Power Company	Nevada Power Company	Chugach Electric Association, Inc	Puget Sound Energy
	Depreciation Method		SL Rem Life	Sl Rem Life	SL Rem Life	SL Rem. Life	SL Rem. Life
	Purpose of Study						
	Study Data Year		2002	2003	2006	2002	2007
	FERC Account						
GF Order	Account No.	Description					
	Production Plant						
1	310 - 316	Steam Production					
	310	Steam Production - Land and Land Rights	Non Depr				
	310.1	Steam Production - Land and Land Rights - Land		Non Depr	Non Depr		
	310.2	Steam Production - Land and Land Rights - Land Rights		0	0		
	311	Steam Production - Structures and Improvements	(5), 0 (Four Corners)	(20)	(9)	(5)	(10)
23	312	Steam Production - Boiler Plant Equipment	(10), 0 (Four Corners)	(20)	(9)	(10)	(10)
	312.2	Steam Production - Boiler Plant Equipment - Coal Cars					
	312.3	Steam Production - Boiler Plant Equipment - Scrubbers					
	313	Engines and Engine Driven Generators	(10)				
	314	Steam Production - Turbogenerator Units	(10), 0 (Four Corners)	(20)	(9)	(5)	(10)
	315	Steam Production - Accessory Electric Equipment	0	(20)	(9)	(5)	0
	316	Steam Production - Miscellaneous Power Plant Equipment	0	(20)	(9)	0	0
	316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop					
	316.2	Steam Production - Miscellaneous Power Plant Equipment - Other					
	320 - 325	Nuclear Production					
	320	Nuclear Production - Land and Land Rights					
	320.1	Nuclear Production - Land and Land Rights - Land		Non Depr			
	320.2	Nuclear Production - Land and Land Rights - Land Rights		0			
	321	Nuclear Production - Structures and Improvements		(2)			
	322	Nuclear Production - Reactor Plant Equipment		(2)			
	322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators					
	323	Nuclear Production - Turbogenerator Units		(2)			
	324	Nuclear Production - Accessory Electric Equipment		(2)			
	325	Nuclear Production - Miscellaneous Power Plant Equipment		(2)			
24	330 - 336	Hydraulic Production					
2	330	Hydraulic Production -Land and Land Rights					
	330.1	Hydraulic Production -Land and Land Rights - Land		Non Depr			
	330.2	Hydraulic Production -Land and Land Rights - Land Rights		0			
25	331	Hydraulic Production - Structures and Improvements		(15)		(5)	(25)
17	332	Hydraulic Production - Reservoirs, Dams and Waterways		(15)		(25)	(25)
27	333	Hydraulic Production - Water Wheels, Turbines and Generators		(15)		(10)	0
29	334	Hydraulic Production - Accessory Electric Equipment		(15)		0	0
15	335	Hydraulic Production - Miscellaneous Power Plant Equipment		(15)		0	0
16	336	Hydraulic Production - Roads, Railroads and Bridges		(15)		0	0
3	340 - 346	Other Production					
	340 - 346	Other Production - Solar					
	340	Other Production -Land and Land Rights	Non Depr			Non Depr	
	340.1	Other Production -Land and Land Rights - Land		Non Depr			
	340.2	Other Production -Land and Land Rights - Land Rights			0		
6	341	Other Production - Structures and Improvements	0	(8)	-17	(5)	(5)
13	342	Other Production - Fuel Holders, Producers and Accessories	0	(8)	-17	(10)	(5)
7	343	Other Production - Prime Movers		(8)	-17		
	343.1	Other Production - Prime Movers - Fuel Cells				0	
	343.2	Other Production - Prime Movers - Base Load				0	
	343.3	Other Production - Prime Movers - Peakers				0	
	344	Other Production - Generators	0	(8)	-17	0	0
12	345	Other Production - Accessory Electric Equipment	0	(8)	-17	0	0
	346	Other Production - Miscellaneous Power Plant Equipment	0	(8)	-17	0	0
1							
2							
3	**Transmission Plant**						
4	350	Land and Land Rights				Non Depr	
	350.1	Land and Land Rights - Land		Non Depr	Non Depr		
	350.2	Land and Land Rights - Land Rights	0	0	0		
40	352	Structures and Improvements		(20)	-10	(5)	(5)
	352.1	Structures and Improvements - Major	0				
	352.2	Structures and Improvements - Small	0				
1700	353	Station Equipment	(5), 0 (Four Corners)	(20)	5	(5)	(10)
	353.2	Station Equipment - Power Supply Company					
	353	Station Equipment - 1970 & Prior					
	353	Station Equipment - 1971 & Subsequent					
	353.1	Station Equipment - Substation on Customer Premises					
	353.2	Station Equipment - Portable Property at Substations					
	353.3	Station Equipment - Metering Station					

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		El Paso Electric Company	Duke Power Company	Nevada Power Company	Chugach Electric Association, Inc	Puget Sound Energy
	353.4	Station Equipment - Control Equipment				0	
22	354	Towers and Fixtures	(25), 0 (Four Corners)	(20)	(25)	(20)	(20)
	354.1	Towers and Fixtures - Clearing Right of Way					
31	355	Poles and Fixtures	(20)	(20)	(20)	(20)	(30)
	355.1	Poles and Fixtures - Clearing Right of Way					
	355.2	Poles and Fixtures - Wood					
	355.3	Poles and Fixtures - Steel					
33	356	Overhead Conductors and Devices	0	(20)	(10)	(10)	(20)
	356.1	Overhead Conductors and Devices - Clearing of Rights of Way					
34	357	Underground Conduit		(20)	0	(5)	
35	358	Underground Conductors and Devices		(20)	0	0	0
	358.1	Underground Conductors and Devices - Submarine				(2) (So.), 0 (No.)	
39	359	Roads and Trails	0		0	0	0
48							
600							
1600	**Distribution Plant**						
1800	360	Land and Land Rights				Non Depr	
	360.1	Land and Land Rights - Land		Non Depr	Non Depr		
	360.2	Land and Land Rights - Land Rights	0	0	0		
1900	361	Structures and Improvements	0	(10)	(5)	(5)	(5)
	361.1	Structures and Improvements - Major					
	361.2	Structures and Improvements - Small					
2000	362	Station Equipment	(5)	(10)	(10)	(5)	(10)
	362.1	Station Equipment - Company Stations					
	362.2	Station Equipment - Customer High Tension					
	362.3	Station Equipment - SCADA				0	
5	364	Poles, Towers and Fixtures	(25)	(10)	(25)	(30)	(30)
	364.1	Poles, Towers and Fixtures - Clearing Right of Way					
	364.2	Poles, Towers and Fixtures - Towers					
	364.4	Poles, Towers and Fixtures - Poles					
	364.6	Poles, Towers and Fixtures - Clearing Towers					
	364.8	Poles, Towers and Fixtures - Clearing Poles					
	364.9	Poles, Towers and Fixtures - Wood					
	364.10	Poles, Towers and Fixtures - Steel					
6	365	Overhead Conductors and Devices	(20)	(10)	5	(20)	(20)
	365.1	Sodium Vapor Security Lights					
	365.2	Overhead Conductors and Devices - Clearing Rights of Way					
7	366	Underground Conduit	(5)	(10)	(20)	(10)	(15)
	366.1	Underground Conduit - Not encased					
	366.2	Underground Conduit - Manholes and Vaults					
	366.3	Underground Conduit - Encased					
9	367	Underground Conductors and Devices	(5)	(10)	15	(5), 0 (Cable II)	(20)
	367.1	Underground Conductors and Devices - Clearing Right of Way					
44	368	Line Transformers	(5)	(10)	5	(10)	(20)
	368.1	Line Transformers - Pole Top					
	368.2	Line Transformers - Pad Mounted					
	368.3	Line Transformers - Non-Network Housing					
	368.4	Line Transformers - Network					
	368.5	Line Transformers - Underground Residential Distribution					
46	369	Services	(30)	(10)	(50)	(25)	(20)
	369.1	Services - Overhead					
	369.2	Services - Underground					
100	370	Meters	(25)	(10)	1	5	0
	370.2	Meters - AMR and Electronic					
11	371	Installations on Customer Premises	(5)	(10)		0	
	371.2	Installations on Customer Premises - Area Lighting					
	372	Leased Property on Customer Premises			60		
12	373	Street Lighting and Signal Systems	(5)	(10)	0	(15)	(15)
	373.1	Street Lighting and Signal Systems - Clearing					
	373.2	Street Lighting and Signal Systems - M.V.					
13	373.3	Street Lighting and Signal Systems - H.P.S.					
14							
15	**General and Intangible Plant**						
	301	Organization					
	302	Franchises and Consents					
16	303	Intangible Plant			0	Non Depr	
	303.1	Intangible Plant - Software					
	303.2	Intangible Plant - Fiber Optic					
17	389	Land and Land Rights	Non Depr			Non Depr	
	389.1	Land and Land Rights - Land			Non Depr		
	389.2	Land and Land Rights - Land Rights		0	0		
18	390	Structures and Improvements		5	(5)	0	(5)
	390.1	Structures and Improvements - Leasehold Improvements				0	
	390	Structures and Improvements - Major	0				

	SUMMARY OF NET SALVAGE RECOMMENDATIONS						
	Client		El Paso Electric Company	Duke Power Company	Nevada Power Company	Chugach Electric Association, Inc	Puget Sound Energy
	390	Structures and Improvements - Other	0			0	
	391	Office Furniture and Equipment	0	5	0	0	0
19	391	Office Furniture and Equipment - Equipment					
20	391	Office Furniture and Equipment - Furniture					
45	391	Office Furniture and Equipment - Hardware (PCs)		5	0	0	0
47	391	Office Furniture and Equipment - Software					
	392	Transportation Equipment			10	10	10
200	392.1	Transportation Equipment - Cars		30			
300	392.2	Transportation Equipment - Light Trucks		30			
	392.21	Transportation Equipment - Pickup Trucks		30			
400	392.3	Transportation Equipment - Heavy Trucks		30			
	392.4	Transportation Equipment - Airplanes and Helicopters					
	392.5	Transportation Equipment - Trailers		30			
	392.6	Transportation Equipment - Other					
23	393	Stores Equipment	0	5	0	0	0
24	394	Tools, Shop and Garage Equipment	0	5	0	0	0
	394.1	Tools, Shop and Garage Equipment - Electric Vehicles					
500	395	Laboratory Equipment	0	5	0	0	0
700	396	Power Operated Equipment	15	30	10	10	10
800	397	Communication Equipment	0	5	0	0	0
	397.1	Communication Equipment - Trans Line					
	397.2	Communication Equipment - EMS					
	397.3	Communication Equipment - Fiber Optic					
900	398	Miscellaneous Equipment	0	5	0	0, Non Depr	0
25	399	Other Tangible Property					

	SUMMARY OF NET SALVAGE RECOMMENDATIONS			
	Client		Idaho Power Company	Louisville Gas & Electric
	Depreciation Method		SL Rem. Life	SL Rem. Life
	Purpose of Study			
	Study Data Year		2007	2007
	FERC Account			
GF Order	Account No.	Description		
	Production Plant			
1	310 - 316	Steam Production		
	310	Steam Production - Land and Land Rights		
	310.1	Steam Production - Land and Land Rights - Land		
	310.2	Steam Production - Land and Land Rights - Land Rights		
	311	Steam Production - Structures and Improvements	(10)	(10)
23	312	Steam Production - Boiler Plant Equipment	(5)	(30)
	312.2	Steam Production - Boiler Plant Equipment - Coal Cars	20	
	312.3	Steam Production - Boiler Plant Equipment - Scrubbers	(5)	
	313	Engines and Engine Driven Generators		
	314	Steam Production - Turbogenerator Units	(5)	(10)
	315	Steam Production - Accessory Electric Equipment	0	(5)
	316	Steam Production - Miscellaneous Power Plant Equipment	(5)	(5)
	316.1	Steam Production - Miscellaneous Power Plant Equipment - Shop		
	316.2	Steam Production - Miscellaneous Power Plant Equipment - Other		
	320 - 325	Nuclear Production		
	320	Nuclear Production - Land and Land Rights		
	320.1	Nuclear Production - Land and Land Rights - Land		
	320.2	Nuclear Production - Land and Land Rights - Land Rights		
	321	Nuclear Production - Structures and Improvements		
	322	Nuclear Production - Reactor Plant Equipment		
	322.1	Nuclear Production - Reactor Plant Equipment - Steam Generators		
	323	Nuclear Production - Turbogenerator Units		
	324	Nuclear Production - Accessory Electric Equipment		
	325	Nuclear Production - Miscellaneous Power Plant Equipment		
24	330 - 336	Hydraulic Production		
2	330	Hydraulic Production -Land and Land Rights		
	330.1	Hydraulic Production -Land and Land Rights - Land		
	330.2	Hydraulic Production -Land and Land Rights - Land Rights		
25	331	Hydraulic Production - Structures and Improvements	(25)	(5)
17	332	Hydraulic Production - Reservoirs, Dams and Waterways	(20)	(5)
27	333	Hydraulic Production - Water Wheels, Turbines and Generators	(5)	(10)
29	334	Hydraulic Production - Accessory Electric Equipment	(5)	(5)
15	335	Hydraulic Production - Miscellaneous Power Plant Equipment	0	(10)
16	336	Hydraulic Production - Roads, Railroads and Bridges	0	0
3	340 - 346	Other Production		
	340 - 346	Other Production - Solar		
	340	Other Production -Land and Land Rights		
	340.1	Other Production -Land and Land Rights - Land		
	340.2	Other Production -Land and Land Rights - Land Rights		
6	341	Other Production - Structures and Improvements	0	(5)
13	342	Other Production - Fuel Holders, Producers and Accessories	0	(5)
7	343	Other Production - Prime Movers	0	(5)
	343.1	Other Production - Prime Movers - Fuel Cells		
	343.2	Other Production - Prime Movers - Base Load		
	343.3	Other Production - Prime Movers - Peakers		
	344	Other Production - Generators	0	(5)
12	345	Other Production - Accessory Electric Equipment	0	0
	346	Other Production - Miscellaneous Power Plant Equipment	0	0
1				
2				
3	**Transmission Plant**			
4	350	Land and Land Rights		
	350.1	Land and Land Rights - Land		
	350.2	Land and Land Rights - Land Rights		0
40	352	Structures and Improvements	(30)	(10)
	352.1	Structures and Improvements - Major		
	352.2	Structures and Improvements - Small		
1700	353	Station Equipment	(5)	(10)
	353.2	Station Equipment - Power Supply Company		
	353	Station Equipment - 1970 & Prior		
	353	Station Equipment - 1971 & Subsequent		
	353.1	Station Equipment - Substation on Customer Premises		
	353.2	Station Equipment - Portable Property at Substations		
	353.3	Station Equipment - Metering Station		

	SUMMARY OF NET SALVAGE RECOMMENDATIONS			
	Client		Idaho Power Company	Louisville Gas & Electric
	353.4	Station Equipment - Control Equipment		
22	354	Towers and Fixtures	(25)	(40)
	354.1	Towers and Fixtures - Clearing Right of Way		
31	355	Poles and Fixtures	(70)	(50)
	355.1	Poles and Fixtures - Clearing Right of Way		
	355.2	Poles and Fixtures - Wood		
	355.3	Poles and Fixtures - Steel		
33	356	Overhead Conductors and Devices	(30)	(40)
	356.1	Overhead Conductors and Devices - Clearing of Rights of Way		
34	357	Underground Conduit		0
35	358	Underground Conductors and Devices		0
	358.1	Underground Conductors and Devices - Submarine		
39	359	Roads and Trails	0	
48				
600				
1600	Distribution Plant			
1800	360	Land and Land Rights		
	360.1	Land and Land Rights - Land		
	360.2	Land and Land Rights - Land Rights		
1900	361	Structures and Improvements	(30)	(20)
	361.1	Structures and Improvements - Major		
	361.2	Structures and Improvements - Small		
2000	362	Station Equipment	(5)	(15)
	362.1	Station Equipment - Company Stations		
	362.2	Station Equipment - Customer High Tension		
	362.3	Station Equipment - SCADA		
5	364	Poles, Towers and Fixtures	(50)	(60)
	364.1	Poles, Towers and Fixtures - Clearing Right of Way		
	364.2	Poles, Towers and Fixtures - Towers		
	364.4	Poles, Towers and Fixtures - Poles		
	364.6	Poles, Towers and Fixtures - Clearing Towers		
	364.8	Poles, Towers and Fixtures - Clearing Poles		
	364.9	Poles, Towers and Fixtures - Wood		
	364.10	Poles, Towers and Fixtures - Steel		
6	365	Overhead Conductors and Devices	(40)	(50)
	365.1	Sodium Vapor Security Lights		
	365.2	Overhead Conductors and Devices - Clearing Rights of Way		
7	366	Underground Conduit	(20)	(10)
	366.1	Underground Conduit - Not encased		
	366.2	Underground Conduit - Manholes and Vaults		
	366.3	Underground Conduit - Encased		
9	367	Underground Conductors and Devices	(15)	(15)
	367.1	Underground Conductors and Devices - Clearing Right of Way		
44	368	Line Transformers	5	(20)
	368.1	Line Transformers - Pole Top		
	368.2	Line Transformers - Pad Mounted		
	368.3	Line Transformers - Non-Network Housing		
	368.4	Line Transformers - Network		
	368.5	Line Transformers - Underground Residential Distribution		
46	369	Services	(40)	
	369.1	Services - Overhead		(100)
	369.2	Services - Underground		(35)
100	370	Meters	0	(5)
	370.2	Meters - AMR and Electronic	0	
11	371	Installations on Customer Premises	(5)	
	371.2	Installations on Customer Premises - Area Lighting		
	372	Leased Property on Customer Premises		
12	373	Street Lighting and Signal Systems	(25)	(20)
	373.1	Street Lighting and Signal Systems - Clearing		
	373.2	Street Lighting and Signal Systems - M.V.		
13	373.3	Street Lighting and Signal Systems - H.P.S.		
14				
15	General and Intangible Plant			
	301	Organization		
	302	Franchises and Consents		
16	303	Intangible Plant		
	303.1	Intangible Plant - Software		
	303.2	Intangible Plant - Fiber Optic		
17	389	Land and Land Rights		
	389.1	Land and Land Rights - Land		
	389.2	Land and Land Rights - Land Rights		
18	390	Structures and Improvements	(5)	
	390.1	Structures and Improvements - Leasehold Improvements	0	
	390	Structures and Improvements - Major	(5)	

	SUMMARY OF NET SALVAGE RECOMMENDATIONS			
	Client		Idaho Power Company	Louisville Gas & Electric
	390	Structures and Improvements - Other		
	391	Office Furniture and Equipment	0	
19	391	Office Furniture and Equipment - Equipment	0	
20	391	Office Furniture and Equipment - Furniture		
45	391	Office Furniture and Equipment - Hardware (PCs)	0	
47	391	Office Furniture and Equipment - Software		
	392	Transportation Equipment		
200	392.1	Transportation Equipment - Cars	25	
300	392.2	Transportation Equipment - Light Trucks	25	
	392.21	Transportation Equipment - Pickup Trucks	25	
400	392.3	Transportation Equipment - Heavy Trucks	25	
	392.4	Transportation Equipment - Airplanes and Helicopters	50	
	392.5	Transportation Equipment - Trailers	25	5
	392.6	Transportation Equipment - Other		
23	393	Stores Equipment	0	
24	394	Tools, Shop and Garage Equipment	0	0
	394.1	Tools, Shop and Garage Equipment - Electric Vehicles		
500	395	Laboratory Equipment	0	0
700	396	Power Operated Equipment	30	0
800	397	Communication Equipment	0	
	397.1	Communication Equipment - Trans Line		
	397.2	Communication Equipment - EMS		
	397.3	Communication Equipment - Fiber Optic	0	
900	398	Miscellaneous Equipment	0	
25	399	Other Tangible Property		

Q.
Net Salvage Account 311. For the net salvage information on Exhibit CRC – 1, page 438 for Account 311, please provide the following:

a. A detailed categorization of what was retired;

b. The corresponding dollars for each of the items in (a) above;

c. A detailed narrative identifying what caused the $1,091,531 cost of removal level;

d. A detailed narrative identifying why this specific year of activity is representative of the remaining investment in the account.

A.

a. See FPL's response to Depreciation-OPC's First Request for Production of Documents No. 14.

b. See FPL's response to Depreciation-OPC's First Request for Production of Documents No. 14.

c. See FPL's response to Depreciation-OPC's First Request for Production of Documents No. 14.

d. No specific year was analyzed, but rather all years and bands of years. Years that looked abnormal were given less weight in the analysis. The information derived from examining all years and bands was used to determine estimated future net salvage not any one particular year. This estimate was based on the best information available and because it is based on 22 years of actual history we believe that the resulting net salvage estimate obtained is indicative of the future until new recorded information is available.

FLORIDA POWER & LIGHT

PRODUCTION PLANT INTERIM NET SALVAGE ANALYSIS

The net salvage for interim retirements was developed by analyzing the retirement, cost of removal and salvage data from 1986 to 2007. Information from Company personnel and experience in the industry were incorporated in the determination of an estimated future net salvage by account for production. Since this net salvage is only applied to future interim retirements, the net salvage percent developed for each account was adjusted for future interim retirements. Below is an account by account description of the development of net salvage percent and the tables that follow show the adjustment for future interim retirements.

Account 311 Structures and Improvements

Industry data usually shows negative net salvage for this account. Currently the approved net salvage percent is negative 9 percent. There has been some large amounts of salvage recorded in past few years but it appears the cost of removal has been increasing recently and creating negative net salvage. Looking at the history for this account shows negative 16 percent net salvage. Recommend increasing the net salvage for this account to negative 15 percent. See Attachment A for the adjustment for future interim retirements which lowers the net salvage percent to negative 5 percent.

Account 312 Boiler Plant Equipment

This account usually shows net negative salvage in the industry. The current approved net salvage percent is negative 6 percent. Cost of removal has been increasing over the past few years over 10 percent in most years. The historical data shows net salvage at negative 27 percent., the past five years show negative 13 percent and the recent years show negative 18 percent. Recommend increasing net salvage to negative 15 percent. See Attachment A for the adjustment for future interim retirements which lowers the net salvage percent to negative 11 percent.

Account 314 Turbogenerator Units

There have been considerable interim retirements in this account over the past years, however there is also high cost of removal and high salvage associated with these retirements. Some years cost of removal outweighs salvage and some years it's the other way around. Currently the approved net salvage percent is negative 2 percent. This seems too high for this account since there has been some large salvage amounts recorded in the past few years. Until we can establish a pattern for net salvage I recommend using zero percent net salvage for this account. Attachment A shows that this stays at zero percent net salvage for future interim net salvage.

Account 315 Accessory Electric Equipment

Cost of removal has been increasing in this account for a number of years. Current net salvage percent is negative 6 percent. This amount should definitely be increased according to the data. Historical net salvage shows negative 19 percent but the 5 year average shows negative 28 percent with a number of years over 30 percent. Recommend increasing net salvage percent to negative 20 percent for this account. Attachment A shows the adjustment for future interim retirements which lowers the net salvage to negative 12 percent.

Account 316 Miscellaneous Equipment

Cost of removal and salvage for this account are not that large although there is more cost of removal recorded. Current approved net salvage percent for this account is zero percent. There has been more cost of removal recorded over history and shows negative 5 percent net salvage. This has increased over the past five years which show negative 8 percent. Recommend increasing net salvage from zero percent to negative 5 percent for this account. Attachment A shows the adjustment for future interim retirements which lowers the net salvage percent to negative 4 percent.

Account 321 Structures and Improvements

This account usually shows high cost of removal and low salvage however in the past few years there has been some high salvage recorded. Currently the net salvage percent approved is negative one percent. Over the past 10 years the net salvage has been up and down. The account was showing some positive salvage but then turned negative again. Recommend lowering the net salvage to zero percent until there is a pattern in recorded amounts. Attachment A shows the adjustment for interim retirements for this account is still results in zero percent.

Account 322 Reactor Plant Equipment

During the history examined for this account the cost of removal has outweighed the salvage slightly. Current approved net salvage amount is negative 2 percent.

