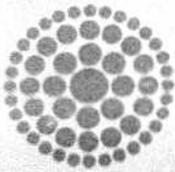


**ORIGINAL
FILE COPY**



**Florida
Power**
CORPORATION

James A. McGee
SENIOR COUNSEL

February 25, 1989

Mr. Steven C. Tribble
Director of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0872

Re: Docket No. 870098-EI

Dear Mr. Tribble:

Enclosed for filing in the subject matter are fifteen (15) copies of the Direct Testimony of Elizabeth A. Czura, Thomas S. LaGuardia, and Kenneth E. McDonald.

- ACK
- AFA 3
- APP
- CAF
- CMU
- CTR orig
- EAG 2
- LEG 1
- LIN 6
- OPC
- RCH
- SEC 1 JAM/jw
- WAS Enclosures
- OTH cc: Parties of Record

Please acknowledge receipt and filing of the above by completing the form provided on the enclosed copy of this letter and returning same to this writer.

Very truly yours,

James A. McGee

Czura - 02111-89
LaGuardia - 02112-89
McDonald - 02113-89

RECEIVED & FILED

FPSC-BU DEPT. OF RECORDS

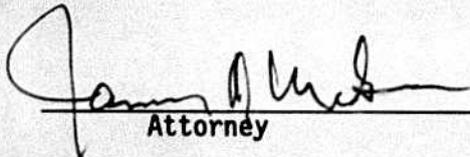
CERTIFICATE OF SERVICE
Docket No. 870098-EI

I HEREBY CERTIFY that a copy of the Direct Testimony of Elizabeth A. Czura, Thomas S. LaGuardia, and Kenneth E. McDonald have been served by delivery or U.S. Mail this 27th day of February, 1989, to the following:

Matthew M. Childs, Esquire
Steel, Hector & Davis
301 West College Avenue
Tallahassee, FL 32301-1406

Gail P. Fels, Esquire
Assistant City Attorney
Dade County Attorney's Office
111 NW First Street, Suite 2810
Miami, FL 33128-1993

M. Robert Christ, Esquire
Florida Public Service Commission
101 East Gaines Street
Fletcher Building - Room 226
Tallahassee, FL 32399-0863



Attorney

**ORIGINAL
FILE COPY**

FLORIDA POWER CORPORATION

DOCKET NO. 870098-EI

PREPARED DIRECT TESTIMONY OF

ELIZABETH A. CZURA

1 Q. Please state your name and business address.

2 A. My name is Elizabeth A. Czura. My business address is
3 P. O. Box 14042, St. Petersburg, Florida 33733.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Florida Power Corporation in the capacity
6 of Financial Analyst in the Company's Treasury Department.

7 Q. What are the duties and responsibilities of your position
8 with the Company?

9 A. My duties and responsibilities include assisting the
10 Treasurer in the areas of financial planning,
11 administration of financing agreements and programs,
12 financial reporting to various regulatory agencies, banks,
13 security analysts and others, and other special projects.
14 In the administration of the Company's Nuclear
15 Decommissioning Trust Fund, I am responsible for

1 coordinating the flow of accounting information among the
2 fund's investment manager, the trustee, and various
3 departments within the Company.

4 Q. Would you briefly describe your educational background and
5 professional experience?

6 A. I received a Bachelor of Science Degree in Business
7 Administration with a specialization in accounting from
8 Duquesne University in May, 1982. I am a Certified Public
9 Accountant in the states of Florida and Pennsylvania. From
10 June, 1982 through December, 1984, I was employed by Price
11 Waterhouse as a Staff Accountant in their General Audit
12 Department. I joined Florida Power Corporation in
13 February, 1985 as an Operational Auditor, and was promoted
14 to Senior Operational Auditor in September, 1986. In
15 February, 1987 I was promoted to my present position of
16 Financial Analyst in the Company's Treasury Department.

17 Q. What is the purpose of your testimony?

18 A. The purpose of my testimony is to present the Company's
19 projected future costs of decommissioning its Crystal River
20 Unit 3 Nuclear Plant (CR3) and the levelized annual accrual
21 required to fund and pay those costs at the time they are
22 incurred.

23 Q. Do you have any exhibit to your testimony?

1 A. Yes, I will sponsor the Crystal River Nuclear Plant
2 Decommissioning Study (the Study) filed with the Company's
3 Petition in this docket on January 26, 1987. Specifically,
4 I will support sections B through G of the Study document,
5 which contain schedules showing the development of CR3's
6 projected decommissioning costs in future dollars and the
7 corresponding annual accrual required to fund those costs.

8 Q. What is the projected cost of decommissioning CR3 in future
9 dollars?

10 A. Based upon the present operating license termination date
11 of December 3, 2016, the total estimated future cost to
12 decommission CR3 is \$1,536,570,164. The retail portion of
13 FPC's 90% share of this amount is \$1,308,069,888.

14 Q. What methodology was used to develop these future
15 decommissioning costs?

16 A. The methodology used in the Company's Study consists of the
17 following steps:

18 o The total cost estimate of \$176,576,000 in 1985
19 dollars developed by TLG Engineering was restated in
20 1986 dollars using inflation indices for major cost
21 components published by Data Resources, Inc. (DRI).
22 The calculation of this restatement is shown on
23 Schedule 1 of the Study.

- 1 o A weighted average annual escalation rate was
2 calculated using inflation indices for major cost
3 components published by DRI for the years 1987 through
4 2023. This calculation is shown on Schedule 2 of the
5 Study.
- 6 o The total cost estimate in 1986 dollars was
7 categorized by projected year of expenditure (2015
8 through 2023), and converted into future dollars for
9 each expenditure year using the annual escalation
10 rate. These future dollar cost estimates were then
11 summed to arrive at the total future estimated cost to
12 decommission CR3. This calculation is shown on
13 Schedules 5N and 5Q.

- 14 Q. **What is the annual accrual necessary to fund these costs?**
- 15 A. The annual accrual was determined under two alternative
16 approaches; one which assumed contributions to a fund
17 qualified under section 468A of the Internal Revenue Code,
18 and the other which assumed contributions to a
19 conventional non-qualified fund. Contributions to a
20 qualified fund are currently tax deductible, unlike
21 contributions to a non-qualified fund which are not
22 deductible until expended at the time of decommissioning.
23 The retail portion of the levelized annual accrual under a
24 qualified plan is \$9,169,802, as shown on Schedule 6Q,
25 line 21. The corresponding annual accrual under a non-

1 qualified plan is \$9,291,265, as shown on Schedule 6N, line
2 21.

3 Q. What is the Company's current annual accrual for
4 decommissioning costs?

5 A. Effective January 1, 1989, the retail portion of the
6 Company's accrual included in cost of service for
7 ratemaking purposes was increased by \$4,300,000 from
8 \$4,951,000 to \$9,251,000 in accordance with the settlement
9 stipulation approved by the Commission in Order No. 18627,
10 issued January 4, 1988, and confirmed in Order No. 20632
11 issued January 20, 1989, both in Docket No. 870220-EI.
12 This increase in the annual accrual was derived from the
13 Study.

14 Q. Does that conclude your testimony?

15 A. Yes.