



Public Service Commission

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DATE: DECEMBER 5, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (P. LEE, GARDNER, MEEKS, MAUREY, McCASKILL, STALLCUP, HEWITT, SLEMKEWICZ, MAILHOT)
DIVISION OF LEGAL SERVICES (ELIAS, C. KEATING) *colt*
DIVISION OF SAFETY & ELECTRIC RELIABILITY (D. LEE, BOHRMANN, COLSON) *Tb*
DIVISION OF POLICY ANALYSIS AND INTERGOVERNMENTAL LIAISON (LEWIS) *ck*

RE: DOCKET NO. 981246-EI - PETITION BY FLORIDA POWER & LIGHT COMPANY FOR APPROVAL OF ANNUAL ACCRUAL FOR TURKEY POINT AND ST. LUCIE NUCLEAR DECOMMISSIONING UNIT COSTS.

DOCKET NO. 001835-EI - PETITION FOR APPROVAL OF REVISED ANNUAL ACCRUAL FOR NUCLEAR DECOMMISSIONING COSTS BY FLORIDA POWER CORPORATION.

DOCKET NO. 990324-EI - DISPOSITION OF FLORIDA POWER & LIGHT COMPANY'S ACCUMULATED AMORTIZATION PURSUANT TO ORDER PSC-96-0461-FOF-EI.

DOCKET NO. 991931-EG - DETERMINATION OF APPROPRIATE METHOD OF RECOVERY FOR THE LAST CORE OF NUCLEAR FUEL FOR FLORIDA POWER & LIGHT COMPANY AND FLORIDA POWER CORPORATION.

AGENDA: 12/17/01 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\981246.RCM
ATTACHMENTS A & B ARE NOT AVAILABLE

DOCUMENT NUMBER-DATE

15229 DEC-50

FPSC-COMMISSION CLERK

CASE BACKGROUND

Nuclear Decommissioning

Decommissioning involves the process of dismantling and removing materials and equipment that are no longer used and useful but which remain following retirement of the nuclear generating unit. While the definition does not include the removal and disposal of spent fuel, on-site storage facilities for spent fuel are included. Decommissioning amends the licensing status of a nuclear unit from operational to possession-only and possibly unrestricted use.

Prior to 1981, the costs of decommissioning were considered a component part (cost of removal) of the depreciation rate design for the nuclear plants in Florida. In 1981, Docket No. 810100-EU(CI) was opened for the express purpose of determining the proper ratemaking and accounting treatment of the costs associated with decommissioning. The proceeding provided, for the first time, cost estimates to decommission nuclear facilities as well as the decommissioning methodologies available.

The three decommissioning methods the Nuclear Regulatory Commission (NRC) finds acceptable are: prompt removal/dismantling (DECON), entombment (ENTOMB) and mothballing with delayed dismantling (SAFSTOR). There is one alternative to complete decommissioning, which involves repowering the electric generating system after the original nuclear steam supply system has been isolated and decommissioned. The NRC has recommended prompt dismantlement absent any clear showing of why a nuclear plant should be decommissioned on a delayed basis.

By Order No. 10987, issued July 13, 1982, in Docket No. 810100-EU(CI), the Commission determined that due to the amount of money estimated to decommission or remove these nuclear facilities and the public health and safety issues, a funded reserve, apart from the reserve for depreciation, was necessary for the accumulation of the estimated costs of decommissioning each nuclear unit. This reserve was established to assure that the monies necessary for decommissioning would be available at the expiration of the nuclear facility's operating license.

The Commission recognized that these estimated decommissioning costs might need revision periodically and, therefore, required the companies to file updated decommissioning cost studies no less

often than every five years. The purpose of these studies is to update cost estimates based on new developments, additional information, technological improvements and forecasts, and to re-evaluate alternative methodologies, and revise the annual accrual needed to recover the costs.

Since the 1981 docket, the NRC and this Commission have come to recognize the desirability of performing site-specific cost studies since such studies account for factors unique to the individual nuclear unit. On January 26, 1987, Florida Power Corporation (FPC) filed an updated nuclear decommissioning site-specific study for its Crystal River Unit 3 (CR3) nuclear plant. Similarly, on April 20, 1988, Florida Power & Light Company (FPL) filed nuclear decommissioning site specific studies for its St. Lucie Units 1 and 2 (SL1 and SL2). On June 29, 1988, FPL filed nuclear decommissioning studies for its Turkey Point Nuclear Units 3 and 4 (TP3 and TP4), with revisions to its studies for the SL units. Order No. 21928, issued September 21, 1989, in Docket No. 870098-EI, amended FPC's and FPL's annual jurisdictional accruals to \$11,188,360 and \$37,515,086, respectively.

Subsequently, FPL and FPC filed updated site-specific decommissioning cost studies for their nuclear units on December 30, 1994, in Docket Nos. 941350-EI and 941352-EI, respectively. A major change in those studies was the treatment of the spent fuel generated during the operation of the nuclear plants. While the disposal of spent fuel assemblies (high-level waste) generated during plant operations is not considered a decommissioning expense, the presence of those assemblies on-site does have a bearing on the costs to decommission nuclear facilities. Faced with the uncertainties of the Department of Energy (DOE) meeting the January 31, 1998, deadline for the acceptance of spent nuclear fuel (SNF) or the 2010 date for a permanent high level waste repository, the Commission recognized that spent fuel may have to remain on-site long after decommissioning begins. For this reason, an allowance was made in FPL's and FPC's accruals for on-site dry storage costs. The primary goal in requiring this allowance was to ensure that the money needed to fully decommission a nuclear unit is available when the plants are retired, and recovered from customers who have benefitted from the low-cost nuclear generation. However, the Commission found that these costs should continue to be reviewed to determine the prudence of their inclusion in the annual accruals. By Order No. PSC-95-1531-FOF-EI, issued December 12, 1995, the Commission revised FPL's and FPC's annual

jurisdictional accruals to \$84,024,335 and \$20,502,310, respectively.

The NRC's final rule, 10 C.F.R. Section 50.75, requires that licensees provide reasonable financial assurance that funds will be available for decommissioning through prepayment prior to the start of operation, external sinking fund or a surety method, insurance or other guarantee method. An external sinking fund is defined as "a fund established and maintained by setting funds aside periodically in an account segregated from licensee assets and outside the licensee's administrative control in which the total amount of funds would be sufficient to pay decommissioning costs at the time termination of operation is expected. An external sinking fund may be in the form of a trust, escrow account, government fund, certificate of deposit, or deposit of government securities."