This amount appears justified until the recent few years when there was some large retirements with large removal and salvage recorded. These recent retirements have distorted the historical pattern showing high net negative salvage. Until we get more years of data we recommend increasing the net salvage percent slightly from the current approved to negative 5 percent. Attachment A shows the adjustment for future interim retirements for this account lowers this to negative 4 percent.

Account 323 Turbogenerator Units

This account history shows net salvage percent positive in some years and negative in other years depending on the retirement. There have been some large retirements in past few years with both high salvage and high removal costs. Current approved net salvage is negative 4 percent. Until it is determined if these large retirements will continue and a pattern of removal and salvage is established I recommend using zero net salvage percent for this account. Attachment A shows the adjustment for future interim retirements which wil continue to be zero percent.

Account 324 Accessory Electric Equipment

Retirements for this account have been fairly constant compared to some of the other nuclear accounts. Cost of removal most always exceeds salvage. The historical data shows net salvage at negative 19 percent. Current approved net salvage is negative 2 percent.. the past 5 years shows net salvage increasing to negative 41 percent. Recommend increasing current net salvage to negative 20 percent for this account. Attachment A shows the adjustment for future interim retirements lowers this to 18 percent net negative salvage.

Account 325 Miscellaneous Equipment

This account shows cost of removal and salvage high and low resulting in positive and negative net salvage. Current net salvage is negative one percent. Historical data shows the overall net salvage at positive 11 percent however the past couple of years show negative net salvage. Recommend using zero percent net salvage for this account until a pattern can be established with the recorded data. Attachment A shows the adjustment for future interim retirements results in zero net salvage percent for this account.

Account 341 Structures and Improvements

There has been large removal costs recorded for this account. There is an extremely large salvage amount recorded in 2007 which appears to be an anomaly. Current net salvage is negative 2 percent. Historical net salvage is negative 20 percent but much higher in past few years with negative 40 percent (ignoring 2007). Recommend increasing net salvage to reflect increasing cost of removal, increase to negative 25 percent. Attachment A adjusts this amount for future interim retirements and results in negative 12 percent for this account.

Account 342 Fuel Holders, Producers & Accessories

This account has a number of years with no retirements, however when there are retirements there is cost of removal and little salvage recorded, some years no salvage. Current approve net salvage is zero percent. Recommend increasing net salvage to reflect cost of removal, increase to negative 5 percent. Attachment A shows the adjustment for future interim retirements which lowers this net salvage to negative 3 percent.

Account 343 Prime Movers

The historical data shows some large retirements with high cost of removal and high salvage in some years. The historical net salvage shows negative 24 percent .Current net salvage for this account is zero percent. The last five years shows negative 14 percent net salvage. Recommend increasing net salvage to reflect the increasing cost of removal for this account. Increase to negative 10 percent. Attachment A shows the adjustment for future interim retirements which lowers the net salvage to negative 2 percent.

Account 344 Generators

Historical data shows some large retirements over past few years but extremely high removal costs. Currently the approved net salvage percent for this account is negative one percent. The five year average shows negative 136 percent. The historical net salvage percent is negative 99 percent. Based on the past five years increase the net salvage to negative 100 percent. Attachment A shows the adjustment for future interim retirements which will lower the estimate to negative 11 percent.

Account 345 Accessory Electric Equipment

Retirements for this account have been fairly stable over the years. There has been cost of removal recorded for each retirement but very little salvage and most years no salvage has been recorded. Current net salvage percent is negative one percent. Historical net salvage percent is negative 7 percent but last five years the net salvage percent is negative 14 percent. Recommend increasing net salvage to negative 10 percent. Attachment A shows the adjustment for future interim retirements lowers this estimate to negative 3 percent.

Account 346 Misc. Power Plant Equipment

Historical data shows small retirements with some cost of removal and practically no salvage. Current net salvage approved is zero percent. Historical net salvage shows negative 2 percent and the last five years is consistent with the 2 percent negative. At this time recommend retaining the current zero percent net salvage for this account. Attachment A shows the adjustment for future interim retirements retains the zero percent net salvage for this account.

Account 341
Cost of Removal

Ledger Year	Reason	Work Order	Total
2004	O=OPERATION	01365-070-0903-007 - replace psn hydrogen house roof (Site:sanford plant)	1,954.40
		01599-070-0916-007 - replace psn4 switchgear room roof (Site:sanford plant)	15,386.40
		01600-070-0916-007 - replace psn5 switchgear room roof (Site:sanford plant)	16,615.26
		01624-070-0903-007 - replace lunch room hvac system (Site:sanford plant)	2,840.00
		01715-070-0903-007 - replace psn service building roof (Site:sanford plant)	29,744.00
		01823-070-0903-007 - replace psn stores/lunchroom bldg roof (Site:sanford plant)	28,000.00
	O=OPERATION Total		94,540.06
	V=IMPROVE	01314-070-0921-007 - replace fire protection system (Site:fort lauderdale gt's)	6,121.79
		01371-070-0928-007 - replace hvac system service building (Site:martin plant)	11,700.00
		01372-070-0928-007 - replace hvac system control room building (Site:martin plant unit 3&4)	11,700.00
		01874-070-0921-007 - replace fire protection system pfl gt units 17-20 (Site:fort lauderdale gt's)	7,512.75
		09172-070-0916-006 - psn4 repowering-plant refurbishment (Site:sanford plant)	28,930.00
	V=IMPROVE Total		65,964.54
2004 Total			160,504.60
2005	O=OPERATION	02690-070-0928-007 - replace 3b intake cooling pump/motor (Site:martin plant u3)	4,660.21
		03257-070-0905-007 - replace ppn 2c acw pump motor (Site:putnam plant)	5,306.68
		09933-070-0952-006 - pmr & combined cycle conversion project (Site:martin plant un8 com cyc)	710,911.53
	O=OPERATION Total		720,878.42
2005 Total			720,878.42
2006	H=HURRICANES	03522-070-0921-007 - replace gt shop roof at pfl (Site:ft lauderdale gt's)	29,670.00
	H=HURRICANES/MAJOR STORMS Total		29,670.00
	O=OPERATION	02757-070-0921-007 - pfl gt units 21-24 fire protection system repl (Site:fort lauderdale gts)	2,000.00
		02966-070-0911-007 - replace 460sy discharge canal retaining wall (Site:ft myers plant)	6,422.03
		03593-070-0921-007 - pfl gt fire protection system replacement (Site:fort lauderdale gts)	1,439.04
		04355-070-0908-007 - pfl waste water treatment pond liner replacement (Site:fort lauderdale-common)	53,316.93
		04490-070-0905-007 - replace ppn service bldg a/c unit (Site:putnam plant)	500.00
		04491-070-0905-007 - replace ppn control room bldg a/c unit (Site:putnam plant)	500.00
	O=OPERATION Total		64,178.00
2006 Total			93,848.00
2007	O=OPERATION	02230-070-0908-007 - pfl wtp vacuum degasifier pump replacements (Site:fort lauderdale-common)	5,927.79
		04129-070-0908-007 - pfl control room bldg hvac coils replacement (Site:fort lauderdale-common)	17,500.00
		04355-070-0908-007 - pfl waste water treatment pond liner replacement (Site:fort lauderdale-common)	(27,841.41)
		04371-070-0908-007 - pfl wtp degasifier product pump/motor replacement (Site:fort lauderdale-common)	578.80
		04630-070-0911-007 - replace 2 raw water wells at pfm (Site:ft myers plant common - 505)	4,100.00

Account 341
Cost of Removal

Ledger Year	Reason	Work Order	Total
2007	O=OPERATION	04975-070-0923-007 - ppe 3 gt bldg 1 fire protection sys replacement (Site:port everglades gts)	1,352.03
		05299-070-0905-007 - replace ppn service bldg a/c (Site:putnam plant)	571.43
		05300-070-0905-007 - replace ppn shift shop bldg a/c (Site:putnam plant)	2,038.94
		05405-070-0907-007 - psn common replace storeroom hvac condensing (Site:sanford plant site common)	1,442.06
		05406-070-0907-007 - psn common replace battery room air handler (Site:sanford plant site common)	824.60
	O=OPERATION Total		6,494.24
	V=IMPROVE	05431-070-0919-007 - pfm 3b install/remove ct parts (outage) (Site:fort myers simple cycle)	109,728.05
		05754-070-0911-007 - PFM Combined Cycle Common Plant: Install Raw Water Well	950.00
	V=IMPROVE Total		110,678.05
2007 Total			117,172.29
Grand Total			1,092,403.31

Account 341.0
Retirements

Ledger Year	Reason	Work Order Number	Retirement Units	Quantity	Amount
2004	O=OPERATION	01599-070-0916-007 - replace psn4 switchgear room roof (Site:sanford plant)	ROOF	720	17,590.97
		01599-070-0916-007 - replace psn4 switchgear room roof (Site:sanford plant) Total		720	17,590.97
		01600-070-0916-007 - replace psn5 switchgear room roof (Site:sanford plant)	ROOF	720	15,403.43
		01600-070-0916-007 - replace psn5 switchgear room roof (Site:sanford plant) Total		720	15,403.43
		01624-070-0903-007 - replace lunch room hvac system (Site:sanford plant)	HVAC SYSTEM COMPLETE	1	36,375.69
		01624-070-0903-007 - replace lunch room hvac system (Site:sanford plant) Total		1	36,375.69
		01715-070-0903-007 - replace psn service building roof (Site:sanford plant)	ROOF	1,109	111,292.92
		01715-070-0903-007 - replace psn service building roof (Site:sanford plant) Total		1,109	111,292.92
		01823-070-0903-007 - replace psn stores/lunchroom bldg roof (Site:sanford plant)	ROOF	748	12,154.50
		01823-070-0903-007 - replace psn stores/lunchroom bldg roof (Site:sanford plant) Total		748	12,154.50
	O=OPERATION Total			3,298	192,817.51
	V=IMPROVE	01314-070-0921-007 - replace fire protection system (Site:fort lauderdale gt's)	SUPERSTRUCTURE	0	36,050.16
		01314-070-0921-007 - replace fire protection system (Site:fort lauderdale gt's) Total		0	36,050.16
		01371-070-0928-007 - replace hvac system service building (Site:martin plant)	HVAC SYSTEM COMPLETE	1	142,170.48
		01371-070-0928-007 - replace hvac system service building (Site:martin plant) Total		1	142,170.48
		01372-070-0928-007 - replace hvac system control room building (Site:martin plant unit 3&4	HVAC SYSTEM COMPLETE	1	123,292.30
		01372-070-0928-007 - replace hvac system control room building (Site:martin plant unit 3&4) Total		1	123,292.30
		01874-070-0921-007 - replace fire protection system pfl gt units 17-20 (Site:fort lauderdale	SUPERSTRUCTURE	0	36,050.16
		01874-070-0921-007 - replace fire protection system pfl gt units 17-20 (Site:fort lauderdale gt's) Total		0	36,050.16
	V=IMPROVE Total			2	337,563.10
2004 Total				3,300	530,380.61
2005	O=OPERATION	02690-070-0928-007 - replace 3b intake cooling pump/motor (Site:martin plant u3)	DRIVE, ELECTRIC MOTOR, COMPLETE	1	19,864.94
			PUMP COMPLETE	1	29,797.40
		02690-070-0928-007 - replace 3b intake cooling pump/motor (Site:martin plant u3) Total		2	49,662.34
		02966-070-0911-007 - replace 460sy discharge canal retaining wall (Site:ft myers plant)	DISCHARGE CANAL	0	103,614.00
		02966-070-0911-007 - replace 460sy discharge canal retaining wall (Site:ft myers plant) Total		0	103,614.00
	O=OPERATION Total			2	153,276.34
2005 Total				2	153,276.34
2006	H=HURRICANES/MAJO	03522-070-0921-007 - replace gt shop roof at pfl (Site:ft lauderdale gt's)	ROOF	2	244,339.34
		03522-070-0921-007 - replace gt shop roof at pfl (Site:ft lauderdale gt's) Total		2	244,339.34
	H=HURRICANES/MAJOR STORMS Total			2	244,339.34
	O=OPERATION	02757-070-0921-007 - pfl gt units 21-24 fire protection system repl (Site:fort lauderdale gts	SUPERSTRUCTURE	0	54,434.25
		02757-070-0921-007 - pfl gt units 21-24 fire protection system repl (Site:fort lauderdale gts) Total		0	54,434.25
		03257-070-0905-007 - replace ppn 2c acw pump motor (Site:putnam plant)	DRIVE, ELECTRIC MOTOR, COMPLETE	1	12,967.87
		03257-070-0905-007 - replace ppn 2c acw pump motor (Site:putnam plant) Total		1	12,967.87
		03593-070-0921-007 - pfl gt fire protection system replacement (Site:fort lauderdale gts)	SUPERSTRUCTURE	0	58,857.14
		03593-070-0921-007 - pfl gt fire protection system replacement (Site:fort lauderdale gts) Total		0	58,857.14
		04355-070-0908-007 - pfl waste water treatment pond liner replacement (Site:fort lauderdal	LINER, COMPLETE	1	54,872.62
		04355-070-0908-007 - pfl waste water treatment pond liner replacement (Site:fort lauderdale-common) Total		1	54,872.62
		04371-070-0908-007 - pfl wtp degasifier product pump/motor replacement (Site:fort lauderd	PUMP COMPLETE	1	30,630.40
		04371-070-0908-007 - pfl wtp degasifier product pump/motor replacement (Site:fort lauderdale-common) Total		1	30,630.40
		04375-070-0908-007 - pfl wt-5 sump pump/motor replacement (Site:fort lauderdale-commo	PUMP COMPLETE	1	1,003.00
		04375-070-0908-007 - pfl wt-5 sump pump/motor replacement (Site:fort lauderdale-common) Total		1	1,003.00
		04490-070-0905-007 - replace ppn service bldg a/c unit (Site:putnam plant)	AIR HANDLER	1	10,173.98
			CONDENSER/COMPRESSOR	1	7,630.50

Account 341.0
Retirements

Ledger Year	Reason	Work Order Number	Retirement Units	Quantity	Amount
2006	O=OPERATION	04490-070-0905-007 - replace ppn service bldg a/c unit (Site:putnam plant) Total		2	17,804.48
		04491-070-0905-007 - replace ppn control room bldg a/c unit (Site:putnam plant)	AIR HANDLER	1	5,248.06
			CONDENSER/COMPRESSOR	1	3,936.30
		04491-070-0905-007 - replace ppn control room bldg a/c unit (Site:putnam plant) Total		2	9,184.36
	O=OPERATION Total			8	239,754.12
2006 Total				10	484,093.46
2007	C=DETERIORATION/FA	05566-070-0908-007 - PFL - Replace the controller at water treatment plant	CONTROL/INSTRUMENTATION SYSTEM	0	4,643.00
		05566-070-0908-007 - PFL - Replace the controller at water treatment plant Total		0	4,643.00
		06029-070-0908-007 - Rewind 5B open cooling water pump motor	MOTOR STATIONARY WINDING ASSEMBLY	1	24,265.15
		06029-070-0908-007 - Rewind 5B open cooling water pump motor Total		1	24,265.15
	C=DETERIORATION/FAILURE Total			1	28,908.15
	O=OPERATION	02230-070-0908-007 - pfl wtp vacuum degasifier pump replacements (Site:fort lauderdale-c	PUMP COMPLETE	3	91,891.21
		02230-070-0908-007 - pfl wtp vacuum degasifier pump replacements (Site:fort lauderdale-common) Total		3	91,891.21
		04129-070-0908-007 - pfl control room bldg hvac coils replacement (Site:fort lauderdale-co	CONDENSER/COMPRESSOR	10	710,690.44
		04129-070-0908-007 - pfl control room bldg hvac coils replacement (Site:fort lauderdale-common) Total		10	710,690.44
		04630-070-0911-007 - replace 2 raw water wells at pfm (Site:ft myers plant common - 505)	RAW WATER WELL	2	130,103.92
		04630-070-0911-007 - replace 2 raw water wells at pfm (Site:ft myers plant common - 505) Total		2	130,103.92
		04975-070-0923-007 - ppe 3 gt bldg 1 fire protection sys replacement (Site:port everglades	FIRE PROTECTION SYS COMPLETE	1	95,439.90
		04975-070-0923-007 - ppe 3 gt bldg 1 fire protection sys replacement (Site:port everglades gts) Total		1	95,439.90
		05299-070-0905-007 - replace ppn service bldg a/c (Site:putnam plant)	CONDENSER/COMPRESSOR	1	3,815.25
		05299-070-0905-007 - replace ppn service bldg a/c (Site:putnam plant) Total		1	3,815.25
		05300-070-0905-007 - replace ppn shift shop bldg a/c (Site:putnam plant)	HVAC SYSTEM COMPLETE	0	5,658.16
		05300-070-0905-007 - replace ppn shift shop bldg a/c (Site:putnam plant) Total		0	5,658.16
		05405-070-0907-007 - psn common replace storeroom hvac condensing (Site:sanford plan	CONDENSER/COMPRESSOR	1	1,221.00
		05405-070-0907-007 - psn common replace storeroom hvac condensing (Site:sanford plant site common) Total		1	1,221.00
		05406-070-0907-007 - psn common replace battery room air handler (Site:sanford plant site	AIR HANDLER	1	10,694.11
		05406-070-0907-007 - psn common replace battery room air handler (Site:sanford plant site common) Total		1	10,694.11
	O=OPERATION Total			19	1,049,513.99
	V=IMPROVE	05754-070-0911-007 - PFM Combined Cycle Common Plant: Install Raw Water Well	RAW WATER WELL	2	39,740.81
		05754-070-0911-007 - PFM Combined Cycle Common Plant: Install Raw Water Well Total		2	39,740.81
	V=IMPROVE Total			2	39,740.81
2007 Total				22	1,118,162.95
Grand Total				3,334	2,285,913.36

Q.

Net Salvage. Please provide a detailed categorization of the investment within each account or subaccount as of December 31, 2007. The information should be provided in both hard copy and on electronic medium in Excel or Lotus readable format.

A.

FPL interprets the term "investment" in this interrogatory to mean plant in-service balance and has answered in this regard. See attachments provided in FPL's response to Depreciation - OPC's First Set of Interrogatories No. 3, and FPL's response to Depreciation - OPC's First Request for Production of Documents No. 13 "FPL 2008 Service Life File.xls."

Q.

Net Salvage. Please provide a detailed categorization of the retirements by account, by year for the past 10 years into the greatest level of detail available along with the corresponding dollar amounts. The information should be provided in both hard copy and on electronic medium in Excel or Lotus readable format.

A.

See attachments provided in FPL's response to Depreciation - OPC's First Set of Interrogatories No. 3, and FPL's response to Depreciation - OPC's First Request for Production of Documents No. 13 "FPL 2008 Service Life File.xls."

Account 344.0
Retirements

Ledger Year	Reason Code	Work Order Number	Retirement Units	Quantity	Amount
2003	A=SYSTEM UPGRADE/I	07500-070-0009-006 - retirement corrections #4 found during prs/cpr exa(Site	WEDGE SYSTEM	(1)	(67,238.10)
		07500-070-0009-006 - retirement corrections #4 found during prs/cpr exa(Site:property accounting) Total		(1)	(67,238.10)
	A=SYSTEM UPGRADE/NEW SYSTEM Total			(1)	(67,238.10)
	O=OPERATION	01025-070-0905-007 - ppn 2gt2 generator rewedge (Site:putnam plant)	WEDGE SYSTEM	1	67,238.10
		01025-070-0905-007 - ppn 2gt2 generator rewedge (Site:putnam plant) Total		1	67,238.10
		01026-070-0905-007 - ppn2 steam turbine generator rewedge (Site:putnam pl	WEDGE SYSTEM	1	67,238.10
		01026-070-0905-007 - ppn2 steam turbine generator rewedge (Site:putnam plant) Total		1	67,238.10
		01171-070-0921-007 - replace rotor coils at pfl gt 7 (Site:pfl gt)	ROTOR	0	44,839.57
		01171-070-0921-007 - replace rotor coils at pfl gt 7 (Site:pfl gt) Total		0	44,839.57
		09710-070-0916-006 - generator stator rewind psn4 (Site:sanford plant)	STATOR	0	729,661.26
		09710-070-0916-006 - generator stator rewind psn4 (Site:sanford plant) Total		0	729,661.26
	O=OPERATION Total			2	908,977.03
	V=IMPROVE	08825-070-0909-006 - pfm repowering outage-u2 generator rewedge (Site:for	STATOR	0	63,311.73
		08825-070-0909-006 - pfm repowering outage-u2 generator rewedge (Site:fort myers plant) Total		0	63,311.73
		08908-070-0916-006 - psn repowering-replace unit 4 exciter (Site:sanford plai	CONTROL/INSTRUMENTATION SYSTEM	2	46,049.50
			ENCLOSURE	1	24,392.73
			HEAT EXCHANGER, SHELL	2	3,181.66
			HEATING SYSTEM	1	3,181.66
			ROTOR (MAIN EXCITER)	1	132,829.09
			ROTOR (PILOT EXCITER)	1	5,302.76
			STATOR (MAIN EXCITER)	1	21,211.07
			STATOR (PILOT EXCITER)	1	3,181.66
		08908-070-0916-006 - psn repowering-replace unit 4 exciter (Site:sanford plant) Total		10	239,330.13
		09172-070-0916-006 - psn4 repowering-plant refurbishment (Site:sanford plai	GENERATOR COOLING AND PURGE EQUIPMENT	1	186,141.30
		09172-070-0916-006 - psn4 repowering-plant refurbishment (Site:sanford plant) Total		1	186,141.30
	V=IMPROVE Total			11	488,783.16
2003 Total				12	1,330,522.09
2004	O=OPERATION	01345-070-0921-007 - replace rotor coils & pfl gt2 (Site:pfl gt)	ROTOR	0	44,839.57
		01345-070-0921-007 - replace rotor coils & pfl gt2 (Site:pfl gt) Total		0	44,839.57
		01619-070-0908-007 - pfl unit 4 generator stator rewind (Site:fort lauderdale u	STATOR	3	336,195.68
		01619-070-0908-007 - pfl unit 4 generator stator rewind (Site:fort lauderdale unit 4) Total		3	336,195.68
		01674-070-0923-007 - replace rotor coils (Site:port everglades gt)	ROTOR COILS	1	70,939.34
		01674-070-0923-007 - replace rotor coils (Site:port everglades gt) Total		1	70,939.34
		01775-070-0908-007 - 4b ct generator rewedge (Site:lauderdale unit 4b ct)	WEDGE SYSTEM	1	102,752.29
		01775-070-0908-007 - 4b ct generator rewedge (Site:lauderdale unit 4b ct) Total		1	102,752.29
		01776-070-0908-007 - 4a ct generator rewedge (Site:lauderdale unit 4a ct)	WEDGE SYSTEM	1	102,752.29
		01776-070-0908-007 - 4a ct generator rewedge (Site:lauderdale unit 4a ct) Total		1	102,752.29
		02116-070-0923-007 - ppe gt unit 3 rotor coil replacement (Site:port evergladе	ROTOR COILS	1	70,939.34
		02116-070-0923-007 - ppe gt unit 3 rotor coil replacement (Site:port everglades gt) Total		1	70,939.34
		02121-070-0905-007 - replace ppn 1gt2 exciter rotor coil (Site:putnam plant)	ROTOR COILS	1	33,024.06
		02121-070-0905-007 - replace ppn 1gt2 exciter rotor coil (Site:putnam plant) Total		1	33,024.06
		02229-070-0922-007 - pfm gt #9 generator rewedge (Site:ft myers power plan	ROTOR	1	328,913.43

