

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposal to extend plan) DOCKET NO. 970410-EI
for recording of certain) ORDER NO. PSC-97-0499-FOF-EI
expenses for years 1998 and 1999) ISSUED: April 29, 1997
for Florida Power & Light)
Company.)
_____)

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER EXTENDING PLAN TO RECORD ADDITIONAL EXPENSES
THROUGH 1998 AND 1999

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.

CASE BACKGROUND

In Docket No. 950359-EI, the Commission approved a proposal by Florida Power & Light Company (FPL) that resolved all of the identified issues regarding FPL's petition to establish a nuclear amortization schedule. By Order No. PSC-96-0461-FOF-EI, issued April 2, 1996, FPL was required (1) to book additional 1995 depreciation expense to the reserve deficiency in nuclear production; (2) to record, commencing in 1996, an annual \$30 million in nuclear amortization, subject to final determination by the Commission as to the accounts to which it is to be booked; and (3) to record an additional expense in 1996 and 1997 based on differences between actual and forecasted revenues, to be applied to specific items in a specific order.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

In the instant case, FPL, the Office of Public Counsel, and the Commission staff met to discuss a continuation of the plan approved in Docket No. 950359-EI. AmeriSteel, Inc., an FPL customer, also participated in the review of the plan as an interested person. The current proposal (Attachment A) would extend and modify the plan through 1998 and 1999.

In general, the proposal extends the currently approved plan for 1996 and 1997 for an additional two years through 1999. Essentially, FPL proposes to continue to record additional retail expense equal to 100% of the base rate revenues produced by actual retail sales between its "low band" and "most likely sales forecast" and at least 50% of the base rate revenues produced by actual retail sales above FPL's "most likely sales forecast" forecasted for 1996 as filed in Docket No. 950359-EI. This provision remains the same.

However, there are some differences between the items to which the additional expense will be applied as well as a modification of their priority. The first priority will be to correct any depreciation reserve deficiency quantified in an approved depreciation study order. Previously, the correction of the nuclear depreciation reserve deficiency had been given the first priority. The priority of the other items in the previously approved plan remains the same.

Several additional items have been added to the list. Item 4 involves the correction of any reserve deficiency in FPL's fossil dismantlement reserves. Item 5 is the correction of any reserve deficiency in FPL's nuclear decommissioning reserves. In the event that any revenues remain to be disposed of, they are to be recorded as an expense in an unspecified depreciation reserve account for production plant to be allocated to specific accounts at a later date by the Commission.

Although it is not specifically addressed in the proposal, FPL is still obligated to record an additional \$30 million annually in nuclear amortization until such time as the Commission orders otherwise per the terms of the plan approved in Order No. PSC-96-0461-FOF-EI. In addition, all amounts remain subject to review and audit by the Commission. This plan neither precludes an earnings review nor a review of the plan during the context of a proceeding to reset base rates. In the event that any legislative, administrative, or judicial action authorizing retail wheeling or deregulating the retail electric market is approved for Florida, the terms of this proposal may be altered or terminated upon the Commission's own motion or by the approval of a petition filed with the Commission.

We believe that this plan is appropriate because it mitigates past deficiencies with Commission prescribed depreciation, dismantlement, and nuclear decommissioning accruals. The plan also brings FPL's accounting in line with non-regulated companies by eliminating regulatory assets such as deferred refinancing costs and the assets associated with previously flowed through taxes. These accounting adjustments will facilitate the establishment of a level "accounting" playing field between FPL and possible non-regulated competitors.

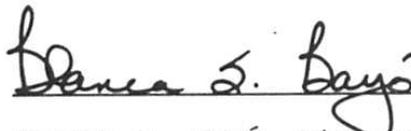
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposal (Attachment A) that extends and modifies the previously approved FPL plan for 1996 and 1997 concerning the recording of certain additional expenses for the years 1998 and 1999 is approved. 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 shall be closed.

By ORDER of the Florida Public Service Commission, this 29th day of April, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature 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 May 20, 1997.

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.

FPL 1998 and 1999 Plan

FPL shall record an additional retail expense in 1998 and 1999 equal to 100% of the base rate revenues produced by retail sales between its "low band" (\$3.1409 billion) and "most likely sales forecast" (\$3.2241 billion) and at least 50% of the base rate revenues produced by retail sales above FPL's "most likely sales forecast" forecasted for 1996 as filed in Docket No. 950359-EI. Any additional retail expense recorded as a result of this provision will be applied to the retail portion of the following listed in priority order:

1. Correction of any depreciation reserve deficiency resulting from an approved depreciation study order;
2. Writing off the net amounts of book-tax timing differences that were flowed through in prior years and remain to be turned around in future periods;
3. Writing off the Unamortized Loss on Reacquired Debt;
4. Correction of the reserve deficiency, if any, existing in FPL's fossil dismantlement reserves;
5. Correction of the reserve deficiency, if any, existing in FPL's nuclear decommissioning reserves. Any additional expenses recorded under this plan for nuclear decommissioning shall be funded on an after tax basis. Effective January 1, 1998, all debit deferred taxes resulting from amounts contained in decommissioning funds shall be excluded for surveillance purposes;
6. In the event revenues from the forecast bands are greater than the expenses identified herein, the remaining expenses shall be recorded in an unspecified depreciation reserve to be allocated at a later date.

A comprehensive fossil dismantlement study and a comprehensive nuclear decommissioning study shall be filed by October 1, 1998.

Upon the Commission's own motion or a petition filed with the Commission, the recording of the additional expense under this plan may be altered or terminated by the Commission in the event that legislative, administrative or judicial action authorizing retail wheeling or deregulating the retail electric market is approved for Florida.