Both companies provide for financial assurance through monthly contributions to their nuclear decommissioning trust funds. These nuclear decommissioning funds are held in trust with State Street Bank and Trust Company as trustee and external investment management firms manage the investments. FPL and FPC believe that their respective external sinking funds comply with the NRC final rule and the Internal Revenue Service (IRS) requirements and that reasonable financial assurance is provided that funds will be available for decommissioning.

The Commission approved the external sinking funding method by Order No. 21928. In determining the annual provision for decommissioning, the current cost estimate is escalated to the expected dates of actual decommissioning. The escalation rate used can be determined from a variety of sources including a combination of the general economic inflation rates and inflation rates for decommissioning labor, transportation and burial of nuclear waste. Once the escalated decommissioning amount is known, a sinking fund annuity is calculated to determine the annual annuity. This annual annuity plus the earnings on the annuities, net of taxes, will grow to the escalated decommissioning amount.

The primary objective of a decommissioning trust fund is to have enough money on hand at decommissioning to meet all required expenses at the lowest possible cost to utility ratepayers. No set of investment policies will meet this goal with certainty. The management of the fund, therefore, must be concerned with both the preservation of contributions and the purchasing power of the contributions. By Order No. 21928, the Commission required that

the fund's assets earn a consistent positive real return over a market cycle. The imposed minimum fund earnings rate has been at least the rate of inflation measured by the Consumer Price Index (CPI) over each five-year review period.

The IRS has few requirements pertaining to the control of nuclear decommissioning funds. Additionally, the IRS Regulations are silent as to how funds qualified under the Internal Revenue Code are to be managed. The IRS does require that, in order for contributions to a Qualified Fund to be deductible for tax purposes, the Commission must specifically address certain issues. These issues directly result from the decisions the Commission makes in other substantive issues. Rather than identifying each of these issues individually, staff has addressed issues required by the IRS in Issues 1, 4, and 5 of this recommendation.

Pursuant to Order Nos. 10987 and 21928, FPL and FPC were scheduled to file updated site-specific nuclear decommissioning cost studies in 1999. However, by Order No. PSC-98-0027-FOF-EI, issued January 5, 1998, in Docket No. 970410-EI, FPL was authorized to record additional nuclear decommissioning expenses to correct perceived historical reserve deficiencies. As a result, the company was directed to file its updated decommissioning cost studies by October 1, 1998. Moreover, the nuclear decommissioning accrual was to be recalculated as part of the 1998 studies to reflect the corrected decommissioning reserve position. Accordingly, FPL filed its updated site specific decommissioning cost studies on October 1, 1998, in Docket No. 981246-EI.

Further, Order No. PSC-99-2491-PAA-EI, issued December 20, 1999, in Docket No. 991617-EI, granted FPC an extension of time to file its updated site-specific decommissioning study until December 29, 2000. The merger with Carolina Power and Light Company (CP&L), that was expected to be completed by August 2000, necessitated the extension. Additionally, the deferral would allow FPC time needed to analyze factors attributing to the decommissioning cost differential between CR3 and CP&L's nuclear plants, and to incorporate factors appropriate for CR3 in a revised cost study.

Disposition of Accumulated Nuclear Amortization

By Order No. PSC-96-0461-FOF-EI, issued April 2, 1996 in Docket No. 950359-EI, FPL was authorized to record nuclear amortization expense of \$30 million per year, beginning January 1, 1996. Subsequently, Order No. PSC-99-0073-FOF-EI, issued January

8, 1999, in Docket 971660-EI, deferred a decision regarding the allocation of the nuclear amortization accumulated through year-end 1998 until after a final decision in Docket No. 981390-EI, In Re: Investigation into the Equity Ratio and Return on Equity of Florida Power and Light Company. However, at the February 16, 1999 Agenda Conference, the Commission decided to close Docket No. 981390-EI and pursue the related issues in Docket No. 990067-EI, In Re: Petition for a Full Revenue Requirements Rate Case for Florida Power & Light Company.

Subsequently, on March 10, 1999, the parties of Docket No. 990067-EI filed a Joint Motion for Approval of Stipulation and Settlement together with the Stipulation and Settlement (Stipulation). By Order No. PSC-99-0519-AS-EI issued March 17, 1999, the Stipulation was approved. Among other things, the Stipulation terminated the booking of expenses authorized by Order No. PSC-98-0027-FOF-EI, including the annual nuclear amortization expense. However, the Stipulation did not address the disposition of the nuclear amortization accumulated through April 13, 1999, the day before the Implementation Date of the Stipulation. Therefore, a separate docket was opened to address the issue. Further, paragraph 8 of the Stipulation requires FPL's nuclear decommissioning accruals approved by Order Nos. PSC-95-1531-FOF-EI and PSC-95-1531A-FOF-EI, issued December 12, 1995, and December 19, 1995, respectively, in Docket No. 941350-EI not be increased for the term of the Stipulation period, which will end April 15, 2002.

In light of FPC's deferral and FPL's governing Stipulation, FPL updated its decommissioning studies on January 1, 2001. This provides the opportunity for staff to review both the FPL and FPC decommissioning studies at the same time.

Last Core of Nuclear Fuel

In Docket No. 990001-EI, In Re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor, FPL presented testimony regarding the issue of recovery of costs associated with the last core of nuclear fuel (Last Core). By Order No. PSC-99-2512-FOF-EI, issued December 22, 1999, in Docket No. 990001-EI, the Commission determined that a separate docket should be opened to address this issue on a generic basis for both FPC and FPL.

Staff, FPL, FPC, and the Office of Public Counsel (OPC) have met at various times discussing resolution of the appropriate

recovery treatment for the last core of nuclear fuel, EOL M&S inventories, and the disposition of FPL's nuclear amortization issues. The most recent meeting was held November 29, 2001. As a result of these discussions, FPL and FPC do not object to the staff recommended accounting or recovery treatment provided in Issues 5-7. The Florida Industrial Power Users Group was notified of each meeting but did not attend.

Because the staff recommendations regarding nuclear decommissioning, the last core of nuclear fuel, and the disposition of FPL's accumulated nuclear amortization are intertwined, they are presented together in one recommendation. The Commission is vested with jurisdiction over these matters through several provisions of Chapter 366, Florida Statutes, including §366.04, §366.05 and §366.06.

DISCUSSION OF ISSUES

ISSUE 1: Should the currently approved annual nuclear decommissioning accruals for Florida Power and Light Company (FPL) and Florida Power Corporation (FPC) be revised?

RECOMMENDATION: Yes. A review of FPL's and FPC's site specific decommissioning cost studies indicate that currently prescribed annual accrual levels should be revised to recognize developments and changes impacting decommissioning cost estimates. Such changes consider factors including additional information, improvements in technology, and regulatory changes that have transpired since the 1994 studies.

