

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Approval of) DOCKET NO. 941317-EI
1995 Depreciation Rates for) ORDER NO. PSC-95-1140-FOF-EI
Martin Units 3 and 4 by Florida) ISSUED: September 12, 1995
Power & Light Company)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

PROPOSED AGENCY ACTION
ORDER APPROVING DEPRECIATION RATES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

The current depreciation rates for Florida Power & Light Company's (FPL or the Company) Martin Power Plant Combined Cycle Units Nos. 3 and 4 were established by Order No. PSC-94-0215-FOF-EI, issued in Docket No. 931217, on February 23, 1994. These rates were whole life rates that were implemented on each unit's in-service date. The Commission further required FPL to file a site specific depreciation study for these units no later than December, 1994. Accordingly, FPL filed a site study on December 21, 1994, and a revision on April 12, 1995.

In addition to its request for revised depreciation rates for the Martin units, FPL has also requested a depreciation rate for new railroad cars that will be used to transport coal from the mines to Scherer Unit No. 4.

The current prescribed whole life rates for the Martin Units Nos. 3 and 4 were derived from those underlying the prescribed remaining life rates for Putnam Power Plant, an older technology, combined-cycle generating station. FPL has, however, developed stratification details of the unit components. As a result, the depreciation requirements are being revised to more closely match the information now available.

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FPLS REG. SECS/REPORTING

FPL has also requested approval to implement a whole life depreciation rate of 8% for new railroad cars at Scherer Unit No. 4. FPL has entered into an agreement with Trinity Industries to manufacture and deliver 462 railroad cars to transport coal from the mines to the Unit. FPL proposed a whole life rate of 8% (15 year average service life and negative 20% net salvage). This rate represents the whole life rate underlying the remaining life rate currently prescribed for FPL's railroad cars associated with the St. Johns River Power Park site. FPL's request is reasonable and is, therefore, approved.

All of the data available demonstrates that the Company's requested January 1, 1995 implementation date for the revised rates for the Martin units is proper. Further, the ideal implementation date for new rates for the railroad cars is the date the cars begin service. These dates are, therefore, approved.

Attached to and incorporated in this Order is Attachment A, which illustrates the proper life and salvage parameters, along with the resulting depreciation rates, for these units.

FPL's mechanized property record system maintains details of each plant-in-service by account for each unit. It is FPL's preference that depreciation rates be prescribed at this same level. Although such detail is not required, it will provide a clearer picture of depreciation requirements and allow us to monitor the results on an on-going basis.

The Company's records afford them the ability to provide in-depth, stratified information for those assets that are expected to experience varied service lives. The historic approach has been to arrive at the pattern of interim retirement and life expectancy of the box without identifying the contents or quantifying the varying life characteristics of the contained assets. Stratification, on the other hand, may be explained as a determination that a particular account at a certain unit has x amount of dollars worth of pumps, piping, rotors, structures, and so forth. Each of these strata are expected to have a certain service life. The life of the particular account can then be derived by compositing the expectations of the various strata. This method is substantially more accurate than guessing at the service life of the box with its unidentified contents. The Company has provided this detailed stratification, thereby allowing for a more meaningful assessment of depreciation needs than was available when the current rates were prescribed.

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The Company's life projections for the various strata, and projected interim net salvage values, are reasonable. Some adjustments may be required with the passage of time and changes of circumstance; but at this time, as shown on Attachment A, the Company's proposed depreciation rate components are acceptable.

Based on the foregoing, it is therefore

ORDERED that the depreciation rates for Florida Power & Light Company's Martin Units Numbers 3 and 4 are, hereby, revised as set forth in the body of this Order and as illustrated in Attachment A to this Order. It is further

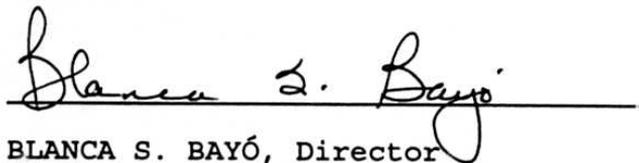
ORDERED that Florida Power & Light Company shall be allowed to implement a whole life depreciation rate of eight percent for new railroad cars at its Scherer Unit No. 4. It is further

ORDERED that the effective date for the revised depreciation rates for Martin Units Numbers 3 and 4 is January 1, 1995, and the effective date for the eight percent depreciation rate on the railroad cars at Scherer Unit Number 4 is the date the railroad cars enter into service. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket should be closed.

By ORDER of the Florida Public Service Commission, this 12th day of September, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)
BC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 2, 1995.

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

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

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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FLORIDA POWER & LIGHT COMPANY
 MARTIN COMBINED CYCLED UNITS 3 AND 4
 REVISED DEPRECIATION RATES AS OF 1-1-95

ACCOUNT	<-----CURRENT----->			<-----RECOMMENDED----->			
	AVERAGE SERVICE LIFE (Yrs.)	NET SALVAGE (%)	WHOLE LIFE RATE (%)	AVERAGE REMAINING LIFE (Yrs.)	NET SALVAGE (%)	BOOK RESERVE (%)	REMAINING LIFE RATE (%)
Common:							
341 Structures	30.0	(2)	3.4	25.0	(2)	2.8	4.0
342 Fuel Holders, Producers & Acc.	26.0	(2)	3.9				
343 Prime Movers	31.0	(2)	3.3	6.2	(2)	0.8	16.3
344 Generators	25.0	(2)	4.1				
345 Accessory Electrical Equip.	24.0	(1)	4.2	25.0	(1)	2.1	4.0
346 Misc. Power Plt. Equip.	22.0	(1)	4.6				
Unit 3:							
341 Structures	31.0	(2)	3.3	19.5	(2)	2.9	5.1
342 Fuel Holders, Producers & Acc.	30.0	(2)	3.4	22.0	(2)	2.9	4.5
343 Prime Movers	25.0	(2)	4.1	21.0	(2)	3.5	4.7
344 Generators	28.0	(2)	3.6	21.0	(2)	3.5	4.7
345 Accessory Electrical Equip.	30.0	(1)	3.4	15.7	(1)	3.0	6.2
346 Misc. Power Plt. Equip.	22.0	(1)	4.6	16.4	(1)	3.7	5.9
Unit 4:							
341 Structures	31.0	(2)	3.3	19.5	(2)	2.3	5.1
342 Fuel Holders, Producers & Acc.	30.0	(2)	3.4	19.7	(2)	2.4	5.1
343 Prime Movers	25.0	(2)	4.1	21.0	(2)	2.9	4.7
344 Generators	28.0	(2)	3.6	21.0	(2)	2.8	4.7
345 Accessory Electrical Equip.	30.0	(1)	3.4	14.2	(1)	2.4	6.9
346 Misc. Power Plt. Equip.	22.0	(1)	4.6	17.8	(1)	3.3	5.5