Account 344.0
Retirements

Ledger Year	Reason Code	Work Order Number	Retirement Units	Quantity	Amount
2004	O=OPERATION	02229-070-0922-007 - pfm gt #9 generator rewedge (Site:ft myers power plan	STATOR	0	8,228.80
		02229-070-0922-007 - pfm gt #9 generator rewedge (Site:ft myers power plant) Total		1	337,142.23
	O=OPERATION Total			9	1,098,584.80
2004 Total				9	1,098,584.80
2005	O=OPERATION	02520-070-0922-007 - replace wedge system gt 1 (Site:ft myers gt's u1)	ROTOR	1	328,913.43
			STATOR	0	8,228.80
		02520-070-0922-007 - replace wedge system gt 1 (Site:ft myers gt's u1) Total		1	337,142.23
		02758-070-0921-007 - pfl gt unit 2-19 generator rotor coils replacement(Site:fo	ROTOR COILS	1	86,228.28
		02758-070-0921-007 - pfl gt unit 2-19 generator rotor coils replacement(Site:fort lauderdale gts) Total		1	86,228.28
		02800-070-0923-007 - ppe gt unit 3-11 generator rotor coils replacement(Site:	ROTOR COILS	1	70,939.34
		02800-070-0923-007 - ppe gt unit 3-11 generator rotor coils replacement(Site:port everglades gts) Total		1	70,939.34
		02956-070-0905-007 - replace 2gt2 exciter rotor (Site:putnam plant)	ROTOR (MAIN EXCITER)	1	33,024.06
		02956-070-0905-007 - replace 2gt2 exciter rotor (Site:putnam plant) Total		1	33,024.06
	O=OPERATION Total			4	527,333.91
2005 Total				4	527,333.91
2006	O=OPERATION	02807-070-0908-007 - pfl unit 5 generator stator rewind (Site:fort lauderdale u	STATOR	3	244,923.39
		02807-070-0908-007 - pfl unit 5 generator stator rewind (Site:fort lauderdale unit 5) Total		3	244,923.39
		03632-070-0905-007 - replace ppn 1gt1 exciter rotor (Site:putnam plant)	ROTOR (MAIN EXCITER)	1	33,024.06
		03632-070-0905-007 - replace ppn 1gt1 exciter rotor (Site:putnam plant) Total		1	33,024.06
		03663-070-0905-007 - replace ppn 1gt1 gen wedge system (Site:putnam plan	WEDGE SYSTEM	1	57,539.00
		03663-070-0905-007 - replace ppn 1gt1 gen wedge system (Site:putnam plant) Total		1	57,539.00
		03975-070-0922-007 - replace wedge system gt 8 (Site:ft myers gt's u8)	STATOR	0	8,228.80
		03975-070-0922-007 - replace wedge system gt 8 (Site:ft myers gt's u8) Total		0	8,228.80
		04025-070-0905-007 - replace ppn 1 s.t. exciter rotor (Site:putnam plant)	ROTOR (MAIN EXCITER)	1	33,024.06
		04025-070-0905-007 - replace ppn 1 s.t. exciter rotor (Site:putnam plant) Total		1	33,024.06
		04029-070-0905-007 - replace ppn 1gt2 gen wedge system (Site:putnam plan	WEDGE SYSTEM	1	57,539.00
		04029-070-0905-007 - replace ppn 1gt2 gen wedge system (Site:putnam plant) Total		1	57,539.00
		04291-070-0928-007 - replace pmg3 s.t.gen wedge system (Site:martin unit 3	WEDGE SYSTEM	0	263,946.56
		04291-070-0928-007 - replace pmg3 s.t.gen wedge system (Site:martin unit 3) Total		0	263,946.56
		04292-070-0928-007 - replace pmg3a gen wedge system (Site:martin-unit 3)	WEDGE SYSTEM	0	135,192.14
		04292-070-0928-007 - replace pmg3a gen wedge system (Site:martin-unit 3) Total		0	135,192.14
		04293-070-0928-007 - replace pmg3b gen wedge system (Site:martin-unit 3)	WEDGE SYSTEM	0	135,192.14
		04293-070-0928-007 - replace pmg3b gen wedge system (Site:martin-unit 3) Total		0	135,192.14
	O=OPERATION Total			7	968,609.15
	V=IMPROVE	04260-070-0922-007 - replace gt 9 rotor (Site:ft myers gt)	ROTOR	1	365,459.37
			STATOR	0	8,228.80
		04260-070-0922-007 - replace gt 9 rotor (Site:ft myers gt) Total		1	373,688.17
	V=IMPROVE Total			1	373,688.17
2006 Total				8	1,342,297.32
Grand Total				33	4,298,738.12

Q.
Decommissioning. For each activity envisioned in the decommissioning process, please provide the following:

a. A detailed narrative identifying the activity;

b. All support and justification for the crew mix; and

c. A complete demonstration that the crew mix is the same crew mix reflected in the productivity factors obtained from the engineering consulting firm. To the extent they are not, indentify the differences.

A.
FPL assumes that "decommissioning" as used in this interrogatory refers to fossil dismantlement, as the decommissioning of nuclear units is not the subject of this docket.

a. The activities envisioned by FPL's fossil dismantlement study include:

Remove loose equipment, furniture, etc.
Remove oil tanks:
- Evacuate pumpable product to adjacent tank and drop level of products below the shell manhole;
- Remove the manhole lid and evacuate the pumpable product through the manhole to the adjacent tank;
- Dilute the sludge and draw the solid and liquid waste off the tank;
- Dispose the wastes to the designated land fill;
- Clean up the tank and obtain the Gas Free Certification;
- Dismantle tank.

Remove all insulation and covering and transport to acceptable landfill.
For asbestos insulation:
- Set up enclosures and establish negative air pressure;
- Seal around enclosure penetrations;
- Identify and mark travel paths for egress and ingress;
- Set up decontamination unit - determine where water will discharge to;
- Disposal - Determine holding area and isolate route or travel for others;
- Monitor air and personnel;
- Run clearance for final air test;
- Tear down enclosures and decontamination units and demobilize.

Collapse circulating water lines and back fill trenches.
Remove intake and discharge structures, set up silt boom and haul fill.
Remove equipment pumps, piping and valves.
Remove lube oil pumps, all piping and instrument and electrical systems.
Remove forced draft and induced draft fans with ductwork, and air heaters.
Remove burners, upper and lower headers, manways, waterwalls.
Remove heavy steel structures and above-ground steel.
Disassemble crane, boiler feed pumps and turbine generator.
Separate scrap metals and remove to scrap yard.
Remove and dispose of miscellaneous rubble.
Remove turbine pedestal, foundation and heavy concrete structures and buildings.
Remove stack foundations, equipment foundations, substructures, support buildings and stacks. Transport to landfill.
Cut off piles and remove pile caps.
Remove concrete encased duct banks and underground piping.
Remove any underground storage tanks.
Install any environmental monitoring equipment at wells, etc.
Remove or improve remaining site facilities - buildings, fences, parking areas in accordance with local code and regulations.
Remove solid and liquid wastes from waste treatment processing areas - precipitated material in ponds and tanks, contaminated resins and reactants.
Provide for erosion control by site grading, seeding and mulching.

b. The crew mix used in FPL's fossil dismantlement study was provided by FPL's engineers at the time the dismantlement study methodology was first developed in 1990 and is consistent with crew mixes used in fossil dismantlement studies done by or for other U.S. utilities that were reviewed at that time. The crew mix is typical for a demolition project.

c. The only difference between the crew mix used for the Cutler and Port Everglades decommissioning studies that were reviewed by NUS is that the Port Everglades study used a crew mix that included two heavy equipment operators whereas the Cutler study used a crew mix that included only one. This difference was not deemed by NUS as requiring different productivity factors.

   Over time, through continued consultation with its engineers, FPL settled on the crew mix used in the current dismantlement filing: six journeyman laborers, one equipment operator, and one foreman. Because this crew mix was included in NUS's review, FPL believes that it is consistent with the productivity factors employed.

Q.

Transmission Plant Easements Account 350.2. Please state if FPL plans to continue utilizing transmission easements as it replaces transmission investment that sits on the easement. If not, specifically state how FPL plans to provide transmission service, as well as the reason why any alternative is more appropriate than continued usage of the existing easements.

A.

FPL plans to continue utilizing transmission easements as it replaces transmission investment that currently occupies the easement.

Q.

Transmission Plant Easements Account 350.2. Please identify each easement along with the corresponding dollar level of investment that has a specific expiration date. Further, identify when each easement was first obtained and the corresponding expiration date.

A.

FPL's policy is to obtain perpetual rights easements (no expiration) everywhere that is available. Exceptions may include sovereign lands, government lands, and instances where only temporary rights are needed for construction purposes.

Attachment No. 1 includes easements with investment in Account 350.2, for which there is an expiration date. Attachment No. 1 is confidential and the unredacted document will be made available by FPL for inspection and review by OPC at Rutledge, Ecenia & Purnell, P.A., 119 South Monroe Street, Suite 202, Tallahassee, Florida, during regular business hours, 8 a.m. to 5 p.m., Monday through Friday, upon reasonable notice to FPL's counsel.

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of NEVADA POWER COMPANY for authority to increase its annual revenue requirement for general rates charged to all classes of electric customers and for relief properly related thereto.	Docket No. 06-11022
Application of NEVADA POWER COMPANY for approval of new and revised depreciation and amortization rates.	Docket No. 06-11023

ORDER

The Public Utilities Commission of Nevada ("Commission") makes the following findings and conclusions:

I. Procedural History

1. On November 17, 2006, Nevada Power Company ("NPC") filed with the Public Utilities Commission of Nevada ("Commission") an Application, designated as Docket No. 06-11022, for authority to increase its general rates to all classes of electric customers to reflect an increase in its annual revenue requirement for general rates and for relief properly related thereto. NPC requests an increase in annual revenues of $172.4 million, which is approximately an 8% increase over present revenues. The impact of the Application varies by customer rate class. The proposed average impact for all residential customer classes is 12.25%.

2. Also on November 17, 2006, NPC filed with the Commission an Application, designated as Docket No. 06-11023, for approval of new and revised depreciation and amortization rates for electric operations. Specifically, the Application requests an increase to current annual depreciation and amortization expenses of approximately $54 million. In Docket No. 03-10002, NPC sought and was granted a delay in implementing revised depreciation rates. As such, current effective depreciation rates were last set in 1991.

Commission Discussion and Findings

415. The Commission concurs that recovery of the 2% net profit franchise fee in general rates would reduce administrative burden and provide the ratepayer with some level of increased rate stability. However, as noted by Staff, the 2% net profit franchise fee amount is insufficient to warrant specialized ratemaking treatment. Therefore, the Commission finds that NPC's request to recover the 2% net profit franchise fee in general rates as modified by Staff is approved.

IV. Depreciation Study

NPC's Position

416. C. Richard Clarke, Director of Western U.S. Services for the Valuation and Rate Division of Gannett Fleming, prepared and sponsored NPC's depreciation study ("Depreciation Study"). Except for production plant, the Depreciation Study utilizes plant in service as of the last date of the previous full calendar year, December 31, 2005. (Exhibit 36 at 4.) Three production plants were placed into service after December 31, 2005. The plants include the Lenzie Units 1 and 2 and the Harry Allen Unit 4. These units are considered part of the Depreciation Study using plant balances as of June 30, 2006. (Id. at 13.) Also, the current Depreciation Study includes a modeling modification when compared to previous studies. The Depreciation Study reflects individual depreciation rates for each generation plant, whereas prior studies' rates were developed at the FERC account level as mass assets. (Id. at 12.)

417. Mr. Clarke used the straight line remaining life method of depreciation, with the average service life procedure.

418. Annual depreciation was calculated using a method of depreciation accounting that seeks to distribute the unrecovered cost of fixed capital assets over the estimated remaining useful life of each unit, or group of units or assets, in a systematic and rational manner. (Id. at 6.) NPC's recommended annual depreciation accrual rates were determined in two phases. In the first phase,

(2) NPC's failure to recognize economies of scale when determining that the demolition costs per kilowatt derived from an approximate 50 MW unit are applicable to 600 MW units; and (3) unreasonable results reflected in NPC's presentation for production plant, including a failure to recognize that electric generating plants can and will be sold in the future. Until NPC can present a thorough, complete and well-documented analysis that takes into account all realistic possibilities associated with retirements of existing generation, it should not be allowed to arbitrarily increase revenue requirements through production plant net salvage proposals. The BCP's recommendation will result in a reduction of $23.2 million for plant as of December 31, 2005. (Id. at 32-34.)

456. The BCP, however, also provided an alternative recommendation. If the Commission is prepared to recognize the possibility that electric generating units can and will be sold sometime in the future, the BCP recommended a 10% positive level of net salvage for all generating units. (Id. at 34-35.)

457. With regard to mass property life analysis, the BCP recommended adjustments to three accounts, including Account 353 – Transmission Station Equipment, Account 366 – Distribution Underground Conductors, and Account 367 – Distribution Underground Conductors and Devices. (Id. at 36-37.)

458. For Account 353, NPC proposed to increase the ASL from 45 years to 50 years while retaining the R2 Iowa Survivor Curve. NPC's proposal for this account is unreasonable because NPC's analyses do not reasonably match the historical retirement pattern with its proposed life/curve combination. NPC simply assumed without basis that the most significant retirement reflected in its historical analysis was normal. As such, NPC's proposal failed to properly recognize the relationship of the investment in this account to the type of plant retired during the past 10 years. In the alternative, the BCP recommended use of a 60 S0.5 life/curve combination, stating that its values were conservative and in line with NPC's own recognition that a longer life expectancy is

Q.

Station Equipment – Step Up Transformers. Please provide a detailed narrative identifying what retired and why the retirement occurred at age zero for Account 353.1 – Station Equipment – Step Up Transformers, as set forth on Exhibit CRC-1, page 506. Further, specifically state why this event is considered representative of the remaining investment.

A.

The retirement of $3,449,428 occurred as a result of failure of a generator step up transformer at the Turkey Point Nuclear plant in June 2005. The replacement work order is 0006-009-0831.

The information for this year as well as all years 1958 through 2007 were provided by the Company for the life analysis. No specific year was analyzed for FPL's depreciation study, but rather all years and bands of years were used. For this account if the retirement at age zero of $3,449,428 were deemed to be atypical and excluded from the analysis there would be no impact on the chosen curve and life. The 33 R2 life and curve is still the best fit and is representative of this account. The information derived from examining all years and bands was used to determine estimated curve and average service life. The resulting estimate therefore represents the best information available at the time for this account. Because the estimate is based on 50 years of actual history, we believe that it is indicative of future conditions until new recorded information is available and that unusual events occurring in any one particular year do not affect the results significantly or inappropriately.

Q.

Transmission Towers & Fixtures. Please explain why FPL decreased the average service life from 45 years to 40 years for Account 354 – Transmission Towers & Fixtures, as set forth on Exhibit CRC – 1, page 510. The response should specifically address references made to the industry data suggesting a 40 to 70-year average service life and why FPL thought that it was appropriate to move to the lowest level of the identified industry range. The response should include a step by step analysis identifying each factor and how each factor interacted with other factors that were employed to arrive at the proposed 40-year average service life.

A.

Account 354 Towers and Fixtures should have a 45-R5 curve and life. There was not enough data to perform a complete life analysis and therefore the curve and life were left unchanged from the current approved. The information in the Depreciation Report (Exhibit CRC-1) that discusses the change to a 40-R5 life and curve is incorrect and should be changed. The Depreciation Report and associated work papers will be revised to reflect the 45-R5 life and curve. The impact of this revision would be approximately $1.5 million decrease in annual depreciation expense.

05-10004
BCP 2-02

ACCOUNT 356: OVERHEAD CONDUCTORS & DEVICES

This account includes the cost of overhead conductors and devices on tower lines used for electric transmission.

This account includes:
Airbreak switch
Circuit breaker
Conductor
Disconnect
Switch insulator
Lightening arrestor
Line switch

SERVICE LIFE:

This account currently has a 50 R4 curve and life. There are retirements on an annual basis however they are small in comparison to the total account. There is not much that affects the life of conductor and according to Company personnel the life is over 50 years. A statistical analysis was performed but the results were meaningless due to the small retirements. Industry has lives in the 38-65 year range [redacted]urves are in the higher mid range R family. We will increase the life slightly to reflect company information and the industry, use a 55 R4.

SALVAGE:

Currently the net salvage is (25). There was no retirement data that was meaningful for a salvage analysis. The industry range is (5)-(80) with a trend to more negative. We have nothing to suggest change so we will retain the (25) net salvage percent.

02-05-004

SOUTHERN CALIFORNIA
EDISON®

An *EDISON INTERNATIONAL®* Company

(U 338-E)

2003 General Rate Case

Workpapers

SCE-8: Results of Operations
Chapter XI

Southern California Edison Company
Simulated Plant Record - Balances Method
Account : 359.000 ROADS AND TRAILS

Approved Curve: SQ - 60

Account Activity (as a percentage of the 2000 balance)

1. 5 Year Additions: $\frac{2,159,100}{23,101,960}$ = 9.35%

2. 5 Year Retirements: $\frac{22,570}{23,101,960}$ = 0.10%

3. 1995 Balance: $\frac{20,965,430}{23,101,960}$ = 90.75%

Balance as a % of 2000 Balance	
3 years ago	100.00%
5 years ago	90.75%
7 years ago	90.36%
10 years ago	90.21%
15 years ago	55.48%

Trends in Data:

Very little activity, mostly additions.

A significant portion of the plant is new and added within the last 15 years.

Poor statistics -- Conformance indices high, but insufficient retirement experience.

SELECTION: SQ - 60

Comments:

Industry average 60 years and SQ curve most predominant. Currently approved is 60 years and SQ curve. Continue to use the approved SQ-60.

Ex 35

NEVADA POWER COMPANY

BEFORE THE

PUBLIC UTILITIES COMMISSION OF NEVADA

IN THE MATTER of the Application of NEVADA POWER COMPANY for Approval of New and Revised Depreciation Rates	Docket No. 06-11 023

Depreciation Study

Application

Testimony

Depreciation Study

Eric Witkoski (5 Copies)
Bureau of Consumer Protection
555 E. Washington Street
Suite 3900
Las Vegas, NV 89101

352	Structures & Improvements	50	R3	-10	2.05	34,835	50	R3	-10	2.16	37,669	2,834
353	Station Equipment	45	R2	5	2.03	8,380,929	50	R2	5	1.82	7,763,620	-617,309
354	Towers & Fixtures	45	R3	-25	2.88	381,791	60	R4	-25	1.72	241,115	-140,676
355	Poles & fixtures	38	R1.5	-20	3.08	5,922,832	45	R1.5	-20	2.44	4,790,262	-1,132,570
356	Overhead Conductors & Devices	40	R3	-10	2.86	3,112,508	50	R1.5	-10	1.97	2,206,893	-905,615
357	Underground Conduit				2.41	161,179	50	R2	0	1.88	125,501	-35,678
358	Underground Conductors				2.40	224,077	35	R3	0	2.91	271,614	47,537
359	Roads & Trails	65	R5	0	1.65	28,670	60	R5	0	1.76	30,597	1,927
	TOTAL TRANSMISSION PLANT					19,020,048					16,353,811	-2,666,237
	DISTRIBUTION PLANT											
360.2	Land Rights	65	S5	0	1.59	417,489	65	R4	0	1.54	413,492	-3,997
361	Structures & Improvements	42	S1	-5	2.26	8,808	50	R3	-5	2.14	13,773	4,965
362	Station euipment	37	R2	-10	2.98	10,391,873	50	R1.5	-10	1.92	6,980,327	-3,411,546
364	Poles,Towers & Fixtures	45	R1	-25	2.20	1,241,644	50	R1.5	-25	2.39	1,363,159	121,515
365	Overhead Conductors	45	R1	5	1.85	1,556,227	50	R1	5	1.69	1,431,967	-124,260
366	Underground Conduit	50	R2	-20	2.41	3,435,019	50	R3	-20	2.38	3,366,506	-68,513
367	Underground Conductors	35	R3	15	2.40	16,983,785	35	S4	15	2.48	18,490,424	1,506,639
368	Line transformers	42	S0.0	5	2.13	6,675,135	38	R2.5	5	2.72	8,927,307	2,252,172
369	Services	30	S4	-50	5.40	8,278,995	40	R4	-50	3.39	5,413,702	-2,865,293
370	Meters	30	R1	1	3.43	2,414,265	35	R1	1	2.62	1,910,765	-503,500
372	Leased Property on Customer Pemises	15	S0.0	60	0.99	19,876	25	R1	60	1.06	21,451	1,575
373	Street Lighting	20	R1	0	3.15	35,142	25	R1	0	1.30	14,714	-20,428
												0
	TOTAL DISTRIBUTION PLANT					51,458,258					48,347,587	-3,110,671
	GENERAL PLANT											
3892	Rights of Way	40	R5	0	3.33	186	50	SQ	0	1.11	62	
390	Structures & Improvements	40	R4	-5	2.62	1,128,646	45	R2	-5	2.11	909,417	
391.1	Office Furniture & Euipment	23	L1	5	4.24	688,908	20	SQ	0	5.00	873,901	
391.2	Computers	7	L1	3	21.58	8,495,144	5	SQ	0	20.00	7,874,949	
392	Transportation Equipment	11	S1	20	7.81	1,230,277			10	10.28	1,630,492	
393	Store Equipment	20	R4	7	4.95	42,508	20	SQ	0	5.00	42,893	
394	Tools, Shop & Garage Euipment	35	S0.0	0	2.59	86,659	25	SQ	0	4.00	141,753	
395	Laboratory Equipment	30	R3	5	3.53	161,371	15	SQ	0	6.67	303,918	
396	Power-Operated Equipment	16	S2	15	4.08	790,038			10	8.20	1,595,845	
397	Communication Equipment	22	S2	-10	4.90	3,615,970	15	SQ	0	6.67	5,205,135	
398	Miscellaneous Equipment	20	L0.0	0	7.00	9,058	15	SQ	0	6.67	8,622	
	TOTAL GENERAL PLANT					16,248,765					18,586,987	2,338,222
	TOTAL PLANT					126,066,603					167,101,413	41,034,810

SIERRA PACIFIC POWER COMPANY

ELECTRIC DEPARTMENT

BEFORE THE

PUBLIC UTILITIES COMMISSION OF NEVADA

IN THE MATTER of the Application of SIERRA PACIFIC POWER COMPANY for Approval of New and Revised Depreciation Rates for its Electric Operations	))))))	Docket No. 05-10006

Depreciation Study

Application

Testimony

Depreciation Study

Eric Witkoski (5 Copies)
Bureau of Consumer Protection
555 E. Washington Street
Suite 3900
Las Vegas, NV 89101