Staff believes that disposition of this issue will satisfy the IRS requirements regarding projected dates each nuclear unit will no longer be included in rate base for ratemaking purposes and the methodologies to be utilized by FPL and FPC to decommission their nuclear units. (P. LEE)

STAFF ANALYSIS: In accord with Order No. 10987 in Docket No. 810100-EU(CI), FPL and FPC have filed updated site specific decommissioning cost studies. The purpose of these studies is to recognize developments and changes impacting decommissioning cost estimates and to also consider such factors as additional information, improvements in technology, and regulatory changes that have transpired since the 1994 studies.

Operating Licenses

Each nuclear unit's investment will continue to be included in rate base until expiration of the respective operating license (retirement date). The existing license expiration dates for SL1 and SL2 are March 1, 2016 and April 6, 2023, respectively; CR3 is December 3, 2016. The licenses for TP3 and TP4 were amended in 1994 by the NRC to measure the 40-year operating license for each unit from the in-service date rather than from the construction date. As a result, license expiration is now considered to be July 19, 2012 and April 10, 2013, respectively. To the extent either FPL or FPC pursues license extension or the premature retirement of any nuclear unit, the respective license expiration dates will be revised.

Regarding license extension, FPL filed an application for renewal of the operating licenses for the Turkey Point units with

the NRC on September 11, 2000. Also, staff was notified on October 23, 2001, of FPL's plans to file a license renewal application by the end of 2001, for the St. Lucie nuclear units. License renewals would extend the operating licenses of each unit by an additional twenty years. FPL assumes receipt of the renewed licenses within two years, thereby providing a planning window to determine if the continued operation of the units is economically justified. A decision of whether to extend the operating licenses or decommission the units will be required by 2007 for the TP units and by 2011 for the SL units.

Additionally, FPC notified the NRC on October 10, 2000, of its plans to file a license renewal application for CR3 by the end of 2005. According to FPC, it is exploring all aspects of license renewal, and preliminary evaluations suggest that pursuing a license renewal is favorable.

Decommissioning Method

Consistent with Order No. 21928, FPC's studies continue to utilize the DECON (Prompt Removal/Dismantling) decommissioning method; FPL's site specific studies continue to utilize a combination of SAFSTOR (Safe Storage/Deferred Decontamination) and DECON decommissioning methods. DECON is utilized for the Turkey Point units because this method provides the lowest cost and utilizes those individuals familiar with the nuclear facility to support the dismantling effort. Further, DECON eliminates a potential long-term safety hazard and relieves the Company of the long term obligation and liability for continuing maintenance of the property. For the St. Lucie units, due to the difference in license expiration dates, SAFSTOR is utilized for SL1 with about 7 years of dormancy followed by prompt dismantlement (DECON) of both SL1 and SL2. This allows for a one-time mobilization of contractor personnel and equipment by mothballing SL1 until the expiration of SL2's license. FPC continues to utilize the DECON decommissioning method as being the most cost effective and most reasonable means for terminating the license for the site in the shortest possible time.

Decommissioning Cost Estimates

The major cost contributors to the overall decommissioning costs are labor, high and low level radioactive waste management and disposal, and other removal related activities (e.g., engineering, support equipment). Changes in base cost estimates

since the 1994 site-specific cost studies are primarily associated with high-level radioactive waste (HLRW) management and low-level radioactive waste (LLRW) off-site processing and disposal.

Interim Spent fuel storage

The Nuclear Waste Policy Act of 1982 committed the DOE to accept SNF and high level nuclear waste by January 1, 1998, under the Standard Disposal Contracts with waste generators. However, the DOE failed to meet this commitment and has yet to provide a permanent repository for SNF storage. The lack of a HLRW disposal facility creates uncertainty about how long spent fuel may have to be stored on the plant site, and each utility's ability to transfer the fuel into an acceptable container, when and if a HLRW disposal facility becomes available.

The 1994 cost estimates included costs to operate and maintain an independent spent fuel storage installation (ISFSI) at each nuclear site to recognize concerns that the DOE would not be able to begin accepting SNF and HLRW as it had committed. The costs were based on the assumption that the DOE would provide the MultiPurpose Canisters (MPCs) for interim on-site spent fuel storage. Since that time, the Office of Civilian Radioactive Waste Management (OCRWM) abandoned development of the MPC system beyond the initial design stage, partially due to funding constraints. Consequently, the current cost estimates include the total costs to site, license, and construct an ISFSI, including engineering, site alterations, pad construction, cask transfer equipment, as well as cask storage canisters and concrete overpacks. This change accounts for more than 50% of the increases in the current decommissioning cost estimates.

Further, there are concerns that, because of the DOE's continuing delays in providing a repository for spent fuel assemblies, the DOE may not be able to begin accepting SNF and HLRW until 2015. Even so, current assumptions are that the transfer of spent fuel to the DOE will be completed sooner than anticipated in the 1994 studies, 2045 for TP, 2032 for SL, and 2041 for CR3. The higher receipt rates are based on the projections reflected in the 1998 DOE report titled "Analysis of the Total System Life Cycle Cost of the Civilian Radioactive Waste Management Program" (DOE/RW-0510).

Off-site waste processing

The second major change since the last decommissioning cost studies relates to off-site waste processing. The 1994 cost studies assumed that much of the contaminated metal from the plant's secondary side could be easily and cost effectively decontaminated on-site during the decommissioning process. However, recent industry experiences have shown this not to be the case. The current studies therefore assume the contaminated metal is sent for off-site waste processing (decontamination and/or recycling), resulting in an increased volume of slightly contaminated metal and a commensurate increase in cost.

Low-level radioactive waste (LLRW) disposal

A bill to enact the "Atlantic Interstate Low-Level Radioactive Waste Compact Implementation Act" was signed by the Governor of South Carolina on June 6, 2000. The Atlantic Compact (Compact) consists of South Carolina, Connecticut, and New Jersey. Under the act, the Compact will systematically reduce disposal capacity available to out of region waste generators. The disposal facility located in Barnwell, South Carolina is one of two facilities in the United States currently licensed to dispose of certain classes of Class A, as well as all Class B and C LLRW, but it is the only facility available to FPL and FPC for those purposes. The DECON and SAFSTOR decommissioning alternatives generate significant quantities of Class B and C waste.

The 1994 studies reflected the disposal charge from Chem-Nuclear Systems, Inc. for the Barnwell LLRW Disposal Facility, which was based on volume of waste. Since that time, the Barnwell rate structure has changed and is now based on density of the packaged waste. While the packaged density charge increases the costs of controlled disposal at an assumed regional site, the total volume of waste has decreased due to more aggressive material recovery assumptions. It is assumed that much of the metallic radioactive waste will be routed to a recycling vendor prior to disposal. The vendor will apply decontamination and segmentation processes that will release much of the material as clean scrap thus minimizing the total cost of waste disposal. Additional cost savings are realized based on the use of a lower cost disposal site for low-activity waste.

