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Matthew M. Childs, P.A.

October 1, 1998

Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
4750 Esplanade Way, Room 110  
Tallahassee, FL 32399

981246-RI

**Re: Petition of Florida Power & Light  
Company Concerning Annual Accrual  
for its Turkey Point and St. Lucie  
Nuclear Decommissioning Units**

Dear Ms. Bayó:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's Petition regarding the above matter.

Very truly yours,



Matthew M. Childs, P.A.

MMC/ml

cc: Jack Shreve, Esq., Office of Public Counsel

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DOCUMENT NUMBER-DATE  
10791 OCT-1 98  
FPSC-RECORDS/REPORTING

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida )  
 Power & Light Company Concerning )  
 Annual Accrual for its ) DOCKET NO. 981246-EI  
 Turkey Point and St. Lucie Nuclear ) FILED: OCTOBER 1, 1998  
 Decommissioning Unit Costs )  
 \_\_\_\_\_ )

## P E T I T I O N

Florida Power & Light Company ("FPL"), pursuant to the procedures established in Docket Nos. 810100-EU and 870098-EI, submits its updated decommissioning studies for St. Lucie Unit Nos. 1 and 2 and Turkey Point Unit Nos. 3 and 4. Based on these studies and the directives set forth in Order No. PSC-98-0027-FOF-EI, Docket No. 970410-EI, FPL requests Commission authorization to continue recording the last authorized decommissioning accruals and funding of the reserves established by Order Nos. PSC-95-1531-FOF-EI and PSC-95-1531A-FOF-EI. FPL recognizes that the annual accruals will need to be reviewed at the conclusion of Docket No. 970410-EI since the action authorized in that docket will affect the level of reserve deficiencies as will the continuation of the last authorized accruals. All pleadings, motions, orders and other documents directed to the petitioner are to be served on:

DOCUMENT NUMBER-DATE

10791 <sup>10/1</sup> ~~SEP 30~~ 98

FPSC-RECORDS/REPORTING

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In support of this Petition, FPL states:

1. By Order Nos. 10987 and 12356, entered in Docket No. 810100-EU on July 13, 1982 and August 12, 1983, respectively, this Commission concluded its investigation concerning the accounting for and recovery of the cost of decommissioning nuclear generating units. In Docket No. 810100-EU, the Commission concluded, among other matters, that: decommissioning costs should be accrued in equal annual amounts; decommissioning costs should be accounted for separately; and decommissioning costs should be reviewed and, if necessary, changed no less often than every five years.

2. By Order No. 21928, entered in Docket No. 870098-EI on September 21, 1989, this Commission considered the petitions by FPL for an increase in the accrual of nuclear decommissioning costs for the Turkey Point and St. Lucie nuclear units. Based upon its decisions regarding decommissioning methodology, the contingency allowance, escalation rates and an assumed fund earnings rate, the Commission approved an annual accrual and associated jurisdictional revenue requirement for each of FPL's four nuclear generating units. Order No. 21928 also provided that the approved accrual would be subject to subsequent review every five years.

3. By Order Nos. PSC-95-1531-FOF-EI and PSC-95-1531A-FOF-EI, entered in Docket No. 941350-EI on December 12, 1995 and December 19, 1995 respectively, the FPSC considered the petition by FPL for an increase in the accrual of nuclear decommissioning costs for the Turkey Point and St. Lucie units. Based upon its decisions regarding decommissioning methodology, including assumptions regarding extended on-site fuel storage, the contingency allowance, escalation rates and an assumed fund earnings rate, the FPSC approved an annual accrual and funding requirements for each of FPL's nuclear units with an effective date of January 1, 1995.

4. By Order No. PSC-98-0027-FOF-EI, Docket No. 970410-EI issued January 5, 1998, the FPSC authorized FPL to record additional decommissioning expenses to correct historical reserve deficiencies. In addition, FPL was ordered to file updated nuclear decommissioning studies by October 1, 1998.

5. FPL has now completed new decommissioning cost studies, prepared an updated funding and accrual analysis and an updated theoretical reserve calculation as of December 31, 1998 for the St. Lucie and Turkey Point nuclear units which are attached hereto and made a part hereof.

6. In Docket No. 941350-EI, the Commission approved DECON (Prompt Removal/Dismantling) for St. Lucie Unit No. 2 and the Turkey Point nuclear units and SAFSTOR/Integrated DECON (Prompt Removal/Dismantling) for St. Lucie Unit No. 1. FPL's current

decommissioning studies proposes this same basic methodology.

7. The decommissioning cost estimates contained in the TLG Decommissioning Cost Estimate section of these Studies and in the funding analysis contained in Support Schedule G of this filing do not take into consideration the unrecovered value of any Materials and Supplies inventories that will ultimately exist at the site following shut down of both units. FPL does recognize however that there will be a level of inventories that will remain at the end of life of St. Lucie Unit No. 2 and Turkey Point Unit No. 4, the last units to reach end of license, that must be recovered prior to the end of site operations. These inventories are unique and will have little value other than scrap value when the units are decommissioned. As such, FPL has included in Support Schedule F of this filing the annual expense accrual and theoretical reserve deficiency calculations associated with the estimated End of Life inventory values. Since the annual expense accrual and related reserves associated with these inventories represent the recovery of amounts already expended, there is no need to fund these amounts.

8. As of December 31, 1998, and based on the new decommissioning studies, the total jurisdictional decommissioning cost estimates for FPL's four nuclear units (in 1998 dollars) are:

St. Lucie Unit No. 1	425,734,655
St. Lucie Unit No. 2	399,237,172
Turkey Point Unit No. 3	366,736,188
Turkey Point Unit No. 4	430,228,815

9. Although FPL is not requesting a change in the annual accruals, a comparison of the last authorized annual accruals and those resulting from these updated studies for each of FPL's four nuclear units is presented. Except for the effect of Materials and Supplies inventories as discussed herein, the annual accruals presented in these studies were developed consistent with the methods used to develop the last authorized annual accruals:

<u>Nuclear Unit</u>	<u>Last Authorized Annual Accrual</u>	<u>Annual Accrual Per Updated Studies</u>	<u>Difference</u>
St. Lucie Unit No. 1	24,241,074	29,043,992	4,802,918
St. Lucie Unit No. 2	19,401,261	23,751,299	4,350,038
Turkey Point Unit No. 3	17,823,278	21,148,183	3,324,905
Turkey Point Unit No. 4	22,558,722	25,086,127	2,527,405

10. FPL requests Commission authorization to continue recording the last authorized decommissioning accruals and funding of the reserves established by Order Nos. PSC-95-1531-FOF-EI and PSC-95-1531A-FOF-EI. Although the updated studies indicate increases in the annual accruals, FPL believes that these increases will be more than offset by the end of 1999 as a result of Docket No. 970410-EI which requires FPL to correct deficiencies in its nuclear decommissioning reserves. FPL believes under the circumstances it is more appropriate to leave the current accruals in place.

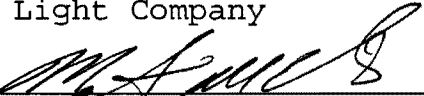
11. FPL is not aware of any disputed issue of material fact at this time.

WHEREFORE, FPL respectfully requests that the Commission approve the proposed jurisdictional decommissioning costs as herein set forth as of January 1, 1999 and authorize FPL to leave the last authorized annual accruals in place, as is also set forth herein and to continue recognizing these annual accruals as being included in FPL's costs of service.

DATED this 1<sup>st</sup> day of October, 1998.

Respectfully submitted,

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Attorneys for Florida Power  
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By   
Matthew M. Childs, P.A.