SIERRA PACIFIC POWER COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2004

	ACCOUNT	SURVIVOR CURVE		NET SALVAGE PERCENT	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	ELECTRIC PLANT									
	INTANGIBLE PLANT									
303.00	MISCELLANEOUS INTANGIBLE PLANT	10-SQ		0	9,094,596.00	4,707,100	4,387,496	438,750	10.00	-
	STEAM PRODUCTION									
310.00	LAND RIGHTS	75-R3		0	203,037.21	142,587	60,449	1,081	0.53	55.9
311.00	STRUCTURES AND IMPROVEMENTS	125-R2	*	(50)	66,660,470.15	41,097,654	58,893,051	2,439,398	3.66	24.1
312.00	BOILER PLANT EQUIPMENT	60-R2	*	(50)	214,029,226.69	124,210,908	196,832,939	8,595,393	4.02	22.9
314.00	TURBOGENERATOR UNITS	70-R2	*	(50)	72,139,455.52	45,995,070	62,214,117	3,126,234	4.33	19.9
315.00	ACCESSORY ELECTRIC EQUIPMENT	60-S1.5	*	(50)	40,534,330.28	25,833,841	34,967,850	1,580,077	3.90	22.1
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	50-R1.5	*	(50)	9,610,650.54	4,516,730	9,899,242	539,579	5.61	18.3
	TOTAL STEAM PRODUCTION				403,177,172.39	241,796,790	362,867,448	16,281,762	4.04	
	HYDRAULIC PRODUCTION									
* 330.20	LAND RIGHTS	120-S4	*	0	246,137.44	230,107	16,030	2,011	0.82	8.0
331.00	STRUCTURES & IMPROVEMENTS	100-S1	*	(2)	1,894,709.69	1,016,424	916,182	114,773	6.06	8.0
332.00	RESERVOIRS, DAMS & WATERWAYS	70-R1	*	(2)	14,167,066.51	11,146,313	3,304,098	421,845	2.98	7.8
333.00	WATERWHEELS, TURBINES & GENERATORS	65-R1.5	*	(2)	716,232.62	642,706	87,851	11,183	1.56	7.9
334.00	ACCESSORY ELECTRIC EQUIPMENT	55-S3	*	(2)	780,980.13	480,521	316,077	40,908	5.24	7.7
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT	50-S2.5	*	(2)	3,238.15	3,238	66	9	0.28	7.3
336.00	ROADS, RAILROADS & BRIDGES	55-R3	*	(2)	180,580.01	102,791	81,381	10,733	5.94	7.6
	TOTAL HYDRAULIC PRODUCTION				17,988,924.55	13,622,100	4,721,683	601,562	3.34	
	OTHER PRODUCTION									
341.00	STRUCTURES & IMPROVEMENTS	SQUARE	*	(10)	6,228,016.75	1,968,014	4,882,807	256,358	4.12	19.0
342.00	FUEL HOLDERS, PRODUCERS & ACCESSORY EQUIPMEI	SQUARE	*	(10)	13,864,751.88	3,549,368	11,701,859	575,246	4.15	20.3
343.00	PRIME MOVERS	SQUARE	*	(10)	23,270,436.91	6,729,516	18,867,964	942,145	4.05	20.0
344.00	GENERATORS	SQUARE	*	(10)	42,118,393.30	16,436,516	29,893,717	1,569,253	3.73	19.0
345.00	ACCESSORY ELECTRIC EQUIPMENT	SQUARE	*	(10)	39,608,609.14	13,122,497	30,446,969	1,480,576	3.74	20.6
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	SQUARE	*	(10)	8,706,553.87	1,378,796	8,198,410	397,922	4.57	20.6
	TOTAL OTHER PRODUCTION				133,796,763.85	43,184,711	103,991,726	5,221,500	3.90	
	TRANSMISSION PLANT									
350.20	LAND RIGHTS	70-R4		0	41,937,662.27	3,854,255	38,083,404	594,873	1.42	64.0
352.00	STRUCTURES & IMPROVEMENTS	55-R4		(5)	6,745,425.61	1,276,137	5,806,558	133,239	1.98	43.6
353.00	STATION EQUIPMENT	50-R3		(10)	158,143,175.40	53,006,094	118,751,399	3,011,527	1.93	39.4
354.00	TOWERS & FIXTURES	60-R4		(10)	128,751,388.60	22,333,188	119,293,340	2,288,469	1.78	52.1
355.00	POLES AND FIXTURES	60-R3		(30)	54,056,038.72	19,121,684	51,151,166	1,093,447	2.02	46.8
356.00	OVERHEAD CONDUCTORS AND DEVICES	55-R4		(25)	112,752,999.84	39,165,350	101,775,901	2,280,303	2.02	44.6
357.00	UNDERGROUND CONDUIT	60-S4		(10)	6,967,583.86	840,972	6,823,371	133,927	1.92	50.9
358.00	UNDERGROUND CONDUCTORS AND DEVICES	50-S3		(15)	10,876,916.77	937,307	11,571,147	255,427	2.36	45.3
359.00	ROADS AND TRAILS	70-R4		0	399,232.10	218,481	180,751	4,766	1.19	37.9
	TOTAL TRANSMISSION PLANT				518,630,423.17	140,753,468	453,437,037	9,795,978	1.89	

Ex E27

SIERRA PACIFIC POWER COMPANY
SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED
ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2004

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	COMPOSITE REMAINING LIFE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
	DISTRIBUTION PLANT								
360.20	LAND RIGHTS	65-R4	0	6,961,933.91	2,295,835	4,666,097	104,322	1.50	44.7
361.00	STRUCTURES & IMPROVEMENTS	55-R3	(5)	1,648,448.17	617,035	1,113,834	30,061	1.82	37.1
362.00	STATION EQUIPMENT	50-R4	(10)	143,461,643.05	49,971,816	107,836,191	2,882,595	2.01	37.4
364.00	POLES, TOWERS AND FIXTURES	45-R0.5	(15)	142,694,449.20	63,939,358	100,159,261	2,683,859	1.88	37.3
365.00	OVERHEAD CONDUCTORS AND DEVICES	55-R2.5	(50)	129,044,802.84	67,674,025	125,893,180	3,152,036	2.44	39.9
366.00	UNDERGROUND CONDUIT	60-S2	(10)	79,108,853.22	24,559,649	60,460,090	1,345,877	1.70	44.9
367.00	UNDERGROUND CONDUCTORS AND DEVICES	50-S2.5	(40)	226,648,092.39	75,086,211	242,221,116	5,995,491	2.65	40.4
368.00	LINE TRANSFORMERS	45-R0.5	(15)	145,500,318.90	55,189,454	112,135,914	2,991,133	2.06	37.5
369.00	SERVICES	40-R2	(60)	102,624,268.47	52,021,200	112,177,664	3,645,802	3.55	30.8
370.00	METERS	33-R1.5	0	39,747,866.21	14,700,648	25,047,214	1,016,738	2.56	24.6
371.00	INSTALLATIONS ON CUSTOMERS PREMISES	25-R2.5	(40)	8,470,251.21	7,005,012	4,853,342	449,983	5.31	10.8
373.00	STREET LIGHTING AND SIGNAL SYSTEM	35-R2	(20)	26,636,735.24	8,278,743	23,925,337	964,732	3.59	24.8
	TOTAL DISTRIBUTION PLANT			1,052,747,682.81	421,338,786	920,489,240	25,262,629	2.40	
	GENERAL PLANT								
390.00	STRUCTURES & IMPROVEMENTS	45-R2.5	(5)	9,042,940.21	2,491,579	7,003,508	229,447	2.54	30.5
391.10	OFFICE FURNITURE AND EQUIPMENT	20-SQ	0	2,011,465.27	1,188,515	822,951	100,573	5.00 **	-
391.20	COMPUTER EQUIPMENT	5-SQ	0	3,390,680.08	1,691,680	1,699,000	678,136	20.00 **	-
391.30	COMPUTER EQUIPMENT - ESCC	10-SQ	0	2,911,537.03	2,028,519	883,019	291,154	10.00 **	-
392.00	TRANSPORTATION EQUIPMENT		10	20,717,069.00	8,519,265	14,197,804	2,956,326	14.27 ***	-
393.00	STORES EQUIPMENT	20-SQ	0	214,101.68	129,496	84,606	10,705	5.00 **	-
394.00	TOOLS, SHOP & GARAGE EQUIPMENT	25-SQ	0	4,000,737.49	2,181,759	1,818,980	160,029	4.00 **	-
395.00	LABORATORY EQUIPMENT	15-SQ	0	754,690.50	309,706	444,983	50,338	6.67 **	-
396.00	POWER OPERATED EQUIPMENT		10	4,755,149.00	638,842	4,116,307	456,019	9.59 ***	-
397.00	COMMUNICATION EQUIPMENT	15-SQ	0	24,516,317.36	7,598,567	16,919,747	1,635,372	6.67 **	-
	TOTAL GENERAL PLANT			72,316,687.62	24,777,930	47,990,905	6,568,099	9.08	
	NONDEPRECIABLE PLANT								
301.00	ORGANIZATION			25,156.00					
302.00	FRANCHISES AND CONSENTS			5,851.00					
310.00	LAND			925,442.00					
330.00	LAND			108,604.00					
340.00	LAND			206,294.00					
350.00	LAND			1,036,266.00					
360.00	LAND			2,332,478.00					
389.00	LAND			1,412,885.00					
	TOTAL NONDEPRECIABLE			6,055,176.00					
	TOTAL ELECTRIC PLANT IN SERVICE			2,213,807,426.39	890,180,885	1,897,885,535	68,119,028		

ONCOR ELECTRIC DELIVERY
EXISTING AND PROPOSED LIFE PARAMETERS
FOR TRANSMISSION, DISTRIBUTION, AND GENERAL FUNCTIONS
AT DECEMBER 31, 2007

Account No.	Description	Existing Life	Proposed Life	Change
Transmission				
350	Land and Land Rights	70 R3	70 R3	0
352	Structures and Improvements	41 R4	48 S6	7
353	Station Equipment	45 R2	46 L0.5	1
354	Towers and Fixtures	45 R3	60 R3	15
355	Poles and Fixtures	45 R4	50 R2	5
356	Overhead Conductor	42 S4	50 R2	8
357	Underground Conduit	50 R3	50 R3	0
358	Underground Conductor and Devices	35 S3	40 S3	5
Distribution				
360	Land and Land Rights	60 R3	60 R3	0
361	Structures and Improvements	41 R4	48 S6	7
362	Station Equipment	40 R2	48 R1	8
364	Poles, Towers, and Fixtures	27 R2	38 R1	11
365	Overhead Conductor and Devices	34 R1	37 R1.5	3
366	Underground Conduit	50 R2	48 R2.5	(2)
367	Underground Conductor and Devices	32 S0	34 R1.5	2
368	Line Transformers	41 R1	39 R1.5	(2)
369	Services	34 S0	32 S4	(2)
370	Meters			
Retire with AMS Deployment				
370	BPL/PLC Meters	31 R2	Amortize	
370	Conventional Meters	31 R2	Amortize	
Remain in Service after Deployment				
370	Substation	31 R2	11	(20)
370	IDR Meters	31 R2	15 R2	(16)
370	Meter Related Hardware	31 R2	20 R2	(11)
371	Installation on Customer Premises	15 R4	19 S6	4
373	Street Lighting	25 L0	24 S6	(1)
General				
389	Land and Land Rights	40 R2	50 R2	10
390	Structures and Improvements	37 R3	50 R1	13
391	Office Furniture and Equipment	20 S4	15 L0	(5)
392	Transportation Equipment	12 L2	13 L2	1
393	Stores Equipment	31 L5	40 R1.5	9
394	Tool, Shop, and Garage Equipment	28 R1	35 L0.5	7
395	Laboratory Equipment	25 L4	25 L2	0
396	Power Operated Equipment	17 L0	30 L0	13
397	Communication Equipment	19 S3	20 R2	1
398	Miscellaneous Equipment	28 R2	22 L2	(6)
399	Other Tangible Property	45 R4	45 R4	0

September 30, 2008 Update

Appendix D

ONCOR ELECTRIC DELIVERY
EXISTING AND PROPOSED NET SALVAGE RATES
FOR TRANSMISSION, DISTRIBUTION, AND GENERAL FUNCTIONS
AT DECEMBER 31, 2007

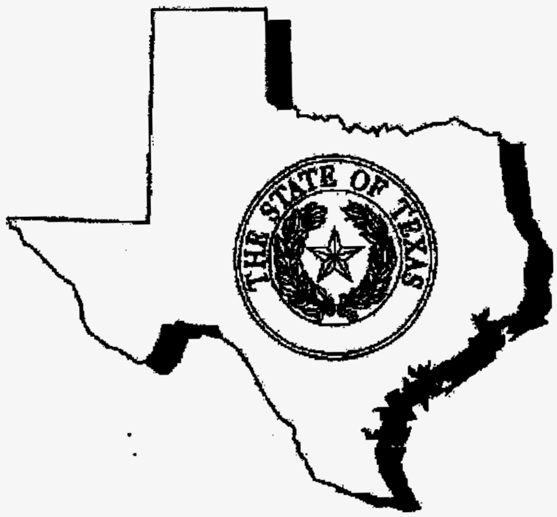
Account No.	Description	Existing Net Salvage	Proposed Net Salvage	Change
Transmission				
350	Land and Land Rights	0%	0%	0%
352	Structures and Improvements	0%	-50%	-50%
353	Station Equipment	0%	-15%	-15%
354	Towers and Fixtures	0%	-35%	-35%
355	Poles and Fixtures	0%	-100%	-100%
356	Overhead Conductor	0%	-65%	-65%
357	Underground Conduit	0%	-10%	-10%
358	Underground Conductor and Devices	0%	-10%	-10%
Distribution				
360	Land and Land Rights	0%	0%	0%
361	Structures and Improvements	-10%	-50%	-40%
362	Station Equipment	-10%	-15%	-5%
364	Poles, Towers, and Fixtures	-10%	-65%	-55%
365	Overhead Conductor and Devices	-10%	-55%	-45%
366	Underground Conduit	-10%	-50%	-40%
367	Underground Conductor and Devices	-10%	-10%	0%
368	Line Transformers	-10%	-20%	-10%
369	Services	-10%	-20%	-10%
370	Meters	-10%	-18%	-8%
Retire with AMS Deployment				
370	BPL/PLC Meters	-10%	-3.03%	7%
370	Conventional Meters	-10%	-5.72%	4%
Remain in Service after Deployment				
370	Substation	-10%	-15.00%	-5%
370	IDR Meters	-10%	-5.52%	4%
370	Meter Related Hardware	-10%	-14.48%	-4%
371	Installation on Customer Premises	-10%	-30%	-20%
373	Street Lighting	-10%	-25%	-15%
General				
389	Land and Land Rights	0%	0%	0%
390	Structures and Improvements	0%	-2%	-2%
391	Office Furniture and Equipment	0%	0%	0%
392	Transportation Equipment	10%	10%	0%
393	Stores Equipment	0%	0%	0%
394	Tool, Shop, and Garage Equipment	0%	0%	0%
395	Laboratory Equipment	0%	0%	0%
396	Power Operated Equipment	0%	10%	10%
397	Communication Equipment	0%	0%	0%
398	Miscellaneous Equipment	0%	0%	0%
399	Other Tangible Property	0%	0%	0%

September 30, 2008 Update

SOAH DOCKET NO. 473-08-3681
PUC DOCKET NO. 35717

2008 DEC 10 AM 11:28

APPLICATION OF ONCOR ELECTRIC	§	BEFORE THE STATE OFFICE
DELIVERY COMPANY LLC FOR	§	
AUTHORITY TO CHANGE RATES	§	OF
	§	
	§	ADMINISTRATIVE HEARINGS



DIRECT TESTIMONY
OF
NARA V. SRINIVASA, P.E.
INFRASTRUCTURE AND RELIABILITY DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS

DECEMBER 10, 2008

611

00001

SOAH DOCKET NO. 473-08-3681

PUC DOCKET NO. 35717

TABLE OF CONTENTS

I analyzed the company's actuarial study for those account categories and agreed with the company proposed life parameter and the CRL for FERC accounts 357, 358, 391 through 398. I did not agree with the company's proposed life parameter and CRL for FERC Accounts 353, 354, 355, 356 and 362. For those six accounts I used the company provided observed life table from its depreciation study work papers[10] for placement band 1955-2007 and experience band 2002-2007 to conduct independent actuarial study and plotted the stub curve. I then compared it to the curve plot of my proposed life parameter and the company proposed life parameter. Next, I observed the curve plots for visual matching and conducted the statistical test to verify the best fit. The statistical test consisted of computing GFI and CI value. For each of those accounts I proposed a different life parameter than the company proposed because it was a better visual and mathematical fit. Table-2 below shows company proposed and my proposed life parameters and CRL's for the FERC accounts for which actuarial study was conducted.

Table-2 Summary of Actuarial Study Results

FERC ACCTS	DESCRIPTION	Company Proposed Life Parameter		Company Proposed CRL	Staff proposed Life Parameter		Staff proposed CRL
Transmission							
352	Structures and Improvements	48	S6	38.77	60	S6	50.63
353	Station Equipment	46	L0.5	37.80	60	L0.5	51.24
354	Towers and Fixtures	60	R3	43.95	60	R3	43.95
355	Poles and Fixtures	50	R2	41.22	60	R2	51.07
356	Overhead Conductors and Devices	50	R2	39.22	60	R3	47.79
357	Underground Conduit	50	R3	40.96	50	R3	40.96
358	Underground	40	S3	31.52	40	S3	31.52

[10] Company witness Watson depreciation study work papers filed on CD in response to staff RFI 2-07, and ATOC RFI set No.3

000026

FERC ACCTS	DESCRIPTION	Company Proposed Life Parameter		Company Proposed CRL	Staff proposed Life Parameter		Staff proposed CRL
	Conductors and Devices						
Distribution Station							
362	Station Equipment	48	R1	36.62	**50**	**R1**	**38.59**
General	**Depreciable**						
389	Land Rights	50	R2	34.70	50	R2	34.70
390	Structures and Improvements	50	R1	36.09	50	R1	36.09
397	Communication Equipment	22	L2	8.22	22	L2	8.22
Accounts Using AR 15:							
391	Office Furniture and Equipment	15		11.28	15		11.28
392	Transportation Equipment	13		7.31	13		7.31
393	Stores Equipment	40		18.76	40		18.76
394	Tools, Shop and Garage Equipment	35		22.71	35		22.71
395	Laboratory Equipment	25		14.82	25		14.82
396	Power Operated Equipment	30		23.53	30		23.53
397	Communication Equipment	20		7.94	20		7.94
398	Miscellaneous Equipment	22		11.67	22		11.67

Q Please explain how the SPR method of life analysis was used in the Oncor's depreciation study.

A. Oncor used the SPR method for determining the life parameters for most of the account categories for which the company had no aged data. The company's proprietary

000027

Q.

Distribution Poles, Towers & Fixtures. For Account 364 – Distribution Poles, Towers & Fixtures, please provide the following:

a. All support and justification as to why the average service life was increased only to 37 years given the statements on Exhibit CRC – 1, page 569 that the actuarial results suggested average service life of 38 to 40 years, that the industry range produced an average of approximately 42 years, and that the life of wood poles is being extended.
b. The total number of poles segregated by different types of poles.
c. The dollar level of investment in each different type of pole.
d. The number of poles by type of pole retired by year for the past 10 years. Please provide the information both in hard copy and in electronic medium in Excel readable format.
e. The number of poles by type of pole added by year for the past 10 years. Please provide the information both in hard copy and in electronic medium in Excel readable format.
f. A detailed explanation of what factors resulted in the cost of removal for 2006 equaling approximately $17.3 million, specifically categorizing the cost of removal activity by type of investment retired.
g. A detailed explanation of what factors resulted in the cost of removal for 2007 to be approximately $17.3 million, specifically categorizing the cost of removal activity by type of investment retired.
h. The number of poles retired by year, for the past 10 years, that were not replaced.
i. The number of poles retired by year, for the past 10 years, due to storm related activity.

A.

(a) The various bands run on the life analysis showed best fitting lives ranging from 37.4 years to 40 years. The 37-year life when matched with theR2 curve was the best match for the recorded data for this account. See Exhibit CRC-1, page 570.

(b) FPL uses three different types of poles throughout its distribution network: concrete, steel and wood. As of December 31, 2008, the total number for each of these types of poles was as shown below:

Type	Quantity
Concrete	73,074
Steel	12
Wood	1,074,260
Total	1,147,346

(c) As of December 31, 2008, the dollar level of investment in concrete, steel and wood poles was as shown below:

Type	Investment
Concrete	$140,784,185
Steel	16,860
Wood	656,784,297
Total	$797,585,342

(d) As of December 31, 2008, the number of poles retired by year for the past 10 years was as shown below:

Year	Concrete	Wood	Total Retirements
1999	1,002	11,754	12,756
2000	659	15,261	15,920
2001	561	10,882	11,443
2002	677	12,792	13,469
2003	655	13,009	13,664
2004	659	10,788	11,447
2005	677	24,027	24,704
2006	923	25,415	26,338
2007	838	17,940	18,778
2008	829	16,727	17,556

(e) As of December 31, 2008, the number of poles added by year for the last 10 years was as shown below:

Year	Concrete	Wood	Total Additions
1999	1,582	23,651	25,233
2000	1,606	24,675	26,281
2001	1,270	23,465	24,735
2002	907	20,384	21,291
2003	2,555	33,585	36,140
2004	1,624	20,656	22,280
2005	1,116	26,816	27,932
2006	2,370	49,941	52,311
2007	2,888	36,317	39,205
2008	4,663	21,160	25,823

(f) The factors which resulted in the cost of removal for 2006 equaling approximately $17.3M, were primarily reliability projects, relocation of facilities and new services.

(g) The factors which resulted in the cost of removal for 2007 being approximately $9.9M (not $17.3M), were primarily infrastructure hardening, relocation of facilities, reliability projects, new services and restoration work.

(h) FPL cannot provide this information, as its records are not maintained at this level of detail.

(i) The number of poles retired by year, for the past 10 years, due to storm-related activity was as shown below:

Year	Total Storm Retirements
2005	12,028
2006	4
2007	400
2008	566

Note: There were no poles retired as a result of storm activity from 1999 to 2004 (accounting for poles replaced as a result of the 2004 storms occurred in 2005).

Year	Description	Quantity - Feet		Cost
1999	CBL, B, 600V, ALL	13,742	$	37,289
	CBL, B, PRI, AL, ALL	834,305	$	2,934,578
	CBL, B, PRI, CU, ALL	14,849	$	141,806
1999 Total		862,896	$	3,113,673
2000	CBL, B, 600V, ALL	49,406	$	141,898
	CBL, B, PRI, AL, ALL	1,648,596	$	5,860,911
	CBL, B, PRI, CU, ALL	14,915	$	135,393
2000 Total		1,712,917	$	6,138,202
2001	CBL, B, 600V, ALL	43,999	$	105,825
	CBL, B, PRI, AL, ALL	1,205,999	$	4,301,809
	CBL, B, PRI, CU, ALL	12,557	$	414,136
2001 Total		1,262,555	$	4,821,770
2002	CBL, B, 600V, ALL	38,628	$	64,953
	CBL, B, PRI, AL, ALL	846,914	$	2,483,320
	CBL, B, PRI, CU, ALL	40	$	1,272
2002 Total		885,582	$	2,549,546
2003	CBL, B, 600V, ALL	(282)	$	(531)
	CBL, B, PRI, AL, ALL	46,112	$	115,003
	CBL, B, PRI, CU, ALL	2,647	$	7,006
2003 Total		48,477	$	121,478
2004	CBL, B, 600V, ALL	(89)	$	(153)
	CBL, B, PRI, AL, ALL	68,201	$	185,877
	CBL, B, PRI, CU, ALL	1,843	$	26,938
2004 Total		69,955	$	212,662
2005	CBL, B, 600V, ALL	3	$	5
	CBL, B, PRI, AL, ALL	44,999	$	124,907
	CBL, B, PRI, CU, ALL	1,765	$	13,677
2005 Total		46,767	$	138,589
2006	CBL, B, PRI, AL, ALL	2,423	$	6,092
	CBL, B, PRI, CU, ALL	786	$	3,482
2006 Total		3,209	$	9,574
2007	CBL, B, PRI, AL, ALL	8,371	$	24,600
	CBL, B, PRI, CU, ALL	962	$	3,621
2007 Total		9,333	$	28,222
2008	CBL, B, PRI, AL, ALL	12,659	$	37,536
	CBL, B, PRI, CU, ALL	547	$	2,235
2008 Total		13,206	$	39,771

NOTE: "CU" in the description denotes Copper.

Q.

Distribution Line Transformers. For Account 368 – Distribution Line Transformers, please provide the following:

a. The number of pole versus pad mounted transformers and the corresponding dollar value for each category.
b. The number pole versus pad mounted transformers retired by year, for the past 10 years, along with the corresponding dollar value by year.
c. The underlying causes of retirement segregated by type of cause for the retirements that occurred during the age intervals 0.5, 1.5, and 2.5 years of age, as set forth on Exhibit CRC – 1, page 615. Further provide all reasons FPL believes that such level of retirements at such an early age is indicative of future retirements applicable to existing investment, specifically identifying the relationship of pole mounted and pad mounted transformers in FPL's response, as well as all support and justification for the responsive information.

A.

(a) FPL's asset database does not identify all transformers by "pole mounted" or "pad mounted". The classification is by KVA groupings. See Attachment 1 for the numbers and corresponding dollars by KVA groupings:

(b) FPL's asset database does not identify all transformers by "pole mounted" or "pad mounted." The classification is by KVA groupings. The list of transformers retired for the past 10 years are based on KVA groupings (See Attachment 2).

(c) The major cause of the retirements in these early age intervals related to deterioration or failure of single-phase voltage regulators. Information for those age intervals as well as all age intervals was used in the life analysis. No specific year was analyzed but rather the information derived from examining all years (1941 through 2007) and bands was used to determine estimated curve and average service life. This resulting estimate is based on the best information we have available for this account and, because it is based on 65 years of actual history, we believe it is indicative of the future until new recorded information is available.

Q.

General Plant. Please provide a list of the ten largest general plant structures and improvements from a dollar standpoint, along with corresponding dollar amounts which were included in account 390. Further, provide a detailed description (not legal description) of the property. The description should include, but not be limited to, the type of construction, the size, and year of construction, current use, current property tax appraisals, or other appraisals and any plans for retirement of such structure in the future.