Other factors

Staffing and removal cost estimates have decreased since the 1994 studies. Current cost studies reflect costs based on a utility specific staff organization for the decommissioning program rather than costs based on the guidelines developed in the AIF/NESP. Additionally, a modification in removal methodology for non-contaminated structures has been incorporated into the cost model. This modification improves the accessibility of the interior portions of the power block structures, thus allowing more efficient and inexpensive dismantling methods to be used.

Other factors such as escalation rates and inflation forecasts also indicate that current decommissioning accrual levels should be revised.

End of life nuclear materials and supplies

FPL also proposes in this current round of decommissioning cost studies, the recovery of its materials and supplies (M&S) inventory balance, less estimated salvage, that is anticipated to remain at the End of Life (EOL) of each site. FPL maintains that these inventories are unique and will have little value other than scrap value when the units are decommissioned. Because EOL inventories represent the recovery of amounts already expended, FPL asserts that there is no need to fund these amounts and therefore a separate unfunded decommissioning reserve sub-account should be established.

ISSUE 2: Should a contingency allowance be applied to the estimated cost of decommissioning, and if so, what should the percentage be?

RECOMMENDATION: Yes, a contingency allowance should be applied to the costs of decommissioning nuclear units. The weighted average contingency factors listed below for each of the five nuclear units are reasonable and should be approved:

FPC:
CR3 17.22%

FPL:
TP3 19.59%
TP4 19.39%
SL1 20.51%
SL2 20.79%

(D. LEE)

STAFF ANALYSIS: The practice of budgeting a contingency allowance is common in large-scale construction and demolition projects. Such cost estimates generally include a baseline cost estimate, which is based on ideal conditions, and a contingency allowance, which is a specific provision for unforeseeable elements of cost within the defined project scope. For a large, complex, and long-running project such as decommissioning, unforeseeable events are likely to occur, therefore a contingency allowance is necessary. The Commission concluded in Order No. PSC-95-1531-FOF-EI, issued December 12, 1995, in Docket Nos. 941350-EI and 941352-EI that "...a contingency allowance must be applied to the costs of decommissioning nuclear units." This policy ensures full decommissioning costs be borne by those that will benefit from the power generated by the nuclear units.

Contingency allowances are site specific and activity dependent. In each of the cost studies, TLG Services, Inc. (TLG) applied specific contingency allowances to the associated decommissioning costs on a line item basis to produce weighted average contingency values. These specific line item contingency allowances were based on the guidelines developed by the Atomic Industrial Forum (now Nuclear Energy Institute) in the report "Guidelines for Producing Commercial Nuclear Power Plant Decommissioning Cost Estimates", AIF/NESP-036. The contents of those guidelines were prepared under the review of a task force consisting of representatives from utilities, state and federal

regulatory agencies, and architect/engineering firms. Dividing the sum of these line item contingency allowances by the total decommissioning cost for each unit resulted in the following weighted average percentages (contingency factors):

| | |
|------|--------|
| FPC: | |
| CR3 | 17.22% |
| FPL: | |
| TP3 | 19.59% |
| TP4 | 19.39% |
| SL1 | 20.51% |
| SL2 | 20.79% |

Staff has reviewed the derivation of these contingency factors and concludes that these factors and the underlying contingency allowances they represent are reasonable and appropriate. Therefore, the contingency allowances included in FPC's and FPL's current decommissioning cost estimates should be approved. However, the contingency factors shown above will change with any change in decommissioning costs to which the specific contingency estimates are applied. Therefore, these particular factors may not always be appropriate, but the methodology used to determine them is appropriate.

ISSUE 3: Should the total estimated cost of nuclear decommissioning include a provision for on-site storage of spent fuel beyond the termination of the operating licenses of each nuclear unit?

RECOMMENDATION: Yes. It is prudent for the total estimated costs of nuclear decommissioning to include the costs for interim storage of spent fuel incurred after the retirement of each nuclear unit. However, these amounts should continue to be reviewed in subsequent decommissioning studies to determine the prudence of their inclusion. (D. LEE, P. LEE)

STAFF ANALYSIS: Under the terms of the Nuclear Waste Policy Act of 1982, the federal government is assigned the responsibility of providing for the permanent disposal of SNF. This legislation also committed the DOE to begin acceptance of SNF no later than January 31, 1998. However, this deadline was not met by the DOE. In fact, the DOE has still not made a recommendation with regard to the suitability of Yucca Mountain, Nevada as a permanent repository site for SNF.

In the last decommissioning cost review in Docket Nos. 941350-EI and 941352-EI, the assumption of the need for interim dry storage was based on industry expectations that the DOE would not have a permanent repository in operation before 2010. Under this circumstance, to permit prompt decommissioning of the unit at the end of operating license, transfer of the SNF for interim dry storage prior to the DOE's acceptance of SNF is the most cost effective option over the long term. Therefore, interim dry storage of SNF after the retirement of each nuclear unit is needed. The Commission decided the following in Order No. PSC-95-1531-FOF-EI:

We agree that an allowance must be made in FPL's and FPC's accruals for on-site dry storage costs. Our primary goal in requiring this allowance is to ensure that the money needed to fully decommission a nuclear unit is available when the plants are retired, and not recovered from customers who have not benefitted from the low-cost nuclear generation. FPL's and FPC's annual accrual amounts must, therefore, include the anticipated cost for dry storage of SNF after retirement of each respective unit. We will continue to review these amounts in future decommissioning studies in order to determine the prudence of their inclusion.

Subsequent developments validate the prudence of including the costs of interim dry storage. Faced with the costs associated with the interim dry storage, utilities sought relief in the federal courts. On November 14, 1997, the U.S. Court of Appeals issued a decision upholding the fact that the DOE has an unconditional obligation to begin accepting SNF beginning in 1998. However, the decision also stated that the Court lacked authority to order the DOE to begin spent fuel disposal. The DOE continues to maintain that its delayed performance is unavoidable because it does not have an operational repository and does not have authority to provide storage in the interim.

Currently, the DOE has no plans to receive SNF before the year 2010. However, there is speculation that the DOE will not be able to meet that date. FPL asserts that such things as OCRWM funding constraints due to insufficient congressional appropriations indicate a 2015 date may be more feasible. Also, FPL proffers that a possible DOE delay in submitting a repository license application to the NRC until 2004 or 2005, expected litigation with the license application process, and time for NRC hearings not provided in the current scheduling add to concerns with a 2010 date. Additionally, there is concern that the degree of delay caused by any one item could push the date out even further. For these reasons, staff agrees with FPL that a conservative assumption at this time for the DOE acceptance of SNF and HLRW is 2015.

In addition, in 1996 the DOE terminated its program to fund MPCs for on-site interim storage of SNF. Both utilities are assumed in their current studies to bear the costs for the storage canisters. They are expected to develop an ISFSI at each of the plant sites under the provisions of Title 10 C.F.R. Part 72. The capital costs of the ISFSI are necessary for interim SNF dry storage after retirement of each nuclear unit. The ISFSI facilities will continue to operate until the completion of SNF transfer to DOE permanent repository. Ultimately, the ISFSI will be decommissioned.

Staff believes including the costs for interim dry storage of SNF incurred after retirement of each nuclear unit is prudent. If such costs are not included, those costs may have to be borne by those customers that will not benefit from the power generated by the nuclear units. The major components of the costs associated with the interim dry storage are the ISFSI capital costs, operation costs after the unit retirement, and decommissioning costs when the transfer of SNF to an interim or permanent off-site repository is

completed. For FPC's CR3, the contribution to the total decommissioning costs are estimated to be 11.6%, 7.7%, and 0.9% for ISFSI capital, operations, and decommissioning, respectively. For FPL's TP3 and TP4 together, the contribution to the total decommissioning costs are estimated to be 15.0%, 10.7%, and 0.7% for ISFSI capital, operations, and decommissioning, respectively. For FPL's SL1 and SL2 together, the contribution to the total decommissioning costs are estimated to be 4.4%, 3.3%, and 0.6% for ISFSI capital, operations, and decommissioning, respectively.

ISSUE 4: What is the appropriate annual accrual in equal dollar amounts necessary to recover future decommissioning costs over the remaining life of each nuclear power plant for Florida Power & Light Company and Florida Power Corporation?

RECOMMENDATION: The appropriate jurisdictional annual accrual amounts necessary to recover future decommissioning costs over the remaining life of each nuclear power plant are:

| | <u>Recommended Annual Accrual</u> |
|-------|---------------------------------------|
| FPL: | |
| TP3 | \$21,815,173 |
| TP4 | 25,220,424 |
| SL1 | 18,683,743 |
| SL2 | <u>12,797,597</u> |
| Total | <u>\$78,516,937</u> |
| FPC: | |
| CR3 | <u>\$18,442,980</u> |

For FPL, staff's recommended total accrual amount represents a decrease of \$0.8 million compared to the total amount indicated in FPL's study and a decrease of \$5.5 million compared to the total amount approved in Order No. PSC-95-1531-FOF-EI (Order No. 95-1531), which established FPL's current nuclear decommissioning accrual levels. For FPC, staff's recommended amount represents an increase of \$9.8 million over the amount requested in FPC's study and a decrease of \$2.1 million compared to the amount approved in Order No. 95-1531.

Staff believes that disposition of this issue will satisfy the IRS requirements regarding the current and future cost to decommission each nuclear unit, the years in which the accumulated decommissioning funds will be expended, the escalation rates, the assumed fund earnings rate, and the annual accrual amounts. (MAUREY, McCASKILL)

STAFF ANALYSIS: The annual decommissioning accrual amounts recommended by staff are based upon information provided by FPL and FPC in their site-specific cost studies and in their responses to staff's Interrogatories and Production of Document requests. Once the cost of decommissioning a nuclear unit is determined in current (December 31, 2000) dollars, this cost is escalated into future dollars. The determination of the annual accrual amounts then

resembles an annuity equation. The question becomes how much money needs to be collected from ratepayers in equal payments, on a monthly basis, earning at a given rate, to equal decommissioning costs in future dollars at a future date. The disparity between the accrual amounts proffered by FPL and FPC in their respective studies and the amounts recommended by staff result primarily from differences in the escalation rates and the fund earnings rate assumed in the annuity calculation. The matter of the appropriate escalation rates and fund earnings rate will be discussed in detail later in this issue.

Base Costs of Decommissioning

The estimated cost in current (December 31, 2000) dollars to decommission each of the nuclear units was provided by the companies. These estimates assume a 2015 DOE acceptance date of spent fuel as discussed in Issue 3 and unit-specific contingency allowances as discussed in Issue 2. For comparative purposes, staff has also listed the cost estimated as of December 31, 1994 to decommission each nuclear unit that was assumed in the calculation of the annual accrual amounts approved in Order No. 95-1531. The estimated cost to decommission each nuclear unit is:

| | <u>1994 Dollars</u> | <u>2000 Dollars</u> |
|------|---------------------|---------------------|
| FPL: | | |
| TP3 | \$289,465,891 | \$431,060,521 |
| TP4 | 350,841,060 | 493,670,869 |
| SL1 | 342,880,320 | 476,962,657 |
| SL2 | 369,404,320 | 441,467,899 |
| FPC: | | |
| CR3 | \$404,609,597 | \$538,290,000 |

The analysis performed by FPC breaks the decommissioning process into seven specific stages or activities. The stages are decontamination, removal, packaging, shipping, burial, staff, and other. Where applicable, each of these activities is separated into one or more sub-components. These sub-components are labor, materials, burial, and other. The analysis performed by FPL breaks the decommissioning process into five more general stages. These stages are labor, materials, shipping, burial, and other.

TLG provided both companies with estimates of the base costs for each activity. These cost estimates were determined through site-specific cost studies and include a contingency allowance. The FPL study reflects weighted average contingency allowances of 19.59% for TP3, 19.39% for TP4, 20.51% for SL1, and 20.79% for SL2. The FPC study reflects a weighted average contingency allowance of 17.22%. Staff's recommendation regarding the appropriate contingency allowance to recognize in the determination of the respective annual accrual amounts is discussed in Issue 2.

According to the companies, the primary reasons for the net increase in decommissioning costs from 1994 to 2000 were changes in the costs associated with ISFSI and other related expenses, waste recycling, LLRW disposal, removal, staffing, property taxes, and the license termination survey.

Cost Escalation Rates

The next issue that must be addressed is the determination of the appropriate escalation rates to use to convert the current decommissioning cost to the future decommissioning cost for each nuclear unit. The base level costs are in 2000 dollars for both the FPL and FPC studies. These current dollar estimates are escalated to future dollar estimates at the respective license termination date for each nuclear unit using separate inflation forecasts for labor, materials, shipping, burial, and other component costs. The companies used similar methodologies to determine the appropriate escalation rates. Both companies relied upon the Summer 2000 edition of Standard & Poor's (S&P) Data Resources, Inc. (DRI), U.S. Economy, 25-year Focus as the source for their specific inflation measures. Staff's recommended escalation rates are based on the same analyses performed by the companies but have been updated with the inflation measures published in the Summer 2001 edition of S&P's DRI.