A.

FPL does not segregate costs by individual buildings for Account 390, but rather as an asset location for a given site. FPL has provided a listing of the ten largest asset locations by dollar value for Account 390. The asset locations provided below contain general office type facilities, care center facilities, service center buildings, warehousing, corporate record facilities, equipment test and repair facilities and other buildings supporting utility operations.

Item	Facility	Facility Name	Original Cost
1	MCE	MIAMI - CENTRAL SVC CNTR	4,559,664
2	MTC	METER TEST CENTER	4,751,015
3	ML3	BREVARD SERVICE CENTER	4,969,835
4	ERC	EQUIP REPAIR CENTER	6,024,394
5	WP3	W PALM BCH SVC CNTR	9,796,036
6	CSE	CUSTOMER SERVICE - EAST	13,705,203
7	PDC	PHYSICAL DIST CNTR	20,365,510
8	LFO	LEJEUNE/FLAGLER OFFICE	30,943,293
9	GO	GENERAL OFFICE	55,247,455
10	JB	JUNO OFFICE	108,932,758

Corporate Real Estate

Analysis of Building Construction Type and Square footage

Site	Gross sq feet	Construction type
Miami Central Service Center	34,064	CBS
Meter Test Center	21,731	CBS
Brevard Service center	38,405	Multiple Bldg's- combination CBS and pre-engineered metal buildings
Equip repair center	201,928	Precast Concrete
WPB Svc Ctr	28,884	CBS
Customer Service center	128,595	Drive it Construction
PDC	346,627	Multiple Bldg's- combination tilt up and pre-engineered metal buildings
LFO	229,606	Multiple Bldg's - Concrete
GO	709,643	Precast Concrete with window ribbing
JB	885,977	Multiple Bldg's - Precast Concrete with window ribbing

Square footage derived from REIS system for all areas except for GO and JB. These were provided from Building management system.

See Attachment No. 1 for additional information.

An appraisal was performed of the Juno Beach Headquarters. The document is confidential and will be made available by FPL for inspection and review by OPC at Rutledge, Ecenia & Purnell, P.A., 119 South Monroe Street, Suite 202, Tallahassee, Florida, during regular business hours, 8 a.m. to 5 p.m., Monday through Friday, upon reasonable notice to FPL's counsel.

Q.

Aircraft-Fixed Wing. For Account 392.01 – Aircraft-Fixed Wing, please provide the following:

a. All support and justification for the 7 year SQ curve.
b. All support and justification for the assumed 50% positive salvage.
c. The retirement of any fixed wing aircraft subsequent to 2007 along with all the underlying accounting information.

A.

A discrepancy was found in the Depreciation Study Report (Exhibit CRC-1) since it was filed. The net salvage information shown on Page 670 of that exhibit was incorrect. The revised page is attached to this interrogatory. The correct information was used, however, for the life analysis and the revision to the net salvage information does not affect the net salvage recommendations reached for this account.

a. The 7-year life for the Company fixed-wing aircraft is based on FPL's experience with such aircraft. This is also the life that is currently approved by the FPSC for this account.

b. The 50 percent positive salvage for the Company fixed-wing aircraft is based on FPL's experience with such aircraft. This is also the net salvage that is currently approved for this account.

c. No retirements have occurred in this account subsequent to 2007.

FLORIDA POWER & LIGHT

ACCOUNT 392.01 - AIRCRAFT - FIXED WING (JET)

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE REUSE AMOUNT	PCT	GROSS SALVAGE FINAL AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2003	6,106,955	0		0		4,028,000	66	4,028,000	66
2004									
2005	5,756,619	0		0		4,234,250	74	4,234,250	74
2006									
2007									
TOTAL	11,863,574	0		0		8,262,250	70	8,262,250	70
THREE-YEAR MOVING AVERAGES									
03-05	3,954,525	0		0		2,754,083	70	2,754,083	70
04-06	1,918,873	0		0		1,411,417	74	1,411,417	74
05-07	1,918,873	0		0		1,411,417	74	1,411,417	74
FIVE-YEAR AVERAGE									
03-07	2,372,715	0		0		1,652,450	70	1,652,450	70

Q.
Aircraft – Rotary Wing. For Account 392.02 – Aircraft – Rotary Wing, please provide the following:

a. All support and justification for the 7 year SQ curve.
b. All support and justification for the assumed 50% positive salvage.
c. The retirement of any fixed wing aircraft subsequent to 2007 along with all the underlying accounting information.
d. The date of installation for the rotary wing aircraft related retirement that occurred in 2003.
e. The date of installation for the rotary wing aircraft related retirement that occurred in 2005.

A.
A discrepancy was found in the Depreciation Study Report (Exhibit CRC-1) since it was filed. The net salvage information shown on Page 673 was incorrect. The revised pages are attached to this interrogatory. The correct information was used for the life analysis, however, and the revised net salvage information does not affect the net salvage recommendations reached for this account. Answers to this interrogatory Parts d and e relate to Aircraft-Fixed Wing (Jet).

a. Discussions with Company personnel in transportation and accounting revealed that 7 years was a proper life for the Company helicopters based on experience. This is also the life that is currently approved by the FPSC for this account.

b. Discussions with Company personnel in transportation and accounting revealed that 50 percent salvage is reasonable for the Company helicopters based on experience. This is also the net salvage that is currently approved by the FPSC for this account.

c. No retirements have occurred in this account subsequent to 2007.

d. (Aircraft-Fixed Wing Jet) - The date of installation for retirements that occurred in 2003 are December 1995 and August 2003.

e. (Aircraft-Fixed Wing Jet) - The date of installation for retirements that occurred in 2005 is December 1995.

FLORIDA POWER & LIGHT

ACCOUNT 392.01 - AIRCRAFT - ROTARY WING

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE REUSE AMOUNT	PCT	GROSS SALVAGE FINAL AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
1988	418,512	0		0		408,516	98	408,516	98
1989	565,757	0		0		2,921	1	2,921	1
1990						399,616		399,616	
1991									
1992									
1993	1,713,152	0		0		1,268,000	74	1,268,000	74
1994									
1995									
1996									
1997									
1998									
1999	1,045,131	0		0		712,900	68	712,900	68
2000	1,063,189	0		0		712,900	67	712,900	67
2001									
2002									
2003									
2004									
2005	6,817,091	0		0		4,310,000	63	4,310,000	63
2006									
2007									
TOTAL	11,622,832	0		0		7,814,853	67	7,814,853	67

THREE-YEAR MOVING AVERAGES

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE REUSE AMOUNT	PCT	GROSS SALVAGE FINAL AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
88-90	328,090	0		0		270,351	82	270,351	82
89-91	188,586	0		0		134,179	71	134,179	71
90-92						133,205		133,205	
91-93	571,051	0		0		422,667	74	422,667	74
92-94	571,051	0		0		422,667	74	422,667	74
93-95	571,051	0		0		422,667	74	422,667	74
94-96									
95-97									
96-98									
97-99	348,377	0		0		237,633	68	237,633	68
98-00	702,773	0		0		475,267	68	475,267	68
99-01	702,773	0		0		475,267	68	475,267	68
00-02	354,396	0		0		237,633	67	237,633	67
01-03									
02-04									
03-05	2,272,364	0		0		1,436,667	63	1,436,667	63

FLORIDA POWER & LIGHT

ACCOUNT 392.01 - AIRCRAFT - ROTARY WING

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE REUSE AMOUNT	PCT	GROSS SALVAGE FINAL AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES									
04-06	2,272,364	0		0		1,436,667	63	1,436,667	63
05-07	2,272,364	0		0		1,436,667	63	1,436,667	63
FIVE-YEAR AVERAGE									
03-07	1,363,418	0		0		862,000	63	862,000	63

364	0	Regular Retirement	1986	(2,979,731.55)	2,363,498.31	(289,352.30)	(1,238,797.08)	
364	1	Reimbursed Retirement	1986	(190,610.55)	135,790.53	(39,474.63)	(621,580.41)	Reimbursable Relocation
364	2	Sale	1986	(570.20)	200.78	(36.86)	(454.35)	Sales/Exchange
364	0	Regular Retirement	1987	(2,510,025.11)	2,414,463.34	(294,690.22)	(1,283,207.21)	
364	1	Reimbursed Retirement	1987	(156,562.92)	136,536.58	(28,218.75)	(309,000.39)	Reimbursable Relocation
364	2	Sale	1987	(223,294.21)	7,623.07	(335.19)	(117.53)	Sales/Exchange
364	0	Regular Retirement	1988	(2,858,504.58)	2,426,528.40	(329,759.80)	(1,428,444.66)	
364	1	Reimbursed Retirement	1988	(241,118.55)	164,512.19	(40,467.26)	(395,303.56)	Reimbursable Relocation
364	2	Sale	1988	7,465.71	161.35	(36.80)	-	Sales/Exchange
364	0	Regular Retirement	1989	(3,096,479.55)	2,649,348.75	(375,438.52)	(956,180.64)	
364	1	Reimbursed Retirement	1989	(204,433.26)	160,979.73	(42,393.94)	(590,364.01)	Reimbursable Relocation
364	2	Sale	1989	(432.21)	350.06	(317.01)	(0.05)	Sales/Exchange
364	0	Regular Retirement	1990	(3,357,461.71)	3,124,646.61	(445,854.59)	(1,518,519.42)	
364	1	Reimbursed Retirement	1990	(183,229.40)	155,368.09	(33,472.63)	(517,745.18)	Reimbursable Relocation
364	2	Sale	1990	(297.19)	0.94	(0.34)	(126.91)	Sales/Exchange
364	0	Regular Retirement	1991	(3,072,733.97)	2,906,200.06	(353,200.37)	(367,377.95)	
364	1	Reimbursed Retirement	1991	(261,431.20)	140,647.78	(41,015.80)	(537,714.42)	Reimbursable Relocation
364	2	Sale	1991	-	178.40	0.02	(1,741.05)	Sales/Exchange
364	0	Regular Retirement	1992	(2,988,549.69)	4,122,103.86	(352,235.71)	(1,086,824.09)	
364	1	Reimbursed Retirement	1992	(210,708.18)	162,604.61	(61,684.89)	(1,072,204.13)	Reimbursable Relocation
364	2	Sale	1992	(457.26)	(294.07)	(11.66)	0.09	Sales/Exchange
364	0	Regular Retirement	1993	(3,047,632.03)	4,051,447.45	(482,367.83)	(1,319,876.30)	
364	1	Reimbursed Retirement	1993	(161,864.75)	145,403.53	(42,629.06)	(744,234.18)	Reimbursable Relocation
364	2	Sale	1993	(891.40)	5.95	0.02	228.53	Sales/Exchange
364	7	Outlier Retirement	1993	(1,600,371.18)	1,821,687.13	(65,191.89)	(3,359,805.14)	Hurricanes/Major Storms
364	0	Regular Retirement	1994	(2,160,210.50)	3,590,818.82	(189,674.74)	(1,984,991.10)	
364	1	Reimbursed Retirement	1994	(155,600.90)	169,965.30	(31,029.08)	(370,132.54)	Reimbursable Relocation
364	2	Sale	1994	-	151.50	(0.05)	-	Sales/Exchange
364	7	Outlier Retirement	1994	(8,201.68)	8,377.82	(716.43)	(1,507.10)	Hurricanes/Major Storms
364	0	Regular Retirement	1995	(13,361,837.19)	3,030,323.53	(330,708.49)	(1,583,410.31)	
364	1	Reimbursed Retirement	1995	(137,390.65)	174,591.74	(23,543.81)	(377,687.27)	Reimbursable Relocation
364	7	Outlier Retirement	1995	(8,152.76)	9,838.85	1,355.28	(38,737.74)	Hurricanes/Major Storms
364	0	Regular Retirement	1996	(1,295,457.30)	2,699,136.74	(466,400.13)	(1,581,717.16)	
364	1	Reimbursed Retirement	1996	(112,765.98)	116,940.30	(24,146.48)	(868,864.65)	Reimbursable Relocation
364	2	Sale	1996	(114.64)	18.62	0.18	(357,646.03)	Sales/Exchange
364	0	Regular Retirement	1997	(1,132,044.56)	2,762,267.19	(592,918.52)	(1,056,738.81)	
364	1	Reimbursed Retirement	1997	(319,979.79)	(419,784.97)	(19,212.42)	154,632.99	Reimbursable Relocation
364	2	Sale	1997	(130,812.07)	4,212.87	0.01	(325,264.57)	Sales/Exchange
364	0	Regular Retirement	1998	(1,578,856.01)	3,743,969.58	(580,265.89)	(1,342,816.18)	
364	1	Reimbursed Retirement	1998	(516,884.17)	(225,882.14)	(5,445.19)	95,982.71	Reimbursable Relocation
364	2	Sale	1998	(1,192.11)	547.12	(1.01)	0.23	Sales/Exchange
364	0	Regular Retirement	1999	(4,183,014.53)	3,301,946.85	(285,936.82)	(1,094,166.80)	
364	1	Reimbursed Retirement	1999	(1,161,752.01)	154,396.26	(2,006.50)	(412,832.22)	Reimbursable Relocation
364	2	Sale	1999	(11,275.62)	3,232.22	(0.01)	(4,874.77)	Sales/Exchange
364	0	Regular Retirement	2000	(5,889,235.51)	3,458,651.63	(247,254.41)	(1,901,552.83)	
364	1	Reimbursed Retirement	2000	(761,070.30)	444,528.42	(125.22)	(944,436.13)	Reimbursable Relocation
364	2	Sale	2000	(8,729.33)	617.29	(0.11)	837,845.58	Sales/Exchange
364	0	Regular Retirement	2001	(3,982,649.39)	4,258,032.34	(153,841.66)	(190,438.70)	
364	1	Reimbursed Retirement	2001	(968,662.16)	505,104.73	(1,981.58)	(790,405.41)	Reimbursable Relocation
364	2	Sale	2001	(5,697.58)	1,305.53	0.01	237.84	Sales/Exchange
364	0	Regular Retirement	2002	(3,291,761.73)	4,101,694.11	(144,824.37)	(1,206,480.77)	
364	1	Reimbursed Retirement	2002	(519,603.38)	538,794.65	(349.82)	(404,982.51)	Reimbursable Relocation
364	2	Sale	2002	(343.74)	347.70	-	-	Sales/Exchange
364	0	Regular Retirement	2003	(3,090,157.79)	5,457,509.10	(111,069.38)	(1,182,799.13)	
364	1	Reimbursed Retirement	2003	(883,920.38)	997,921.86	611.52	(924,178.33)	Reimbursable Relocation
364	2	Sale	2003	-	0.67	-	-	Sales/Exchange
364	0	Regular Retirement	2004	(2,641,418.30)	4,358,423.75	(129,648.76)	(1,298,730.94)	
364	1	Reimbursed Retirement	2004	(822,583.77)	1,048,105.62	(529.79)	(428,293.94)	Reimbursable Relocation
364	0	Regular Retirement	2005	(3,162,218.73)	5,766,789.68	(188,519.26)	(2,049,254.59)	
364	1	Reimbursed Retirement	2005	(546,294.67)	724,057.41	56.14	(530,519.17)	Reimbursable Relocation
364	7	Outlier Retirement	2005	(3,486,155.53)	4,219,671.54	-	0.06	Hurricanes/Major Storms
364	0	Regular Retirement	2006	(8,140,755.03)	17,260,762.03	(28,628.40)	(1,519,491.14)	
364	1	Reimbursed Retirement	2006	(920,826.62)	1,175,971.03	365.33	(724,291.51)	Reimbursable Relocation
364	7	Outlier Retirement	2006	538,468.14	(624,165.19)	-	-	Hurricanes/Major Storms
364	0	Regular Retirement	2007	(5,333,649.23)	9,859,812.84	(83,324.51)	(1,042,954.95)	
364	1	Reimbursed Retirement	2007	(965,344.14)	1,142,097.19	-	(579,446.67)	Reimbursable Relocation
364	7	Outlier Retirement	2007	(167,559.39)	135,728.22	-	-	Hurricanes/Major Storms

EXCERPT FROM
OPC's 1ST POD No.12
"2008 SALVAGE FILE.XLS"

Q.
Net Salvage. If an item or a plant is retired with a replacement addition occurring and an outside party provides $1,000 associated with the replacement, how is the $1,000 accounted for (e.g., $1,000 gross salvage, $1,000 reduction to replacement addition cost, a 50/50 split of the $1,000, etc,) Further, please provide full justification for whatever methodology is employed. In addition, identify when FPL first implemented such policy.

A.
If an item or plant is retired with a replacement addition occurring, and an outside party provides $1,000 associated with the replacement, the transaction is accounted for as follows. For Contributions in Aid of Construction (CIAC) for Distribution Projects, the amounts are allocated between the cost of removal and additions based on the labor estimate for the job. CIAC related to transmission projects are treated as a reduction to the additions. For other third-party contributions, such as warranty and/or insurance, the amounts are applied against the removal costs, which are recorded in the Accumulated Provision for Depreciation Account.

This methodology is consistent with the CFR instructions for Account 108, Section B, which states:

> At the time of retirement of depreciable electric utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance.

This methodology which is consistent with CFR instructions as outlined above, has been consistently applied as far back as FPL's records go, which is 1941.

Depr - OPC's 1st Request for POD (1-43) #21 Answer

Work Order	Account	Retired Year/Mo	In-service Year	Retirement Amount	Station Name	What was retired?	Why?
07794-070-0988	352.00	199109	1948	$85,310.47	Miami Substation	Building	Listed as more feasible to demolish than to renovate on supporting work order form 1721.
00241-009-0309	352.00	200106	1958	$21,093.17	Sanford Plant Switch Yard	Plant account level retirement posted; Unable to indentify at retirement unit level.	Removed existing 115kv switchyard in order to make room for combustion turbine.
00105-009-0384	352.00	200106	1958	$4,670.98	Kingsley Metering Station	Plant account level retirement posted: Unable to indentify at retirement unit level.	Plant account balance retired as part of station review and adjustment of plant records.
00138-009-0686	352.00	200106	1958	$2,091.40	System Relay Operations	Plant account level retirement posted; Unable to indentify at retirement unit level.	Plant account balance retired as part of station review and adjustment of plant records.
Grand Total:				$113,166.02			

#15219

PRELIMINARY NO.	Florida Power & Light Company EXPENDITURE REQUISITION	PAGE	OF	FORM	TYPE OF ESTIMATE	TYPE OF WORK	ER NO	SPECIFIC ER NO.	LOC'N CODE
LM-90-25		1	3	01 1721	0	9	5 2 2	7794	9 8 8

DISTRICT Miami DIVISION Southern AUTHORIZED AMOUNT $ 1,100,000

02 DESCRIPTIVE TITLE A REMOVAL OF BUILDING AT MIAMI PLANT

FIFTH SERIES

03 A E X — LOCATION MIAMI DADE COUNTY B 08 30 91

04 A

DESCRIPTION (Including franchise permit, right of way, crossing, joint use data)

This ER will authorize the engineering required to remove the asbestos and any other environmental material that could be hazardous to the health in addition to the actual demolition of the old Miami Power Plant building.

PURPOSE AND NECESSITY:

The building is in poor condition with a high level of Asbestos-Containing Materials (ACM), which should be removed from this facility. It is more feasible to demolish the facility than to renovate it. (System Protection and Transmission Engineering are in the process of relocating from the building).

PROCESSED
MAY 29 1990
CONTROL SECTION

RECEIVED
APR 27 1990
ACP-IDP

RECEIVED
APR 27 1990
GP/LAND

05	EASEMENTS REQUIRED YES ☐ NO ☐	
06	PERMITS REQUIRED YES ☐ NO ☐	
07	ORIGINAL COST OF PROPERTY RETIRED	109,651
08	NET DEBIT TO RESERVE FOR DEPRECIATION	
09	NET PLANT ADDITIONS, THIS LOCATION	(109,651)
10	SUMMARY OF ESTIMATED COST	
11	PROPERTY ADDITIONS	
12	REMOVAL COST	1,100,000
13	SALVAGE & OTHER RECOVERIES	
14	TOTAL PLANT COST OF ER	1,100,000
15	OPERATION MAINTENANCE	
16	TOTAL ER	1,100,000
17	CASH CONTRIBUTION CODE A	
18	LABOR/MATERIAL CONTRIBUTION	
19		1,100,000
20	MEMO EQUIPMENT TRANSFERRED IN	
21	MEMO EQUIPMENT TRANSFERRED OUT	
22	NET COST TRANSFERRED	
	TOTAL COST OF JOB	1,100,000

C. L. Martinez 4/20/90 — Project Manager 4/20/90
W. H. Bonham, Mgr. RE & Fac. Plng 4/23/90 — Land Management 4/23/90
AUTHORIZED - EXECUTIVE COMMITTEE Date 5/21/90
Group V. P. 4/24/90 — 5/21/90

FPL 108136

PAGE NO.	PRELIMINARY NO.
3	LM-90-25

DETAILED ESTIMATE OF COST

	FORM A	TYPE EST B	SPECIFIC ER NO. C	SL ER D	LOC'N E	CPR LOCATION F
101	17210	0	7794		988	1081053250

LINE NO	DESCRIPTION A	S/R/T B	ACCT. C	ASSET NUMBER D	YR. INST E	QUANTITY F	UNIT G	UNIT COST H	MATERIAL (SALVAGE) I	INSTALL/ REMOVE J	OTHER RECOVERIES K	ORIGINAL PROP. COST L	ADD CD M
1	Structures & Improvements		352.0										
2													
3	Structure / Bldg.	R			48					1,098,750		93,311	
4	Structure / Bldg.	R			52					1,150		14,533	
5	Air Conditioning Unit	R			68					100		1,807	
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													

Form 17210 (Stocked) Rev 1/93

FPL 108137

FLORIDA POWER & LIGHT COMPANY
Schedule II - Accumulated Provision For Depreciation/Amortization As Of 12/31/06