Although the site-specific studies identify unique costs associated with each nuclear unit, the homogeneous nature of the burial and shipping requirements, the labor involved, and the materials used in the decommissioning process leads staff to recommend that the same inflation measures be used to determine the appropriate escalation rate for each nuclear unit. The cost characteristics unique to each nuclear unit are still recognized because the methodology staff and the companies use to calculate the escalation rates rely on site-specific base costs provided by TLG. However, by using the same inflation indices to escalate

labor, materials, shipping, and burial costs, staff recognizes that the costs for these activities should increase at the same relative rate regardless of whether the nuclear unit is owned by FPL or FPC. As noted earlier, with the exception of the rate of increase for burial costs, both companies relied upon the S&P DRI for their inflation measures. Consistent with the inflation measures used in the determination of the escalation rates approved in Order No. 95-1531, both companies used the Compensation per Hour index to escalate labor costs; the PPI - Intermediate Materials, Supplies, and Components index to escalate material costs; the GDP - Transportation index to escalate shipping costs; and the GDP index to escalate costs categorized as other.

For the burial rate used in the determination of the escalation rates approved in Order No. 95-1531, the Commission relied upon an in-house estimate prepared by FPC. In its current study, FPC used a flat 7.5% rate to escalate burial costs. According to its response to staff Interrogatory No. 50, the index for burial costs is based on actual experience at the Barnwell, South Carolina site and represents FPC's best estimate of the inflation rate expected from now through the end of decommissioning for low-level radioactive burial costs. FPL prepared a similar analysis in developing the inflation rate it used to escalate burial costs. For the first two years, FPL used rates based upon a comparison of disposal cost estimates in two revisions of the NUREG-1307 Report on Waste Burial Charges. Burial costs for the years 2001 through the end of the decommissioning period "are assumed to increase at a rate similar to general inflation adjusted for variability historically exhibited by LLRW disposal costs (forecasted CPI plus 3.5%)." The rate varies but is less than 7.5% over the initial 14-year period. However, the rate gradually increases from 7.5% in 2015 to 8.5% by 2025 and remains at 8.5% through the end of the decommissioning period. Due to the continued variability and uncertainty regarding future burial rates and the impact these rates have on the respective escalation rates, staff recommends using FPC's estimated burial cost inflation rates.

Staff has calculated the updated escalation rates in the same manner these rates were determined in the last proceeding. For comparative purposes, staff has also listed the escalation rates used in the companies' current studies and the rates approved in Order No. 95-1531. The determination of the escalation rate for each nuclear unit is provided on Attachment A. Relying on Summer 2001 inflation indices, the indicated escalation rate to use to

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convert the current decommissioning cost to future decommissioning
cost for each nuclear unit is:

| | <u>Approved 1994</u> | <u>Company 2000</u> | <u>Staff 2001</u> |
|------|--------------------------|-------------------------|-----------------------|
| FPL: | | | |
| TP3 | 5.7% | 6.0% | 5.6% |
| TP4 | 5.6% | 6.0% | 5.6% |
| SL1 | 5.9% | 5.7% | 5.5% |
| SL2 | 5.7% | 5.7% | 5.5% |
| FPC: | | | |
| CR3 | 5.5% | 5.56% | 5.3% |

Future Cost to Decommission

Based on the current dollar base costs to decommission each nuclear unit as provided by TLG's site-specific studies, the contingency allowances discussed in Issue 2, the cost of extended storage of spent fuel discussed in Issue 3, and the escalation rates that staff has recommended, staff has determined an estimate of the total cost to decommission each nuclear unit in future dollars based upon present operating license termination dates. For comparative purposes, staff has also listed the estimated future cost of decommissioning each nuclear unit assumed in Order No. 95-1531. The estimated cost to decommission each nuclear unit at its respective license termination date is:

| | <u>1994 Study</u> | <u>2000 Study</u> |
|------|-------------------|-------------------|
| FPL: | | |
| TP3 | \$1,079,816,392 | \$1,354,187,519 |
| TP4 | 1,356,618,077 | 1,628,019,672 |
| SL1 | 2,320,578,321 | 1,755,465,299 |
| SL2 | 2,640,742,229 | 1,937,719,683 |
| FPC: | | |
| CR3 | \$1,954,302,381 | \$1,762,237,978 |

Years of Fund Expenditures

The years in which the accumulated decommissioning funds will be expended are listed below. Upon conclusion of the dry storage period and transfer of all spent fuel assemblies to the DOE, the dry storage compound will be decontaminated and dismantled. The underlying assumptions include a 2015 date for the DOE to begin accepting SNF with higher receipt rates based on the projections reflected in DOE/RW-0510. The entire site will then be available without NRC restriction.

| <u>Years of Fund Expenditures</u> | | |
|-----------------------------------|-----|-------------|
| FPL: | | |
| | TP3 | 2005 - 2045 |
| | TP4 | 2005 - 2045 |
| | SL1 | 2005 - 2032 |
| | SL2 | 2023 - 2032 |
| FPC: | | |
| | CR3 | 2016 - 2041 |

Fund Earnings Rate

The next matter that must be addressed is the appropriate fund earnings rate to use in the annuity calculation. In Order No. 95-1531, the Commission approved a fund earnings rate of 4.9%. This rate was based on the simple average of the expected long-term, after-tax, after-expenses return on the nuclear decommissioning trust fund as forecasted by FPC's trust fund consultant (Wilshire Associates, Inc.) and the average annual DRI forecast of CPI for the subsequent 25-year period. At that time, the use of an assumed fund earnings rate of 4.9% represented a spread of 1.1 percentage points over the long-term forecast of CPI of 3.8%.

In its study, FPL used an assumed fund earnings rate of 5.2% for TP 3 and TP 4 and a rate of 4.8% for SL 1 and SL 2. These rates represent a spread of 1.1 percentage points above the DRI forecasted average annual rate of change in CPI for the period 2000 through the end of the decommissioning period for the Turkey Point and St. Lucie plants, respectively.

In its study, FPC used an assumed fund earnings rate of 6.0%. This rate is the weighted average of the expected long-term, after-tax, after-expenses return on the nuclear decommissioning trust

fund as forecasted by Wilshire Associates and a 25-year average of long-term CPI. For purposes of determining the assumed fund earnings rate in its 1994 study, FPC took the simple average of these two rates. For purposes of its 2000 study, FPC has assigned greater weight to the consultant's expected return component. According to FPC's response to staff Interrogatory No. 109, "the higher weighting factor in 2000 was used to reflect the fact that the fund's investments have higher risk and return characteristics, which are expected to yield an expected return much higher relative to the long-term CPI. Thus, the use of a higher weighting factor produces an assumed fund earnings rate which is closer to the expected net return after taxes and fees than to the long-term CPI." The simple average of the consultant's expected return and the 25-year average of long-term CPI indicates an assumed fund earnings rate of 5.2%.

The fund earnings rate is an important assumption in the determination of the appropriate annual accrual amount. The amount of the annual accrual moves inversely with the fund earnings rate. In other words, the higher the assumed fund earnings rate, the lower the indicated annual accrual and vice versa.

In Order No. 21928 approving the annual accruals following the 1989 study, the Commission approved the use of an assumed fund earnings rate of CPI. In Order No. 95-1531 approving the annual accruals following the 1994 study, the Commission approved the use of an assumed fund earnings rate of CPI plus 1.1%. For purposes of the 2000 study, FPC proposes an assumed fund earnings rate of 6.0% which represents a spread of 2.4% above the 25-year average of CPI of 3.6%. Supporting its position, FPC notes that its recommended fund earnings rate is well below the actual annual return (after-tax) on trust investments for the 5-year period ending December 31, 2000 of 10.4%.

Given the history of the performance of the funds and the elimination of the Black Lung restrictions on investments, staff believes it is reasonable to continue to use an assumed fund earnings rate greater than the long-term forecast for CPI in the determination of the annual accrual amounts for both FPL's and FPC's nuclear units. For comparative purposes, the table below shows what the annual accrual amounts would be under a range of assumed fund earnings rates.

| | CPI + 1.1% <u>4.7%</u> | CPI + 1.6% <u>5.2%</u> | CPI + 2.4% <u>6.0%</u> |
|-------|---------------------------|---------------------------|---------------------------|
| FPL: | | | |
| TP 3 | \$21.8M | \$17.4M | \$10.9M |
| TP 4 | 25.2M | 20.1M | 12.7M |
| SL 1 | 18.7M | 13.5M | 5.9M |
| SL 2 | <u>12.8M</u> | <u>9.1M</u> | <u>3.6M</u> |
| Total | <u>\$78.5M</u> | <u>\$60.1M</u> | <u>\$33.1M</u> |
| FPC: | | | |
| CR 3 | <u>\$18.4M</u> | <u>\$11.7M</u> | <u>\$5.8M</u> |

It should be noted that some of the difference between the assumed fund earnings rates proposed by FPL and FPC is tied to each company's estimate of long-term CPI. While both companies relied upon S&P's DRI for their forecast of long-term CPI, each company assumed different periods over which to estimate this measure. For the Turkey Point plants, FPL used a long-term average CPI of 4.1%. This rate represents the average CPI through the end of the Turkey Point decommissioning period of 2045. For the St. Lucie plants, FPL used a long-term average CPI of 3.7%. This rate represents the average CPI through the end of the St. Lucie decommissioning period of 2032. Consistent with the last proceeding, FPC used a 25-year average of long-term CPI of 3.4%. The end of the Crystal River decommissioning period is 2041.

The following table shows the historic performance of each company's nuclear decommissioning trust fund (calculated net of administrative costs on an after-tax, time weighted rate of return basis as of December 31, 2000) relative to CPI for the past year, 5 years, and since the inception of the funds.

| | <u>Fund Return</u> | <u>CPI</u> | <u>Spread</u> |
|-----------|--------------------|------------|---------------|
| FPL: | | | |
| 1 Year | 2.1% | 3.5% | (1.4%) |
| 5 Years | 9.9% | 2.6% | 7.3% |
| Inception | 8.9% | 3.3% | 5.6% |
| FPC: | | | |
| 1 Year | 0.3% | 3.5% | (3.2%) |
| 5 Years | 10.4% | 2.6% | 7.8% |
| Inception | 9.2% | 3.0% | 6.2% |

Recognizing that the companies engage in similar investment strategies for their nuclear decommissioning trust funds and that this issue will be addressed every five years, staff believes it is reasonable to continue the practice of setting a single assumed fund earnings rate for the determination of the annual accruals for each nuclear unit. Given the level of detail incorporated into the calculation as a result of relying upon site-specific studies for the majority of the inputs, staff does not see the benefit from attempting to estimate assumed fund earnings rates for each plant site. Moreover, as demonstrated by the range of earned returns shown in the table above, total fund returns continue to be quite volatile from year to year.

In addition to the fund return volatility demonstrated above, since the beginning of the year when these studies were prepared the capital markets have experienced extreme downward pressure. Negative economic reports regarding weak economic growth domestically combined with the uncertainty over military actions occurring internationally have further depressed market returns. Weak returns in 2000 and the prospect for flat or possibly negative returns in 2001 discourages staff from assigning Wilshire Associates' forecasted fund earnings rate the weight recommended by FPC. For the reasons outlined above, staff believes it is more appropriate to continue the approach recommended by FPL of setting the fund earnings rate at long-term CPI plus 1.1%. Staff recommends an assumed fund earnings rate of 4.7% be used in the determination of the annual accrual amounts for both FPL's and FPC's nuclear units. This rate represents a spread of 1.1 percentage points over the Summer 2001 DRI 25-year average forecast of CPI of 3.6%.

Minimum Fund Earnings Rate

Separate from the issue of the assumed fund earnings rate in the determination of the annual accrual amounts is the issue of whether the Commission should impose a minimum fund earnings rate. Both companies continue to recommend against a minimum fund earnings rate. Instead, the companies recommend the Commission continue the approach approved in Order Nos. 21928 and 95-1531 whereby "rather than attempting to set a prospective minimum fund earnings rate which may or may not be reasonable under future economic conditions, we will require that the companies set aside funds sufficient to meet the Commission's best estimate of the decommissioning liability and require the companies to maintain the purchasing power as well as the principal amount of these

contributions. The companies' investment performance will be evaluated along with all other decommissioning activities every five years. If it is found that the companies' investment earnings, net of taxes and all other administrative costs charged to the trust fund, did not meet or exceed the CPI average for the period, then we will consider ordering the utility to cover this shortfall with additional monies to keep the trust fund whole with respect to inflation. We therefore find a minimum fund earnings rate equivalent to the level of inflation over each five-year review period would be appropriate." Staff believes this approach is reasonable and recommends it remain in effect.