Plant Account	Account Descriptior	Beginning Balance	Accruals	Retirements	Cost of Removal	Salvage	Other Recoveries	Transfers	End of Year Balance	Exclusions	End Of Year (Adjusted)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)=a+b-c-d+e+f+g	(i)	(j)=(h)-(i)
PRODUCTION PLANT											
	Subtotal Depreciable	$6,224,072,810.11	$327,104,485.30	$210,289,865.12	$37,523,115.65	$360,000.00	$66,262,969.63	($283,211,990.63)	$6,086,775,293.64	$0.00	$6,086,775,293.64
	Subtotal Amortizable	17,120,343.80	7,126,719.18	5,599,323.77	0.00	0.00	0.00	(2,887.37)	18,644,851.84	0.00	18,644,851.84
	TOTAL PRODUCTION PLANT	$6,241,193,153.91	$334,231,204.48	$215,889,188.89	$37,523,115.65	$360,000.00	$66,262,969.63	($283,214,878.00)	$6,105,420,145.48	$0.00	$6,105,420,145.48
TRANSMISSION PLANT											
350.2	Easements	$62,453,141.04	$2,803,784.93	$360.99	$0.00	$0.00	$34,921.11	$0.00	$65,291,486.09	$22,956,074.00 (1)	$42,335,412.09
352.0	Structures & Improvements	21,314,596.67	1,669,366.87	189,222.51	35,122.56	35,274.61	0.00	1,763.45	22,796,656.53	4,376,888.00 (1)	18,419,768.53
353.0	Station Equipment	258,601,487.88	22,611,044.98	18,713,174.70	1,747,837.58	67,512.95	0.00	263,982.43	261,083,015.96	70,162,607.00 (1)	190,920,408.96
353.1	Station Equipment-Generator Step-Up Transf.	31,014,748.77	5,083,450.86	1,073,043.89	98,405.54	0.00	1,931.78	(13,667.99)	34,915,013.99	0.00	34,915,013.99
354.0	Towers & Fixtures	202,223,753.83	3,638,264.61	5,267,641.88	(267,295.85)	0.00	0.00	(17,032.64)	200,844,639.77	134,999,203.00 (1)	65,845,436.77
355.0	Poles & Fixtures	235,006,626.59	19,470,119.83	7,068,652.55	7,189,102.27	13,511.94	5,692,277.73	(504,891.64)	245,420,089.63	1,655,393.00 (1)	243,764,696.63
356.0	Overhead Conductors & Devices	272,867,503.30	14,601,653.22	12,337,029.85	3,101,785.75	94,012.14	373,624.06	521,090.06	273,019,067.18	85,433,299.00 (1)	187,585,768.18
357.0	Underground Conduit	23,133,199.28	766,572.89	327,107.49	151,777.56	0.00	0.00	(1,231,333.00)	22,189,554.12	0.00	22,189,554.12
358.0	Underground Conductors & Devices	29,121,656.96	1,362,027.18	231,013.07	84,979.10	0.00	0.00	(697,860.00)	29,469,831.97	0.00	29,469,831.97
359.0	Roads & Trails	28,645,339.91	1,468,850.69	16,471.14	15,795.40	0.00	0.00	0.00	30,081,924.06	6,361,251.00 (1)	23,720,673.06
	TOTAL TRANSMISSION PLANT	$1,164,382,254.23	$73,475,136.06	$45,223,718.07	$12,157,509.91	$210,311.64	$6,102,754.68	($1,677,949.33)	$1,185,111,279.30	$325,944,715.00 (1)	$859,166,564.30
DISTRIBUTION PLANT											
361.0	Structures & Improvements	$29,836,120.91	$3,285,262.48	$155,485.07	$59,606.10	($1,234.22)	$0.00	$16,231.10	$32,921,289.10	$67,511.00 (1)	$32,853,778.10
362.0	Station Equipment	339,105,706.18	31,045,802.69	13,554,375.44	2,722,480.56	19,570.11	1,275.05	(5,613,073.99)	348,282,424.04	468,046.00 (1)	347,814,378.04
362.9	Station Equipment - LMS	3,039,264.07	916,573.23	2,052,160.27	0.00	0.00	0.00	0.00	1,903,677.03	1,903,677.03 (2)	0.00
364.0	Poles, Towers & Fixtures	333,556,888.95	31,102,556.61	7,593,458.14	17,812,567.87	28,263.07	2,243,782.65	(2,457,899.00)	339,067,566.27	0.00	339,067,566.27
365.0	Overhead Conductors & Devices	518,131,983.09	42,241,177.89	13,584,076.38	11,433,714.16	36,597.10	(1,108,690.97)	(6,490,095.00)	527,793,181.57	0.00	527,793,181.57
366.6	Underground Conduit, Duct System	215,067,449.78	24,198,866.45	1,381,686.70	106,491.34	(54.27)	440,223.05	0.00	238,218,306.97	0.00	238,218,306.97
366.7	Underground Conduit, Direct Buried	13,866,453.01	1,164,473.38	42,266.20	83,002.54	1.86	85,596.75	(276,355.00)	14,714,901.26	0.00	14,714,901.26
367.6	UG Conductors & Devices, Duct System	245,297,790.20	28,661,840.61	15,208,350.13	1,480,426.53	32.82	2,325,059.68	(7,068,753.17)	252,527,193.48	0.00	252,527,193.48
367.7	UG Conductors & Devices, Direct Buried	233,760,533.45	9,504,695.93	1,312,823.94	50,074.48	5,495.04	14,960.40	(10,709,967.83)	231,212,818.57	0.00	231,212,818.57
367.8	BU Sys Clb Inj (8yr amrt)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
367.9	BU Sys Clb Inj (10yr amrt)	30,704,258.08	6,163,006.61	1,844,487.27	0.00	0.00	0.00	0.00	35,022,777.42	0.00	35,022,777.42
368.0	Line Transformers	566,430,263.93	74,845,946.41	25,150,051.03	10,041,787.26	72,838.77	213,061.10	0.00	606,370,271.92	0.00	606,370,271.92
369.1	Services, Overhead	75,055,117.12	6,996,165.70	1,298,427.07	2,346,315.65	1,297.06	164,117.60	0.00	78,571,954.76	0.00	78,571,954.76
369.7	Services, Underground	189,374,486.65	17,433,706.42	3,212,560.65	798,689.54	(8.04)	2,228,088.95	(2,466,631.00)	202,558,392.79	0.00	202,558,392.79
370.0	Meters	196,402,927.41	17,206,185.51	2,539,838.52	1,636,010.33	8,747.53	433.67	249,308.06	209,691,753.33	0.00	209,691,753.33
371.0	Installations On Customer Premises	46,455,222.19	3,591,500.77	239,496.48	141,419.80	5.79	302,288.53	(2,523,008.00)	47,445,093.00	0.00	47,445,093.00
371.2	Residential Load Management (LMS)	16,675,672.54	4,463,349.02	9,072,811.76	0.00	0.00	0.00	(249,308.06)	11,816,901.74	11,816,901.74 (2)	0.00
371.3	Commercial Load Mgmt (Non-ECCR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
373.0	Street Lighting & Signal Systems	189,179,678.73	19,655,377.87	10,596,723.78	2,829,666.76	100,716.97	1,318,678.29	(7,253,049.00)	189,575,012.32	0.00	189,575,012.32
	SUBTOTAL DISTRIBUTION PLANT	$3,241,939,816.29	$322,476,487.58	$108,839,078.83	$51,542,252.92	$272,269.59	$8,228,874.75	($44,842,600.89)	$3,367,693,515.57	$14,256,135.77 (3)	$3,353,437,379.80
	Undistributed Cost Of Removal	(5,973,900.15)	0.00	0.00	(4,467,617.53)	0.00	0.00	0.00	(1,506,282.62)	0.00	(1,506,282.62)
	TOTAL DISTRIBUTION PLANT	$3,235,965,916.14	$322,476,487.58	$108,839,078.83	$47,074,635.39	$272,269.59	$8,228,874.75	($44,842,600.89)	$3,366,187,232.95	$14,256,135.77	$3,351,931,097.18
GENERAL PLANT : DEPRECIABLE											
390.0	Structures & Improvements	$127,132,327.52	$9,872,144.49	$1,381,630.50	$322,501.97	$0.00	$4,204.00	0.00	$135,304,543.54	$0.00	$135,304,543.54
391.6	Computer Equipment - LMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
391.7	CILC Computer Equipment - LMS	32,051.04	0.00	32,051.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00
391.8	Computer Equipment - ECCR	39,715.91	10,033.50	0.00	0.00	0.00	0.00	0.00	49,749.41	49,749.41 (2)	0.00
392.0	Aircraft , Fixed Wing (Non-Jet)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
392.0	Aircraft, Rotary Wing	(1,216,842.13)	669,479.04	0.00	0.00	0.00	0.00	1,998,980.81	1,451,617.72	0.00	1,451,617.72
392.0	Aircraft, Fixed Wing (Jet)	11,124,818.00	3,435,201.60	0.00	0.00	0.00	0.00	(1,998,980.81)	12,561,038.79	0.00	12,561,038.79
392.1	Transportation - Automobiles	(168,534.32)	201,106.11	231,462.07	0.00	0.00	183,427.38	648,161.11	632,698.21	0.00	632,698.21
392.2	Transportation - Light Trucks	6,925,050.63	2,373,507.09	2,578,759.57	0.00	0.00	1,311,127.76	(9,429.73)	8,021,496.18	0.00	8,021,496.18
392.3	Transportation - Heavy Trucks	63,434,020.19	16,808,161.71	19,276,683.17	277.29	0.00	9,280,976.85	(1,449,620.82)	68,796,577.47	0.00	68,796,577.47
392.4	Transportation - Tractor-Trailers	344,921.30	49,681.08	0.00	0.00	0.00	0.00	(163,012.97)	231,589.41	0.00	231,589.41
392.9	Transportation - Trailers	4,269,063.38	639,358.91	1,023,598.29	0.00	0.00	339,128.37	11,455.16	4,235,407.53	0.00	4,235,407.53
395.6	Test Equipment - LMS	4,485.59	2,960.34	0.00	0.00	0.00	0.00	0.00	7,445.93	7,445.93 (2)	0.00
395.8	Measurement Equipment - ECCR	14,648.68	1,759.19	16,407.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
396.1	Power Operated Equipt - Transportation	328,662.18	360,529.39	0.00	0.00	0.00	415,275.00	962,447.25	2,066,913.82	0.00	2,066,913.82
396.8	Power Operated Equipment - Other	32,862.25	1,591.44	0.00	0.00	0.00	0.00	0.00	34,453.69	0.00	34,453.69
397.4	Communications Equipment - ECCR	1,918.26	1,841.52	0.00	0.00	0.00	0.00	0.00	3,759.78	3,759.78 (2)	0.00
397.6	Communications Equipment - LMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
397.8	Communications Equipment - Fiber Optics	3,829,664.54	745,956.32	5,708.78	0.00	0.00	0.00	0.00	4,569,912.08	0.00	4,569,912.08
398.6	Miscellaneous Equipment - LMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	SUBTOTAL GENERAL PLANT : DEPRECIABLE	$216,128,833.02	$35,173,311.73	$24,546,301.29	$322,779.26	$0.00	$11,534,139.36	($0.00)	$237,967,203.56	$60,955.12 (2)	$237,906,248.44

FINAL

Q.
Transmission, Towers & Fixtures. Please provide a detailed narrative identifying why the $220,453 cost of removal was incurred in 2006 for Account 354, as set forth on Exhibit CRC – 1, page 512. Further, specifically state why such level of cost of removal is typical for the remaining investment. Further, provide all workpapers, assumptions, considerations and/or material reviewed and relied upon in sufficient detail necessary to support FPL's response.

A.
See table below for detail of 2006 cost of removal. Cross-braces are corroding at the center and will not meet the original design criteria so replacement is required. Structure leg corrosion necessitated removal.

Description of Work	GL Account	Utility Acct.	Amount
Replace 1 tower 71-85 FT	108300	35400	13,117.24
Replace 12 Cross Braces on 500 KV Structures	108300	35400	98,349.69
Replace 12 Cross Braces on 500 KV Structures	108300	35400	108,985.60
			220,452.53

The amount for the year 2006 was not the only amount considered for this account. This recorded year along with the recorded amounts in the years 1986 through 2007 were examined as part of the net salvage analysis. No specific year was analyzed but rather all years and bands of years. The net salvage estimate is based on the best information available at the time for this account and because it is based on 22 years of actual history, we believe that it is indicative of the future until new recorded information is available.

Workpapers and reasoning for the salvage analysis for this account is in FPL's response to OPC's First Request for Production of Documents No. 12 "FPL 2008 Salvage File.xls", the account write-up in the Depreciation Study Report (CRC-1), and in FPL's response to OPC's Second Request for Production of Documents No. 14 in Docket No. 080677-EI.

	Transaction	Transaction	Transaction	Transaction	Adjusted Transaction	Cost of	Reuse	Final	
355	0	Regular Retirement	1986	(791,021.51)		707,828.68	(68,221.92)	(231,847.39)	
355	1	Reimbursed Retirement	1986	(163,214.96)		82,811.64	(21,820.19)	(925,707.40)	Reimbursable Relocation
355	0	Regular Retirement	1987	(971,565.75)		688,569.40	(33,156.74)	(41,966.84)	
355	1	Reimbursed Retirement	1987	(98,133.74)		121,314.09	(17,451.15)	(714,355.50)	Reimbursable Relocation
355	0	Regular Retirement	1988	(950,892.18)		1,010,365.61	(46,804.55)	(405,535.11)	
355	1	Reimbursed Retirement	1988	(355,990.31)		258,406.05	(166,375.73)	(2,311,800.64)	Reimbursable Relocation
355	0	Regular Retirement	1989	(1,100,893.20)		1,130,726.10	(142,557.67)	(387,479.10)	
355	1	Reimbursed Retirement	1989	(466,123.26)		116,972.18	(76,536.87)	(2,179,592.52)	Reimbursable Relocation
355	0	Regular Retirement	1990	(1,949,675.32)		1,068,249.09	(44,132.91)	(475,160.84)	
355	1	Reimbursed Retirement	1990	(314,361.37)		145,309.53	(116,901.56)	(376,694.85)	Reimbursable Relocation
355	0	Regular Retirement	1991	(1,162,105.50)		983,292.12	(69,106.61)	(142,654.09)	
355	1	Reimbursed Retirement	1991	(134,420.97)		61,513.23	(24,545.06)	(793,150.68)	Reimbursable Relocation
355	0	Regular Retirement	1992	(1,306,328.58)		1,655,225.69	(143,868.29)	(238,306.57)	
355	1	Reimbursed Retirement	1992	(239,147.38)		221,131.28	(28,100.32)	(1,530,827.67)	Reimbursable Relocation
355	7	Outlier Retirement	1992	-		13,502.03	-	-	Hurricanes/Major Storms
355	0	Regular Retirement	1993	(1,455,828.81)		1,623,260.38	(124,969.10)	(1,549,686.39)	
355	1	Reimbursed Retirement	1993	(242,726.86)		127,009.65	(53,299.28)	(749,580.40)	Reimbursable Relocation
355	7	Outlier Retirement	1993	(1,161,303.62)		961,474.37	(9,852.10)	(3,628,278.07)	Hurricanes/Major Storms
355	0	Regular Retirement	1994	(2,646,071.34)		1,775,005.30	(42,637.39)	708,059.34	
355	1	Reimbursed Retirement	1994	(239,344.47)		147,459.03	(42,353.65)	(3,216,013.60)	Reimbursable Relocation
355	7	Outlier Retirement	1994	-		-	3,191.44	1,519,835.06	Hurricanes/Major Storms
355	0	Regular Retirement	1995	(2,189,699.63)		1,287,484.52	(45,078.03)	(14,360.48)	
355	1	Reimbursed Retirement	1995	(118,830.99)		55,670.26	(2,881.47)	(1,249,879.76)	Reimbursable Relocation
355	7	Outlier Retirement	1995	-		-	-	(1,875.55)	Hurricanes/Major Storms
355	0	Regular Retirement	1996	(1,481,474.66)		1,552,480.84	(21,198.67)	(354,262.09)	
355	1	Reimbursed Retirement	1996	(331,804.73)		209,241.09	(17,839.99)	602,018.15	Reimbursable Relocation
355	7	Outlier Retirement	1996	-		-	6,663.21	99,864.57	Hurricanes/Major Storms
355	0	Regular Retirement	1997	(1,891,651.65)		1,455,606.45	(24,442.37)	(256,316.88)	
355	1	Reimbursed Retirement	1997	(368,328.38)		258,397.99	(10,158.12)	(1,237,991.01)	Reimbursable Relocation
355	0	Regular Retirement	1998	(1,369,820.61)		1,919,510.02	(8,254.87)	(193,756.68)	
355	1	Reimbursed Retirement	1998	(181,532.71)		158,106.89	(16,579.17)	(1,210,042.79)	Reimbursable Relocation
355	0	Regular Retirement	1999	(1,192,506.37)		2,358,341.00	(6,325.83)	(460,822.62)	
355	1	Reimbursed Retirement	1999	(330,762.91)		79,640.12	16,472.00	(1,581,306.84)	Reimbursable Relocation
355	2	Sale	1999	(14,615.01)		84.31	-	-	Sales/Exchange
355	0	Regular Retirement	2000	(2,413,498.89)		4,054,757.51	(2,693.01)	(1,791,071.25)	
355	1	Reimbursed Retirement	2000	(156,446.26)		368,935.04	-	(1,619,614.97)	Reimbursable Relocation
355	2	Sale	2000	-		13,566.16	-	(23,074.94)	Sales/Exchange
355	0	Regular Retirement	2001	(3,118,946.40)		3,723,659.89	(3,532.30)	(6,376,854.36)	
355	1	Reimbursed Retirement	2001	(345,080.78)		355,219.45	(3,059.51)	(1,782,764.02)	Reimbursable Relocation
355	2	Sale	2001	-		1,965.96	-	-	Sales/Exchange
355	0	Regular Retirement	2002	(5,996,986.82)		6,834,724.56	(4,262.25)	(6,397,815.31)	
355	1	Reimbursed Retirement	2002	(415,372.90)		586,794.41	-	(3,315,185.53)	Reimbursable Relocation

355	2	Sale	2002	-	23,454.65	-	-	Sales/Exchange
355	0	Regular Retirement	2003	(3,216,197.01)	5,452,853.89	(51,460.99)	(7,626.07)	
355	1	Reimbursed Retirement	2003	(3,485,938.43)	466,882.93	-	(1,576,065.91)	Reimbursable Relocation
355	0	Regular Retirement	2004	(5,322,365.31)	4,038,706.35	(8,001.93)	2,328,745.00	
355	1	Reimbursed Retirement	2004	(325,040.57)	189,182.88	-	(4,233,022.01)	Reimbursable Relocation
355	0	Regular Retirement	2005	(4,581,343.73)	3,846,712.88	(8,573.72)	(2,799,066.28)	
355	1	Reimbursed Retirement	2005	134,675.31	117,103.47	(1,561.33)	(1,047,829.42)	Reimbursable Relocation
355	2	Sale	2005	25,519.86	4,040.44	-	-	Sales/Exchange
355	7	Outlier Retirement	2005	(663,207.65)	1,418,700.10	-	46,178.37	Hurricanes/Major Storms
355	0	Regular Retirement	2006	(8,121,941.05)	7,029,959.53	(13,511.94)	(3,648,254.17)	
355	0	Regular Retirement	2006	8,121,941.05	(7,029,959.53)	13,511.94	3,648,254.17	
355	0	Regular Retirement	2006	(8,121,941.05)	5,921,440.49	(13,511.94)	(3,648,254.17)	
355	1	Reimbursed Retirement	2006	1,209,291.53	64,442.14	-	(2,044,023.56)	Reimbursable Relocation
355	1	Reimbursed Retirement	2006	1,209,291.53	64,442.14	-	(2,044,023.56)	
355	1	Reimbursed Retirement	2006	(1,209,291.53)	(64,442.14)	-	2,044,023.56	
355	2	Sale	2006	62,126.37	(29.86)	-	-	Sales/Exchange
355	2	Sale	2006	62,126.37	(29.86)	-	-	
355	2	Sale	2006	(62,126.37)	29.86	-	-	
355	7	Outlier Retirement	2006	(218,129.40)	94,730.46	-	-	Hurricanes/Major Storms
355	7	Outlier Retirement	2006	218,129.40	(94,730.46)	-	-	
355	7	Outlier Retirement	2006	(218,129.40)	94,730.46	-	-	
355	0	Regular Retirement	2007	(5,744,411.20)	5,579,725.92	2,186.14	(7,034,220.96)	
355	1	Reimbursed Retirement	2007	(263,151.33)	212,963.50	-	(2,119,157.25)	Reimbursable Relocation
				-68176621.44	65604522.16	-1493593.8	-66970197.88	
						Gross Salvage	-68463791.68	
						COR	65604522.16	
						Net Sal	2859269.52	
						Retirements	68176621.44	
						Net Sal %	4%	

Q.
Poles & Fixtures. For Account 355 – Poles & Fixtures, please provide the following:

a. The number and size of wood poles.
b. The number and size of concrete poles.
c. The number and year of addition for each type of pole.
d. The types of preservatives used to treat wood poles and the number of wood poles treated by each type of preservative.
e. The time frame during which each different type of wood preservative was applied to wood poles.
f. The dollar investment in wood poles segregated between the types of preservatives applied to poles.
g. The reasons for the negative gross salvage in 2004, as set forth on Exhibit CRC – 1, page 519. If the reason relates to accounting corrections, then provide the amounts by year that should have been booked originally.
h. The number of wood and concrete poles retired by year for the past 10 years.

A.

a. The surviving balances of wood poles by size are:

Type	Size	Total
Wood	POLE, WOOD, 30 - 44 FT	2195
	POLE, WOOD, 45 - 59 FT	3788
	POLE, WOOD, 60 - 74 FT	18760
	POLE, WOOD, 75 - 89 FT	6403
	POLE, WOOD, 90 - 110 FT	609
	POLE,WOOD,55 FT - TRANS	2
Wood Total		31757

b. The surviving balances of concrete poles by size are:

Type	Size	Total
Concrete	POLE, CONCRETE, 30 - 44	1054
	POLE, CONCRETE, 45 - 59	974
	POLE, CONCRETE, 60 - 74	7556
	POLE, CONCRETE, 75 - 89	17669
	POLE, CONCRETE, 90 - 115	18688
	POLE, CONCRETE, OVER 115	602
Concrete Total		46543

c. The number of poles by in-service year for the last ten years are:

Type	In-service Year	Total
Concrete	1999	1739
	2000	1400
	2001	1494
	2002	1780
	2003	2031
	2004	1731
	2005	1340
	2006	2700
	2007	1492
	2008	464
Concrete Total		**16171**
Steel	1999	13
	2000	4
	2001	0
	2003	2
	2004	2
	2005	12
	2006	101
	2008	10
Steel Total		**144**
Wood	1999	350
	2000	369
	2001	442
	2002	284
	2003	233
	2004	269
	2005	308
	2006	263
	2007	231
	2008	144
Wood Total		**2893**
Grand Total		***19208***

d. All poles are purchased pre-treated with creosote preservative.

e. Poles are treated by manufacturer prior to delivery to FPL.

f. All wood poles are treated. Cost of treatment is included in the price of the pole.

g. The reason for the year-end negative gross salvage in 2004 is the reversal of the prior month's accruals for contractual reimbursable work performed. December 2003 accrual reversals in the amount of $8.4 million occurred in January 2004. The normal accrual process entails recording amounts monthly and reversing those in the subsequent month.

h. The number of wood and concrete poles retired by year:

Type	Year	Quantity Retired
Wood	1999	1609
	2000	1095
	2001	1601
	2002	1886
	2003	1680
	2004	1460
	2005	1878
	2006	2985
	2007	2974
	2008	2228
Wood Total		**19396**
Concrete	1999	57
	2000	113
	2001	130
	2002	158
	2003	398
	2004	442
	2005	330
	2006	328
	2007	435
	2008	164
Concrete Total		**2555**

	Transaction	Transaction	Transaction	Transaction	Adjusted Transaction	Cost of	Reuse	Final	
356	0	Regular Retirement	1986	(556,096.37)		561,321.35	(54,757.18)	(74,750.81)	
356	1	Reimbursed Retirement	1986	(58,853.75)		34,759.09	(14,032.02)	(470,163.88)	Reimbursable Relocation
356	0	Regular Retirement	1987	(781,512.98)		608,341.12	(165,740.51)	(11,198.10)	
356	1	Reimbursed Retirement	1987	(92,016.28)		79,776.84	(34,630.32)	(347,957.94)	Reimbursable Relocation
356	0	Regular Retirement	1988	(1,090,168.07)		1,008,304.03	(183,223.54)	(106,240.52)	
356	1	Reimbursed Retirement	1988	(328,715.84)		124,116.96	(36,814.87)	(1,351,924.21)	Reimbursable Relocation
356	0	Regular Retirement	1989	(1,042,911.71)		711,181.45	(203,813.52)	(38,230.58)	
356	1	Reimbursed Retirement	1989	(410,630.97)		31,289.55	(46,250.98)	(707,754.37)	Reimbursable Relocation
356	0	Regular Retirement	1990	(1,848,583.13)		792,439.47	(418,387.74)	(200,045.30)	
356	1	Reimbursed Retirement	1990	(160,711.24)		52,676.83	(55,601.40)	(888,147.23)	Reimbursable Relocation
356	0	Regular Retirement	1991	(843,690.44)		385,552.50	(213,190.71)	(25,627.45)	
356	1	Reimbursed Retirement	1991	(64,623.66)		29,247.21	(32,923.06)	(12,210.62)	Reimbursable Relocation
356	0	Regular Retirement	1992	(1,041,407.54)		1,576,771.93	(225,240.37)	(11,524.62)	
356	1	Reimbursed Retirement	1992	(78,785.68)		55,089.86	(12,801.50)	(652,960.67)	Reimbursable Relocation
356	7	Outlier Retirement	1992	-		13,264.25	-	-	Hurricanes/Major Storms
356	0	Regular Retirement	1993	(2,529,684.03)		1,427,039.76	(154,084.40)	(18,030.99)	
356	1	Reimbursed Retirement	1993	(250,457.16)		101,523.72	(47,586.85)	(459,628.25)	Reimbursable Relocation
356	7	Outlier Retirement	1993	(1,723,892.29)		777,991.50	(642.09)	(435,664.05)	Hurricanes/Major Storms
356	0	Regular Retirement	1994	(3,361,313.33)		737,893.94	(186,701.05)	(826,302.40)	
356	1	Reimbursed Retirement	1994	(199,804.00)		76,268.47	(3,968.48)	(546,387.74)	Reimbursable Relocation
356	7	Outlier Retirement	1994	-		-	-	(1,456,288.66)	Hurricanes/Major Storms
356	0	Regular Retirement	1995	(1,558,486.78)		793,744.29	(75,857.42)	(5,131.26)	
356	1	Reimbursed Retirement	1995	(52,686.00)		22,570.52	(15,649.37)	(332,548.03)	Reimbursable Relocation
356	0	Regular Retirement	1996	(1,940,670.53)		748,494.35	(116,505.30)	(21,833.37)	
356	1	Reimbursed Retirement	1996	(245,309.62)		101,409.88	(6,466.88)	(613,455.29)	Reimbursable Relocation
356	7	Outlier Retirement	1996	-		-	-	82,038.10	Hurricanes/Major Storms
356	0	Regular Retirement	1997	(5,120,099.39)		967,510.94	(72,553.50)	(24,031.55)	
356	1	Reimbursed Retirement	1997	(142,963.22)		100,244.15	(6,607.87)	(672,241.54)	Reimbursable Relocation
356	0	Regular Retirement	1998	(1,724,380.53)		1,938,108.81	(4,330.05)	(3,826.14)	
356	1	Reimbursed Retirement	1998	(159,641.44)		104,068.02	(12,921.91)	(206,590.83)	Reimbursable Relocation
356	0	Regular Retirement	1999	(1,019,594.57)		1,244,490.00	(7,423.56)	(117,827.79)	
356	1	Reimbursed Retirement	1999	(195,888.04)		17,603.76	(33,719.01)	(368,236.56)	Reimbursable Relocation
356	2	Sale	1999	(9,837.70)		43.44	-	-	Sales/Exchange
356	0	Regular Retirement	2000	(1,662,236.06)		2,579,227.22	(86,211.96)	(133,758.71)	
356	1	Reimbursed Retirement	2000	(61,509.53)		153,692.61	-	(860,254.50)	Reimbursable Relocation
356	2	Sale	2000	(10,213,330.67)		6,448.53	-	(8,271,646.04)	Sales/Exchange
356	7	Outlier Retirement	2000	-		14,883.01	-	-	Hurricanes/Major Storms
356	0	Regular Retirement	2001	(3,673,114.32)		2,999,753.27	(27,279.80)	(138,791.10)	
356	1	Reimbursed Retirement	2001	(149,269.83)		169,047.71	(4,433.33)	(497,660.06)	Reimbursable Relocation
356	2	Sale	2001	-		933.54	-	-	Sales/Exchange
356	0	Regular Retirement	2002	(4,891,384.86)		3,185,508.67	(25,219.96)	(308,914.11)	
356	1	Reimbursed Retirement	2002	(496,432.41)		328,828.35	-	(1,934,710.18)	Reimbursable Relocation

356	2	Sale	2002	-	11,137.38	-	-	Sales/Exchange
356	0	Regular Retirement	2003	(2,508,083.79)	3,817,211.30	(25,962.56)	(122,803.16)	
356	1	Reimbursed Retirement	2003	(2,041,354.08)	251,664.00	-	(575,267.46)	Reimbursable Relocation
356	0	Regular Retirement	2004	(5,950,693.22)	3,265,551.58	(52,977.66)	(256,130.89)	
356	1	Reimbursed Retirement	2004	(173,468.29)	74,568.55	-	(2,128,341.59)	Reimbursable Relocation
356	0	Regular Retirement	2005	(4,639,177.75)	2,811,344.97	(5,745.45)	(662,044.39)	
356	1	Reimbursed Retirement	2005	33,766.60	52,552.20	(1,040.90)	(311,557.50)	Reimbursable Relocation
356	2	Sale	2005	11,126.21	1,793.55	-	-	Sales/Exchange
356	7	Outlier Retirement	2005	(603,101.57)	579,573.97	-	(36,130.62)	Hurricanes/Major Storms
356	0	Regular Retirement	2006	(12,920,332.84)	2,952,597.37	(94,012.14)	(343,604.07)	
356	0	Regular Retirement	2006	(7,885,812.37)	3,573,368.03	(94,012.14)	(343,604.07)	
356	0	Regular Retirement	2006	12,920,332.84	(2,952,597.37)	94,012.14	343,604.07	
356	1	Reimbursed Retirement	2006	645,727.88	36,277.94	-	(30,019.99)	Reimbursable Relocation
356	1	Reimbursed Retirement	2006	645,727.88	36,277.94	-	(30,019.99)	
356	1	Reimbursed Retirement	2006	(645,727.88)	(36,277.94)	-	30,019.99	
356	2	Sale	2006	85,050.64	-	-	-	Sales/Exchange
356	2	Sale	2006	85,050.64	-	-	-	
356	2	Sale	2006	(85,050.64)	-	-	-	
356	7	Outlier Retirement	2006	(147,475.53)	112,910.44	-	-	Hurricanes/Major Storms
356	7	Outlier Retirement	2006	147,475.53	(112,910.44)	-	-	
356	7	Outlier Retirement	2006	(5,181,996.00)	112,910.44	-	-	
356	0	Regular Retirement	2007	(4,455,235.82)	3,423,846.73	(36,670.44)	(38,171.74)	
356	1	Reimbursed Retirement	2007	(96,696.58)	116,386.60	-	-	Reimbursable Relocation

Question 59 Overhead Conductors & Devices For Account 356

Question 59

part b.

Type	Quantity - Feet	Quantity - Feet Percentage	Cost	Cost Percentage
CONDUCTOR, COPPER	4,908,438	2.94%	$3,066,011.63	1.02%
CONDUCTOR, ALL ALUMINUM	1,766,464	1.06%	$1,227,240.58	0.41%
CONDUCTOR, ACSR	139,552,516	83.49%	$262,706,125.92	86.99%
CONDUCTOR, ALL ALUMINUM ALLOY	20,917,404	12.51%	$34,982,915.77	11.58%
Grand Total:	167,144,822	100.00%	$301,982,293.90	100.00%

	Transaction	Transaction	Transaction	Transaction	Adjusted Transaction	Cost of	Reuse	Final	
364	0	Regular Retirement	1986	(2,979,731.55)		2,363,498.31	(289,352.30)	(1,238,797.08)	
364	1	Reimbursed Retirement	1986	(190,610.55)		135,790.53	(39,474.63)	(621,580.41)	Reimbursable Relocation
364	2	Sale	1986	(570.20)		200.78	(36.86)	(454.35)	Sales/Exchange
364	0	Regular Retirement	1987	(2,510,025.11)		2,414,463.34	(294,690.22)	(1,283,207.21)	
364	1	Reimbursed Retirement	1987	(156,562.92)		136,536.58	(28,218.75)	(309,000.39)	Reimbursable Relocation
364	2	Sale	1987	(223,294.21)		7,623.07	(335.19)	(117.53)	Sales/Exchange
364	0	Regular Retirement	1988	(2,858,504.58)		2,426,528.40	(329,759.80)	(1,428,444.66)	
364	1	Reimbursed Retirement	1988	(241,118.55)		164,512.19	(40,467.26)	(395,303.56)	Reimbursable Relocation
364	2	Sale	1988	7,465.71		161.35	(36.80)	-	Sales/Exchange
364	0	Regular Retirement	1989	(3,096,479.55)		2,649,348.75	(375,438.52)	(956,180.64)	
364	1	Reimbursed Retirement	1989	(204,433.26)		160,979.73	(42,393.94)	(590,364.01)	Reimbursable Relocation
364	2	Sale	1989	(432.21)		350.06	(317.01)	(0.05)	Sales/Exchange
364	0	Regular Retirement	1990	(3,357,461.71)		3,124,646.61	(445,854.59)	(1,518,519.42)	
364	1	Reimbursed Retirement	1990	(183,229.40)		155,368.09	(33,472.63)	(517,745.18)	Reimbursable Relocation
364	2	Sale	1990	(297.19)		0.94	(0.34)	(126.91)	Sales/Exchange
364	0	Regular Retirement	1991	(3,072,733.97)		2,906,200.06	(353,200.37)	(367,377.95)	
364	1	Reimbursed Retirement	1991	(261,431.20)		140,647.78	(41,015.80)	(537,714.42)	Reimbursable Relocation
364	2	Sale	1991	-		178.40	0.02	(1,741.05)	Sales/Exchange
364	0	Regular Retirement	1992	(2,988,549.69)		4,122,103.86	(352,235.71)	(1,086,824.09)	
364	1	Reimbursed Retirement	1992	(210,708.18)		162,604.61	(61,684.89)	(1,072,204.13)	Reimbursable Relocation
364	2	Sale	1992	(457.26)		(294.07)	(11.66)	0.09	Sales/Exchange
364	0	Regular Retirement	1993	(3,047,632.03)		4,051,447.45	(482,367.83)	(1,319,876.30)	
364	1	Reimbursed Retirement	1993	(161,864.75)		145,403.53	(42,629.06)	(744,234.18)	Reimbursable Relocation
364	2	Sale	1993	(891.40)		5.95	0.02	228.53	Sales/Exchange
364	7	Outlier Retirement	1993	(1,600,371.18)		1,821,687.13	(65,191.89)	(3,359,805.14)	Hurricanes/Major Storms
364	0	Regular Retirement	1994	(2,160,210.50)		3,590,818.82	(189,674.74)	(1,984,991.10)	
364	1	Reimbursed Retirement	1994	(155,600.90)		169,965.30	(31,029.08)	(370,132.54)	Reimbursable Relocation
364	2	Sale	1994	-		151.50	(0.05)	-	Sales/Exchange
364	7	Outlier Retirement	1994	(8,201.68)		8,377.82	(716.43)	(1,507.10)	Hurricanes/Major Storms
364	0	Regular Retirement	1995	(13,361,837.19)		3,030,323.53	(330,708.49)	(1,583,410.31)	
364	1	Reimbursed Retirement	1995	(137,390.65)		174,591.74	(23,543.81)	(377,687.27)	Reimbursable Relocation
364	7	Outlier Retirement	1995	(8,152.76)		9,838.85	1,355.28	(38,737.74)	Hurricanes/Major Storms
364	0	Regular Retirement	1996	(1,295,457.30)		2,699,136.74	(466,400.13)	(1,581,717.16)	
364	1	Reimbursed Retirement	1996	(112,765.98)		116,940.30	(24,146.48)	(868,864.65)	Reimbursable Relocation
364	2	Sale	1996	(114.64)		18.62	0.18	(357,646.03)	Sales/Exchange
364	0	Regular Retirement	1997	(1,132,044.56)		2,762,267.19	(592,918.52)	(1,056,738.81)	
364	1	Reimbursed Retirement	1997	(319,979.79)		(419,784.97)	(19,212.42)	154,632.99	Reimbursable Relocation
364	2	Sale	1997	(130,812.07)		4,212.87	0.01	(325,264.57)	Sales/Exchange
364	0	Regular Retirement	1998	(1,578,856.01)		3,743,969.58	(580,265.89)	(1,342,816.18)	
364	1	Reimbursed Retirement	1998	(516,884.17)		(225,882.14)	(5,445.19)	95,982.71	Reimbursable Relocation
364	2	Sale	1998	(1,192.11)		547.12	(1.01)	0.23	Sales/Exchange
364	0	Regular Retirement	1999	(4,183,014.53)		3,301,946.85	(285,936.82)	(1,094,166.80)	

364	1	Reimbursed Retirement	1999	(1,161,752.01)	154,396.26	(2,006.50)	(412,832.22)	Reimbursable Relocation
364	2	Sale	1999	(11,275.62)	3,232.22	(0.01)	(4,874.77)	Sales/Exchange
364	0	Regular Retirement	2000	(5,889,235.51)	3,458,651.63	(247,254.41)	(1,901,552.83)	
364	1	Reimbursed Retirement	2000	(761,070.30)	444,528.42	(125.22)	(944,436.13)	Reimbursable Relocation
364	2	Sale	2000	(8,729.33)	617.29	(0.11)	837,845.58	Sales/Exchange
364	0	Regular Retirement	2001	(3,982,649.39)	4,258,032.34	(153,841.66)	(190,438.70)	
364	1	Reimbursed Retirement	2001	(968,662.16)	505,104.73	(1,981.58)	(790,405.41)	Reimbursable Relocation
364	2	Sale	2001	(5,697.58)	1,305.53	0.01	237.84	Sales/Exchange
364	0	Regular Retirement	2002	(3,291,761.73)	4,101,694.11	(144,824.37)	(1,206,480.77)	
364	1	Reimbursed Retirement	2002	(519,603.38)	538,794.65	(349.82)	(404,982.51)	Reimbursable Relocation
364	2	Sale	2002	(343.74)	347.70	-	-	Sales/Exchange
364	0	Regular Retirement	2003	(3,090,157.79)	5,457,509.10	(111,069.38)	(1,182,799.13)	
364	1	Reimbursed Retirement	2003	(883,920.38)	997,921.86	611.52	(924,178.33)	Reimbursable Relocation
364	2	Sale	2003	-	0.67	-	-	Sales/Exchange
364	0	Regular Retirement	2004	(2,641,418.30)	4,358,423.75	(129,648.76)	(1,298,730.94)	
364	1	Reimbursed Retirement	2004	(822,583.77)	1,048,105.62	(529.79)	(428,293.94)	Reimbursable Relocation
364	0	Regular Retirement	2005	(3,162,218.73)	5,766,789.68	(188,519.26)	(2,049,254.59)	
364	1	Reimbursed Retirement	2005	(546,294.67)	724,057.41	56.14	(530,519.17)	Reimbursable Relocation
364	7	Outlier Retirement	2005	(3,486,155.53)	4,219,671.54	-	0.06	Hurricanes/Major Storms
364	0	Regular Retirement	2006	(8,140,755.03)	17,260,762.03	(28,628.40)	(1,519,491.14)	
364	1	Reimbursed Retirement	2006	(920,826.62)	1,175,971.03	365.33	(724,291.51)	Reimbursable Relocation
364	7	Outlier Retirement	2006	538,468.14	(624,165.19)	-	-	Hurricanes/Major Storms
364	0	Regular Retirement	2007	(5,333,649.23)	9,859,812.84	(83,324.51)	(1,042,954.95)	
364	1	Reimbursed Retirement	2007	(965,344.14)	1,142,097.19	-	(579,446.67)	Reimbursable Relocation
364	7	Outlier Retirement	2007	(167,559.39)	135,728.22	-	-	Hurricanes/Major Storms

Q.
Distribution, Overhead Conductors & Devices. For Account 365 – Distribution, Overhead Conductors & Devices, please provide the following:

a. The quantity of copper conductor or cables by linear feet and dollar quantity.
b. The total linear feet of conductor or cable, by type of conductor or cable.
c. The linear feet and dollars of conductor or cables retired by year, by type of conductor or wire cable, for the past 10 years.
d. The quantity of the linear feet of conductor or cable retired by year, for the past 10 years due to storm related activity.
e. All reasons why FPL believes that an average service life of 43 years or longer would not also be a reasonable average service life.
f. All reasons FPL is aware of that caused the cost of removal in 2007 to be the highest percentage level experienced during the past 20 years.
g. All reasons FPL believes the cost of removal experienced during 2007 is representative of cost of removal for the remaining investment in the account.
h. The accounting transactions that caused the 2006 gross salvage to be a negative value, as set forth on Exhibit CRC – 1, page 581. The response should specifically identify all accounting reversals and the year the accounting reversals were corrected (e.g., $500,000 correction booked in 2006 for prior entry booked in 2004, etc.)

A.

(a) FPL records conductor or cables in its asset management system as either aluminum, copper, or other. Other can include either one of these, however, it does not identify the specific composition. As of December 31, 2008, FPL had on record 4,200,962 linear feet and $14,720,800 specifically identified as copper conductor/cable.

(b) See response in part (a) for explanation of FPL's recording of these type of assets. As of December 31, 2008, FPL had on record 461,355,168 linear feet of aluminum, 4,200,962 linear feet of copper, and 44,188,245 linear feet of other.

(c) See response in part (a) for explanation of FPL's recording of these type of assets. See Attachment No. 1 for amounts through December 31, 2008.

(d)

Year	Quantity-Feet
2005	5,117,484
2006	3,640
2007	420,307
2008	176,802

Note:
There were was no cable or conductor retired as a result of storm activity from 1999 to 2004 (accounting for cable and conductor replaced as a result of the 2004 storms occurred in 2005).

(e) Most of the bands run on the life analysis for this account indicated a 40-year life. The 40-year life when matched with the S0 curve was the best fit for the recorded data for this account. Lives higher than 43 years do not match the data as well as the 40 S0 life and curve. See Exhibit CRC-1, page 578.

(f) Without analyzing the specific conditions related to thousands of work orders, the main reason for the cost of removal is due to system upgrades and/or new system related retirements. Some of the reason may be due to timing differences (e.g., some retirements may be processed in one year, while the associated removal costs may span multiple years). Because of potential timing differences it is more desirable to base recommendations on analyses which span many years.

(g) The amount for the year 2007 was not the only amount considered for this account. This recorded year along with the recorded amounts in the years 1986-2007 were examined as part of the net salvage analysis. No specific year was analyzed but rather all years and bands of years. This estimate is based on the best information available at the time for this account and because the net salvage estimate is based on 22 years of actual history, we believe it is indicative of the future until new recorded information is available.

(h) The gross salvage for the year 2006 was a negative value as a result of a reversal of Other Recoveries recorded in the accumulated reserve in association with a Hurricane Jeanne work order. This work order should have been excluded from the reserve analysis.

Q.
Distribution Overhead Services. For Distribution Overhead Services - Account 369.1, please identify all analyses performed by the depreciation analyst to explain why the net salvage for investment in this account during the past 15 years noticeably exceeds the high end of the industry range indentified on Exhibit CRC – 1, page 621. To the extent no specific analysis was performed, provide all support and justification for such action.

A.
There was no analysis performed to determine why the net salvage percentages for this account are higher at Florida Power & Light than the industry statistics used in this study. No anomalies are known with the recording of salvage and cost of removal for this account. Although these net salvage percentages are higher than the industry statistics used for this study, FPL is aware of utilities not included in these industry statistics used in this study that have recently performed depreciation studies that show net salvage percentages for this account of exceeding negative 250 percent.

Q.
Distribution Overhead Services. For Account 369.1 – Distribution Overhead Services, please provide a detailed narrative explanation of the reasons why FPL's cost of removal for the past 15 years generally exceeds 100% on an annual basis. The response should specifically identify what activities are associated with cost of removal versus cost to replace in those instances where replacement of overhead service occurred. The response should provide a detailed accounting of how the amounts are established (e.g., estimated by cost estimators, actual charges by field crews, etc). Further, identify the number of overhead services retired by year, for the past 10 years.

A.
The reason why the cost of removal for the past 15 years has generally exceeded 100% on an annual basis is because removal cost is based on current costs for labor whereas the retirements are based on the historic cost associated with the vintage year. Additionally, some retirements are processed in one year and the associated removal costs may span multiple years (A).

The number of overhead services retired by year, for the past 10 years was as follows:

Year	Description	Retirements
1999	SERVICE OVERHEAD	15,110
2000	SERVICE OVERHEAD	20,806
2001	SERVICE OVERHEAD	17,465
2002	SERVICE OVERHEAD	20,873
2003	SERVICE OVERHEAD	20,744
2004	SERVICE OVERHEAD	22,878
2005	SERVICE OVERHEAD	49,940
2006	SERVICE OVERHEAD	31,043
2007	SERVICE OVERHEAD	25,864
2008	SERVICE OVERHEAD	5,997

(A) During the course of construction, all costs for the project are recorded under the project work order number using a holding account (Account No. 300.000). This holding account is designed to hold all project costs and then allocates these costs based on proportions established by the detail estimate. Removal cost being one component of the overall project, will have its own allocation parameters for material, labor and/or contractor payments. The criteria FPL uses in developing the systematic estimates is based on historical information and the knowledge of FPL engineering personnel.

Q.
Distribution Services–Underground. For Account 369.7 – Distribution Services – Underground, please provide the following:

a. The observed life tables associated with the actuarial analyses.
b. All basis for ignoring or discounting the results of FPL's specific analyses and retaining the 34-year average service life as referenced on Exhibit CRC – 1, page 629.
c. The underlying accounting associated with the $926,621 negative gross salvage during 2005 as set forth on Exhibit CRC – 1, page 631. Further, specifically identify the years associated with the negative gross salvage to the extent the amount reflects correction of prior year activities.
d. Whether it is FPL's policy is to abandon underground service in place when it can.
e. The number of underground services retired by year, for the past 10 years identifying the number abandoned in place and those removed.

A.

(a) See FPL's response to Depreciation-OPC's First Request for Production of Documents No. 13 "Depr-OPC 1st Set of POD No 13, 4 of 4.pdf."

(b) Although there were retirements for this account they were very small and did not provide significant life analysis information to base any estimate. There is still over 85 percent of the original investment remaining in this account. Until there is more data that provides information on life changes the consultant recommended that the currently approved life and curve be retained.

(c) The gross salvage for the year 2005 was a negative value as a result of a reversal of Other Recoveries recorded in the accumulated reserve in association with a Hurricane Jeanne work order. This work order should have been excluded from the reserve analysis.

(d) FPL's policy is to abandon underground service where it is replacing previously installed direct buried cable; however, when replacing previously installed cable in conduit, the old cable is pulled out for recycling and obtaining its salvage value.

(e) Below is the list of underground services retired by year, for the past 10 years. In reference to the number of underground services abandoned in place and those removed, FPL cannot provide this information, as its records are not maintained at this level of detail.

Year	Description	Retirements
1999	SERVICE,UG,BURIED	82
2000	SERVICE,UG,BURIED	1,417
2001	SERVICE,UG,BURIED	1,910
2002	SERVICE,UG,BURIED	1,192
2003	SERVICE,UG,BURIED	501
2004	SERVICE,UG,BURIED	97
2005	SERVICE,UG,BURIED	53
2006	SERVICE,UG,BURIED	32
2007	SERVICE,UG,BURIED	2

	Transaction	Transaction	Transaction	Transaction	Adjusted Transaction	Cost of	Reuse	Final	
369.7	0	Regular Retirement	1986	(359,501.06)		23,578.36	(1,751.34)	(9,184.23)	
369.7	1	Reimbursed Retirement	1986	(20,222.45)		1,855.12	(104.58)	(19,861.70)	Reimbursable Relocation
369.7	2	Sale	1986	-		7.50	(0.01)	(0.02)	Sales/Exchange
369.7	0	Regular Retirement	1987	(1,189,668.77)		31,684.40	(2,835.75)	(5,465.07)	
369.7	1	Reimbursed Retirement	1987	(31,432.75)		805.28	(139.53)	(4,169.47)	Reimbursable Relocation
369.7	2	Sale	1987	(407,705.40)		(2.38)	-	0.02	Sales/Exchange
369.7	0	Regular Retirement	1988	(843,399.04)		16,042.84	(6,930.06)	(8,315.40)	
369.7	1	Reimbursed Retirement	1988	(104,297.92)		2,424.43	(329.95)	11,288.88	Reimbursable Relocation
369.7	0	Regular Retirement	1989	(809,883.75)		22,994.14	(8,642.57)	(12,656.74)	
369.7	1	Reimbursed Retirement	1989	(58,738.61)		8,675.83	(705.03)	(10,701.81)	Reimbursable Relocation
369.7	0	Regular Retirement	1990	(776,281.54)		21,813.17	(8,639.79)	(9,702.44)	
369.7	1	Reimbursed Retirement	1990	(37,028.99)		12,040.99	(718.51)	(7,503.89)	Reimbursable Relocation
369.7	0	Regular Retirement	1991	(612,088.68)		27,169.72	(4,656.83)	(10,103.65)	
369.7	1	Reimbursed Retirement	1991	(86,279.93)		11,377.34	(512.82)	(11,829.51)	Reimbursable Relocation
369.7	0	Regular Retirement	1992	(573,693.61)		76,731.15	(6,491.70)	(10,725.41)	
369.7	1	Reimbursed Retirement	1992	(17,393.07)		18,864.27	(123.33)	(6,613.32)	Reimbursable Relocation
369.7	0	Regular Retirement	1993	(970,411.71)		55,931.12	(5,545.45)	(61,130.51)	
369.7	1	Reimbursed Retirement	1993	(1,511.10)		12,754.97	(106.56)	(2,156.39)	Reimbursable Relocation
369.7	7	Outlier Retirement	1993	(12,664.28)		17.38	(4.94)	(13,441.22)	Hurricanes/Major Storms
369.7	0	Regular Retirement	1994	(779,514.91)		50,362.03	(5,677.42)	(49,188.49)	
369.7	1	Reimbursed Retirement	1994	(9,609.69)		13,021.83	(277.01)	(2,027.68)	Reimbursable Relocation
369.7	0	Regular Retirement	1995	(1,312,796.86)		74,254.19	(998.99)	(56,723.82)	
369.7	1	Reimbursed Retirement	1995	(2,306.88)		4,514.25	(73.14)	(2,629.78)	Reimbursable Relocation
369.7	7	Outlier Retirement	1995	(21,072.97)		860.10	(1.26)	(21,894.76)	Hurricanes/Major Storms
369.7	0	Regular Retirement	1996	(802,492.48)		39,007.51	(354.69)	(34,875.78)	
369.7	1	Reimbursed Retirement	1996	(22,116.83)		2,440.18	(24.94)	(14,672.79)	Reimbursable Relocation
369.7	2	Sale	1996	-		-	-	(6,027.17)	Sales/Exchange
369.7	0	Regular Retirement	1997	(968,815.30)		66,611.59	(294.58)	(56,476.36)	
369.7	1	Reimbursed Retirement	1997	(204,936.35)		5,755.55	(571.17)	(42,435.80)	Reimbursable Relocation
369.7	2	Sale	1997	(13,257.46)		(0.02)	-	-	Sales/Exchange
369.7	0	Regular Retirement	1998	(1,051,617.50)		42,409.45	(95.84)	(289,612.05)	
369.7	1	Reimbursed Retirement	1998	(276,916.10)		13,821.92	(67.09)	(16,205.25)	Reimbursable Relocation
369.7	0	Regular Retirement	1999	(801,997.01)		77,874.85	47.86	(114,745.31)	
369.7	1	Reimbursed Retirement	1999	(151,026.19)		8,214.28	(58.51)	(38,099.06)	Reimbursable Relocation
369.7	2	Sale	1999	-		1,381.17	-	(0.03)	Sales/Exchange
369.7	0	Regular Retirement	2000	(1,144,388.08)		71,390.15	(0.04)	(174,987.85)	
369.7	1	Reimbursed Retirement	2000	(43,892.92)		10,550.53	(0.25)	(16,900.80)	Reimbursable Relocation
369.7	2	Sale	2000	-		-	-	(7,801.53)	Sales/Exchange
369.7	0	Regular Retirement	2001	(1,641,796.76)		95,026.45	136.19	(157,946.29)	
369.7	1	Reimbursed Retirement	2001	(25,894.33)		7,887.20	0.46	(9,477.40)	Reimbursable Relocation
369.7	2	Sale	2001	-		179.54	-	(10.28)	Sales/Exchange
369.7	0	Regular Retirement	2002	(2,287,247.32)		203,058.68	(1,152.32)	(67,688.26)	

369.7	1	Reimbursed Retirement	2002	(5,380.18)	7,547.65	-	(4,978.04)	Reimbursable Relocation
369.7	0	Regular Retirement	2003	(2,921,831.21)	232,497.10	60.22	(188,287.60)	
369.7	1	Reimbursed Retirement	2003	(1,559.17)	4,126.92	-	(1,466.94)	Reimbursable Relocation
369.7	0	Regular Retirement	2004	(1,420,758.56)	319,569.35	3.45	(147,429.40)	
369.7	1	Reimbursed Retirement	2004	(1,195.75)	20,221.78	-	(404.53)	Reimbursable Relocation
369.7	0	Regular Retirement	2005	(2,256,920.34)	631,239.16	-	926,620.71	
369.7	1	Reimbursed Retirement	2005	(10,882.48)	514.15	-	(0.50)	Reimbursable Relocation
369.7	7	Outlier Retirement	2005	(1,991,654.38)	33,305.34	-	-	Hurricanes/Major Storms
369.7	0	Regular Retirement	2006	(3,725,824.00)	799,024.99	8.04	(2,225,451.78)	
369.7	1	Reimbursed Retirement	2006	(7,374.14)	(335.45)	-	(2,637.17)	Reimbursable Relocation
369.7	0	Regular Retirement	2007	(3,835,270.28)	904,980.93	(1.56)	(249,446.03)	
369.7	1	Reimbursed Retirement	2007	(566.67)	887.39	-	(377.18)	Reimbursable Relocation

SUPPLEMENTAL DIRECT TESTIMONY OF
R. KEITH PRUETT

I. BACKGROUND AND PURPOSE

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT EMPLOYMENT POSITION.

A. My name is R. Keith Pruett. My business address is 1601 Bryan Street, Dallas, Texas. I am Director of Corporate Accounting for Oncor Electric Delivery Company LLC ("Oncor" or "Company").

Q. ARE YOU THE SAME R. KEITH PRUETT WHO PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS DOCKET?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY?

A. The purpose of my supplemental direct testimony is to discuss a re-examination of, and resulting revision to, the amounts of meter-related removal costs and salvage credits provided to and relied upon by Company witness Mr. Dane Watson for purposes of preparing the Company's depreciation study. The Company agreed to re-examine meter removal costs in this Docket as part of the settlement of Docket No. 35718, *Request for Approval of Advanced Metering System (AMS) Deployment Plan and Request for AMS Surcharge.* The Commission adopted this portion of the settlement in Finding of Fact No. 29 in the Commission's August 29, 2008 Final Order. Additionally, I will discuss an unrelated accounting adjustment I have made to the Company's balance in distribution electric plant in service and the corresponding accumulated provision for depreciation of distribution electric utility plant. This adjustment is primarily for an amount of unprocessed/unrecorded distribution property retirements that would have been reflected in test

ONCOR ELECTRIC DELIVERY
EXISTING METERS AND RELATED REMOVAL COSTS

	Quantity						Removal Cost					
Property Unit	BPL/PLC	Conventional	Substation	IDR	Meter related hardware	Std Removal Cost Rate	BPL/PLC	Conventional	Substation	IDR	Meter related hardware	Total Removal Costs
0005	6,221	2,391,128				$ 5.63	$ 35,011	$ 13,457,075	[redacted]	$ -	$ -	
0010	1	114,566				$ 6.78	$ 7	$ 776,893	[redacted]	$ -	$ -	
0020	-	260				$ 4.29	$ -	$ 1,116	[redacted]	$ -	$ -	
0025	-	499				$ 4.29	$ -	$ 2,141	[redacted]	$ -	$ -	
0030	-	4,712				$ 31.81	$ -	$ 149,865	[redacted]	$ -	$ -	
0035	-	60,701				$ 31.81	$ -	$ 1,930,612	[redacted]	$ -	$ -	
9996	-	3				$ 15.00	$ -	$ 45	[redacted]	$ -	$ -	
0210	600,175	9,106				$ 4.35	$ 2,612,762	$ 39,641	[redacted]	$ -	$ -	
0230	22,226	-				$ 31.81	$ 706,866	$ -	[redacted]	$ -	$ -	
0270	12	-				$ 14.25	$ 171	$ -	[redacted]	$ -	$ -	
0005	-	-	-	4,167	-	$ 13.05	$ -	$ -	[redacted]	$ 54,379	$ -	
0010	-	-	-	1,316	-	$ 13.05	$ -	$ -	[redacted]	$ 17,174	$ -	
0030	-	-	-	55	-	$ 21.36	$ -	$ -	[redacted]	$ 1,175	$ -	
0035	-	-	-	2,126	-	$ 21.36	$ -	$ -	[redacted]	$ 45,411	$ -	
0040	-	-	-	1,005	2,036	$ 21.88	$ -	$ -	[redacted]	$ 21,989	$ 44,548	
0060	-	-	-	86	190	$ 142.44	$ -	$ -	[redacted]	$ 12,260	$ 27,064	
0100	-	-	-	14,704	178,769	$ 38.56	$ -	$ -	[redacted]	$ 566,986	$ 6,893,333	
0120	-	-	-	1,831	22,267	$ 101.86	$ -	$ -	[redacted]	$ 186,506	$ 2,268,117	
0140	-	-	-	6	73	$ -	$ -	$ -	[redacted]	$ -	$ -	
0150	-	-	-	10	125	$ 610.20	$ -	$ -	[redacted]	$ 6,102	$ 76,275	
0160	-	-	-	3,022	36,736	$ 68.78	$ -	$ -	[redacted]	$ 207,853	$ 2,526,702	
0170	-	-	-	6,757	193	$ 22.81	$ -	$ -	[redacted]	$ 154,127	$ 4,402	
0180	-	-	-	179	-	$ 24.32	$ -	$ -	[redacted]	$ 4,353	$ -	
0190	-	-	-	1,180	43	$ 24.58	$ -	$ -	[redacted]	$ 29,004	$ 1,057	
0060	-	-	-	2	-	$ 142.44	$ -	$ -	[redacted]	$ 285	$ -	
0280	-	-	246	-	-	[redacted]	$ -	$ -	[redacted]	$ -	$ -	
0281	-	-	249	-	-	[redacted]	$ -	$ -	[redacted]	$ -	$ -	
0282	-	-	192	-	-	[redacted]	$ -	$ -	[redacted]	$ -	$ -	
0283	-	-	429	-	-	[redacted]	$ -	$ -	[redacted]	$ -	$ -	
	628,634	2,580,975	1,118	36,446	240,432		$ 3,354,818	$ 16,357,389	$ -	$ 1,307,595	$ 11,841,497	$ 32,861,299
Substation Investment*		$ 12,964,214				15.00%			$ 1,944,632			$ 1,944,632
Total Removal Costs							$ 3,354,818	$ 16,357,389	$ 1,944,632	$ 1,307,595	$ 11,841,497	$ 34,805,931

* Property units 280-283

18

Q.

Structures & Improvements. For Account 390 – Structures & Improvements, please provide the following:

a. Categorization of what was retired in 2006 and 2007 as set forth on Exhibit CRC – 1, page 665.
b. What caused the negative 16% net salvage in 2006 and 2007, specifically identifying why such cost of removal activities are anticipated to continue.
c. An identification of what was retired in 2005 that resulted in a 22% gross salvage.
d. The number and corresponding description along with all other pertinent details associated with any sale of buildings that occurred during the past 10 years. Further, specifically indicate if the gain or loss on the sale such buildings were included in Account 108. To the extent any net proceeds from sales that occurred during the past 10 years were booked to an account other than Account 108 provide the underlying accounting information.

A.

a. See attachment for categorization of what was retired in 2006 and 2007 as set forth on Exhibit CRC – 1, page 665.

b. The estimate was based on the best information available and because the net salvage recommendation is based on 22 years of actual history, we believe that it is indicative of the future until new recorded information is available.

c. See attachment for the identification of what was retired in 2005.

d. See FPL's response to Depreciation-OPC's First Set of Interrogatories No. 27. FPL provided the number and corresponding description along with all other pertinent details associated with any sale of buildings that occurred from 2005 to year end 2008. No gain or loss on the sale such buildings were included in Account 108.

Account 311
Cost of Removal

Sum of SumOfAMOUNT		
Reason	**Work Orders**	**Total**
A=SYSTEM UPGRADE/NEW SYSTEM	05607-070-0904-007 - Replacement of Air handler and compressor unit in administration building with a 20-ton Magic-Aire verticle air handler and a 20-ton Lennox dual circuit condensing unit with additional	4,693.46
A=SYSTEM UPGRADE/NEW SYSTEM Total		4,693.46
O=OPERATION	02045-070-0912-007 - ppe intake canal retaining wall replacement (Site:port everglades-common)	256,043.00
	03702-070-0950-007 - replace pjk1 condensate sump pumps(06574130) (Site:st johns river power pk)	833.05
	03838-070-0950-007 - replace building #22 hvac units(06574403) (Site:st johns river power park)	595.83
	03931-070-0924-007 - ppe waste basin forwarding pump replacement (Site:port everglades common)	1,139.40
	03958-070-0936-007 - replace pmt cooling pond underdrain system (Site:manatee plant)	600,000.00
	04269-070-0913-007 - replace pcc elevator (Site:cape canaveral plant)	7,897.00
	04301-070-0917-007 - replace pmt f.o.transfer heaters (Site:manatee plant)	79.28
	04363-070-0979-007 - tpe fuel oil transfer pump replacement (Site:port everglades-terminal)	559.93
	04596-070-0950-007 - replace pjk p-1 sump pump(07574118) (Site:st johns river power park)	91.20
	04607-070-0950-007 - replace p-20a sump pumps(07574316) (Site:st johns river power park)	749.03
	04686-070-0901-007 - pcu u5b saltwell pump & motor replacement (Site:cutler power plant unit #6)	8,600.00
	04687-070-0901-007 - pcu u6 saltwell pump & motor replacement (Site:cutler power plant unit #5)	2,300.00
	04716-070-0913-007 - replace pcc1 ocw piping system (Site:cape canaveral plant)	84,301.84
	04781-070-0950-007 - replace wwt special filter assembly(07574208) (Site:st johns river power park)	3,344.75
	04833-070-0996-007 - replace tmt f.o.motor (Site:manatee plant)	864.17
	04834-070-0926-007 - replace ptf u2 open cooling water pump (Site:turkey point power plant un)	1,300.00
	04848-070-0913-007 - replace pcc pond liner (Site:cape canaveral plant)	44,497.13
	04880-070-0950-007 - replace sjrpp bld#4 hvac compressor(07574411) (Site:st johns river power)	250.46
	05012-070-0926-007 - ptf u2 bfp room roof replacement (Site:turkey point power plant un)	61,000.00
	05045-070-0950-007 - demolish sjrpp bldg #9(07574412) (Site:st johns river power park)	5,441.88
	05288-070-0904-007 - replace ac condenser in control room prv (Site:riviera plant common)	202.55
	05310-070-0950-007 - replace sjrpp turbine bldg elevator roof(07574415)(Site:st johns river power park)	2,000.00
	05334-070-0917-007 - pmt (common) install/replace ocw pump motor (Site:manatee unit (common))	554.30
	05354-070-0950-007 - replace p2 sump pumps a&b(07574123) (Site:st johns river power park)	1,322.00
	05388-070-0917-007 - pmt(common)install/replace ocw pump motor (Site:manatee power plant common	554.30
	05416-070-0924-007 - replace ppe unit 4 open cooling water motor (Site:port everglades unit 4)	871.43
O=OPERATION Total		1,085,392.53
V=IMPROVE	05611-070-0918-007 - Replace Martin Unit 1A open intake cooling water pump motor with Capital	1,444.95
V=IMPROVE Total		1,444.95
Grand Total		1,091,530.94

Account 324
Cost of Removal

Ledger Year	Reason	Work Order	Total
2004	O=OPERATION	01944-070-0915-007 - replace model dhp 4.16kv breakers (Site:st lucie unit 1)	2,013.09
		02014-070-0915-007 - replace 1a battery (Site:st lucie unit 1)	17,052.00
		02015-070-0915-007 - replace 1b battery (Site:st lucie unit 1)	17,052.00
	O=OPERATION Total		36,117.09
	T=OTHER	08104-070-0009-007 - 2004 capital credits received for psl #2 (Site:st lucie plant-unit 2)	(22,091.10)
	T=OTHER Total		(22,091.10)
	V=IMPROVE	02290-070-0914-007 - ptn u3 4160v switchgear breaker replacements (Site:turkey point nuclear-un)	5,407.33
		09553-070-0910-006 - plant data network-ddps/soer (Site:st lucie-unit 2)	741,535.18
	V=IMPROVE Total		746,942.51
2004 Total			760,968.50
2005	O=OPERATION	01945-070-0910-007 - replace model dhp 416kv breakers (Site:st lucie unit 2)	11,590.53
		02899-070-0915-007 - replace 4 16kv and 69kv model dhp breakers (Site:st lucie unit 1)	30.00
	O=OPERATION Total		11,620.53
	V=IMPROVE	09552-070-0915-006 - plant data network-phase 1 (Site:st lucie-unit 1)	796,630.93
	V=IMPROVE Total		796,630.93
2005 Total			808,251.46
2006	O=OPERATION	03973-070-0914-007 - ptn u3 control room recorder replacements (Site:turkey point nuclear)	2,696.81
		04128-070-0914-007 - ptn u4 control room recorder replacements (Site:turkey point nuclear)	1,382.52
		04838-070-0914-007 - ptn u4 control room recorder replacements (Site:turkey point nuclear)	2,696.81
	O=OPERATION Total		6,776.14
2006 Total			6,776.14
Grand Total			1,575,996.10

LIFE INPUT DATA ACCOUNT 354

FROM OCP'S 1ST POD 12, 2 OF 5 NOTEPAD

35400000001987	0002009133	00000000000000000000000000000
35400000001990	000001087}	00000000000000000000000000000
35400000001992	0000000000	00008644860000000000000000000
35400000001993	000559788L	0002618884000004669L0000000000
35400000001994	007899090}	00005415280000320800J000000000
35400000001995	001207738L	0000134971000000000000000000
35400000001996	005460842Q	0005665931000000000000000000
35400000001997	0000000000	0000053701000000000000000000
35400000001998	0000000000	000000003}0000000000000000000
35400000001999	0000000000	000004102K0000000000000000000
35400000002000	000007752R	00000000000000000000000000000
35400000002001	0000000000	00000000000000000000000676902M
35400000002002	0000000000	0002630886000000000000000000
35400000002003	0000000000	000093078}0000000000000000000
35400000002006	052676418Q	002672958N0000000000000000000
35400000002006	001148089N	0022045253000000000000000000
35400000002006	0526764188	0026729585000000000000000000
35400000072006	051528329L	00000000000000000000000000000
35400000002007	0002147020	0001381254000000000000000000
35400000082007	067826507M	0000000000

Question 59 Overhead Conductors & Devices For Account 356

Question 59

part b.

Type	Quantity - Feet	Quantity - Feet Percentage	Cost	Cost Percentage
CONDUCTOR, COPPER	4,908,438	2.94%	$3,066,011.63	1.02%
CONDUCTOR, ALL ALUMINUM	1,766,464	1.06%	$1,227,240.58	0.41%
CONDUCTOR, ACSR	139,552,516	83.49%	$262,706,125.92	86.99%
CONDUCTOR, ALL ALUMINUM ALLOY	20,917,404	12.51%	$34,982,915.77	11.58%
Grand Total:	*167,144,822*	*100.00%*	*$301,982,293.90*	*100.00%*

IOWA CURVES

Iowa Curves are the result of extensive analysis by Professor Robley Winfrey and others at Iowa State University. These curves represent retirement frequency patterns of empirically derived data over extensive periods of time. For depreciation purposes it has been determined that such curves provide curve shapes reflecting different patterns of retirement frequencies over time applicable to most plant in service of utilities.

The theory is that the generic curve shape will produce a definable pattern over time for the survival characteristics of utility property. Curves are broken down into left "L" modal, symmetrical "S" modal curves and right "R" modal curves. The L, S, and R simply reflect the anticipation of whether the pattern of retirements will exhibit characteristics of whether the survivor curve will cross the fifty (a50) percent surviving to the left of average service life, symmetrical with the average service life or to the right of the average service life. In addition, the numeric character zero through five (5) or six (6) in conjunction with the L, S, or R designation indicates the peakedness of the type of curve in question. In other words, a low modal (0 or 1) left, symmetrical or right curve will indicate that the retirement frequency experienced over the entire life span of the plan in question is relatively uniform. On the other than, a high modal (4, 5, 05 6) associated with a left, symmetrical or right curve indicates that the retirement frequency for such curves are low at the beginning and end of the life cycle, yet have their peak annual level of retirement near or around the average service life of the plant in question.

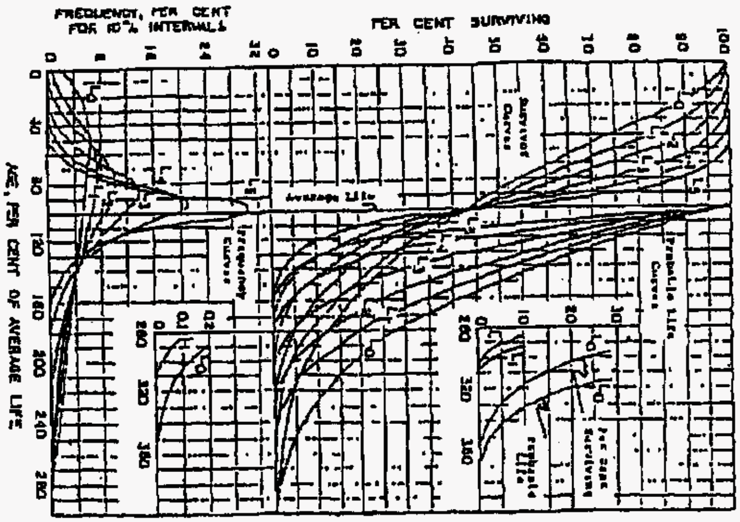


Fig. 16 Final Survivor, Probable-Life, and Frequency Curves for the Left-Modal Types
Winfrey, Bulletin 125, p. 70.

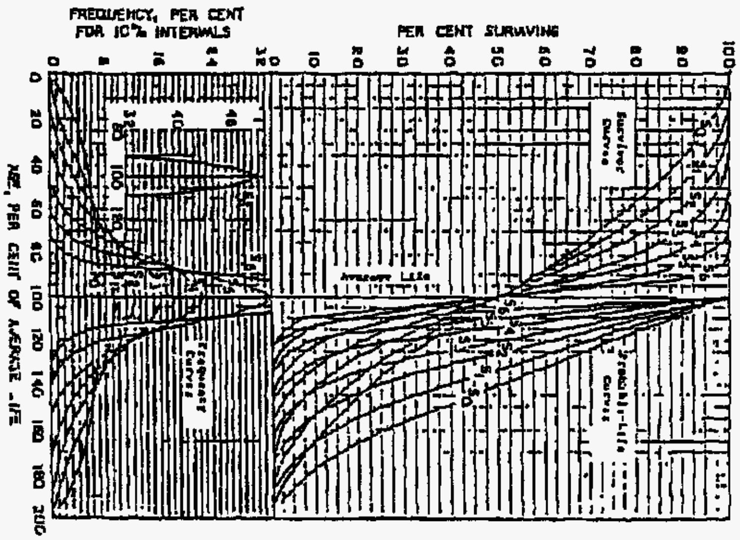


Fig. 17 Final Survivor, Probable-Life, and Frequency Curves for the Symmetrical Types
Winfrey, Bulletin 125, p. 71.

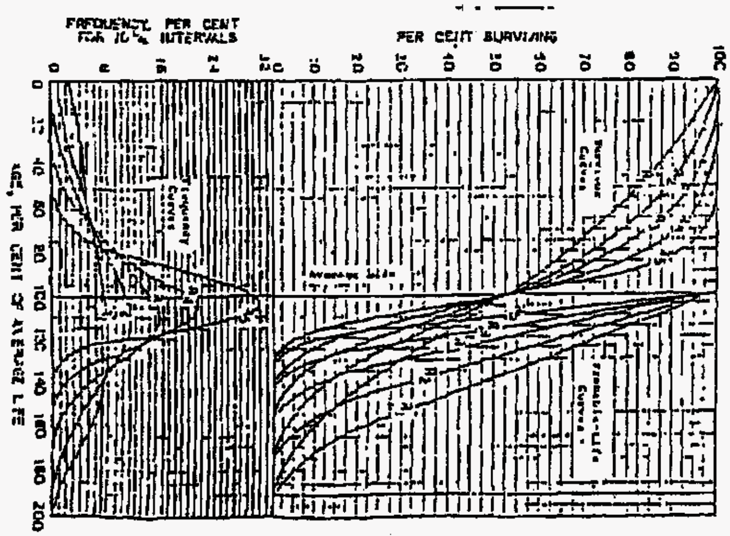


Fig. 18 Final Survivor, Probable-Life, and Frequency Curves for the Right-Modal Types
Winfrey, Bulletin 125, p. 72.