Summary

Based on the current dollar cost to decommission each nuclear unit as determined in TLG's site-specific studies, the unit-specific contingency allowances discussed in Issue 2, the unit-specific escalation rates recommended above, the cost of extended storage for spent fuel and assumed a DOE acceptance date for a SNF and HLRW repository discussed in Issue 3, and an assumed fund earnings rate of 4.7%, staff has determined its recommendation of the appropriate jurisdictional annual accrual amounts necessary to recover future decommissioning costs over the remaining life of each nuclear unit. For comparative purposes, staff has also listed the annual accrual amounts approved in Order No. 95-1531 and the annual accrual amounts requested by the companies. The determination of the annual accrual amounts for each nuclear unit is provided in Attachment B.

| | <u>Order No.</u> <u>95-1531</u> | <u>Company</u> <u>2000</u> | <u>Recommended</u> <u>Accrual</u> |
|-------|------------------------------------|-------------------------------|--------------------------------------|
| FPL: | | | |
| TP3 | \$17.8M | \$21.2M | \$21.8M |
| TP4 | 22.6M | 24.5M | 25.2M |
| SL1 | 24.2M | 19.9M | 18.7M |
| SL2 | <u>19.4M</u> | <u>13.7M</u> | <u>12.8M</u> |
| Total | <u>\$84.0M</u> | <u>\$79.3M</u> | <u>\$78.5M</u> |
| FPC: | | | |
| CR3 | <u>\$20.5M</u> | <u>\$8.6M</u> | <u>\$18.4M</u> |

The difference between the annual accrual amounts reflected in the studies filed by FPL and FPC and the amounts recommended by staff are primarily due to differences in the escalation rates and

the assumed fund earnings rate. As a result of updated inflation estimates, staff has recommended lower escalation rates than those filed in the studies. Lower escalation rates have the effect of reducing the indicated annual accrual amounts. In addition, staff has recommended a lower fund earnings rate compared to the earnings rates assumed in the studies. A lower fund earnings rate results in an increase in the indicated annual accrual amounts. The net effect for FPL is a 6.5% reduction from its currently allowed annual accrual level. The net effect for FPC is a 10.2% reduction from its currently allowed annual accrual level.

Finally, a number of factors identified in this issue require specific Commission rulings so that the IRS will have adequate information to determine the appropriate decommissioning cost for tax purposes. Staff believes that disposition of this issue will satisfy IRS requirements regarding the current and future cost to decommission each nuclear unit, the years the trust funds will be expended, the specific escalation rates for each unit, the assumed fund earnings rate, and the annual accrual amounts for each nuclear unit.

ISSUE 5: Should the unrecovered value of Materials and Supplies inventories that will exist at the nuclear site following shut down be recovered through an unfunded reserve?

RECOMMENDATION: Yes. The unrecovered value of Materials and Supplies (M&S) inventories existing at the nuclear site following permanent shut down should be amortized over the remaining life span of each nuclear site. The resulting jurisdictional annual expense is \$1.7 million for TP, \$0.7 million for SL, and \$1.5 million for CR3. The accounting treatment for these expenses should consist of a debit to nuclear maintenance expense with a credit to an unfunded Account 228 reserve. Further, the amortization of EOL M&S inventories should be included in subsequent decommissioning studies so the related annual accruals can be revised, if warranted. Moreover, in the event of industry restructuring, treatment of these established unfunded reserves should follow the same treatment afforded nuclear decommissioning. (P. LEE, SLEMKEWICZ)

STAFF ANALYSIS: According to FPL, a level of M&S inventories will remain at the end of each nuclear site's life (EOL). EOL M&S inventories consist of spare replacement parts and supplies needing to be kept in inventory to ensure safe and reliable operations. The items include such things as spare pumps and subassemblies, motors, control modules, circuit boards, switch gear, circuit breakers, valves and valve parts, ventilation parts and filters, and radiation monitoring parts. FPL asserts that the EOL nuclear M&S inventories are unique and will have little value other than scrap value when the units are decommissioned. The associated expenses will be recorded at the time the last unit at each site ceases operation unless another recovery mechanism is approved. FPL opines that recovery over the remaining life span of each nuclear unit will ratably allocate costs to ratepayers receiving the benefit of the nuclear units and prevent unduly burdening ratepayers with a significant expense at the time when operations cease.

FPL estimates the jurisdictional cost of its EOL M&S inventories to be \$19.7 million for TP and \$14.8 million for SL. FPL believes EOL M&S inventories should be considered part of nuclear decommissioning since the costs relate to the time each nuclear site will cease operation. Further, FPL asserts that the annual expense/reserve accruals associated with EOL M&S inventories represent the recovery of amounts that will have already been expended during the operating life of each nuclear unit and thus do not require a cash outlay at the time of decommissioning.

Therefore, FPL concludes that there is no need to fund these amounts. Additionally, FPL notes that the accrued reserve would be treated as a rate base offset, the tracking of which would be facilitated by recording the accruals in a separate unfunded decommissioning reserve sub-account. The resulting EOL M&S annual expense would be \$2.4 million (\$1.7 million for TP and \$0.7 million for SL)

On the other hand, FPC does not believe that EOL nuclear M&S inventories should be recovered as part of nuclear decommissioning. In response to discovery, FPC asserts that these costs do not fit the definition of nuclear decommissioning. Nonetheless, FPC believes these costs should be recovered through "base rates" over the remaining life of the nuclear facility so as to mitigate intergenerational inequity at the EOL due to the write-off of stranded assets. Accordingly, FPC has proposed a pro forma adjustment relating to EOL M&S in its current rate review proceeding in Docket No. 000824-EI. FPC has quantified the jurisdictional EOL nuclear M&S inventories at CR3 to be about \$24 million. Amortization over CR3's remaining life span would result in annual expenses of about \$1.5 million.

Because nuclear M&S inventories represent unrecovered costs remaining at the end of the nuclear site's life, staff agrees with FPL that these costs should be amortized over the remaining life span of each site to ratably allocate the costs to those receiving the benefit of the generated power. However, these costs do not relate to the removal or disposal of the nuclear plant. For this reason, staff recommends that the amortization expense associated with the EOL M&S inventories be accounted for as a debit to nuclear maintenance expense with a credit to an unfunded Account 228 reserve. Further, for administrative ease, staff recommends that FPL and FPC address the amortization status of EOL M&S inventories in subsequent decommissioning studies so the related annual accrual can be revised, if necessary. Additionally, in the event of industry restructuring, treatment of these established unfunded reserves should follow the same treatment afforded nuclear decommissioning. Neither FPL or FPC object to staff's recommended accounting or recovery treatment of these costs.

ISSUE 6: What is the appropriate recovery mechanism for the cost of the last core of nuclear fuel?

RECOMMENDATION: The existence of the last core of nuclear fuel (Last Core) is the direct result of unit shut down, and there are numerous uncertainties surrounding the timing of unit shut down, actual costs associated with the Last Core, and future regulatory environment. Therefore, staff recommends that the associated costs be considered a base rate future obligation with recovery afforded through an established unfunded reserve. The recommended accounting treatment consists of a debit to base rate fuel expense with a credit to an unfunded Account 228 reserve. The resulting annual jurisdictional expenses for FPL are about \$5.5 million; for FPC, the resulting annual jurisdictional expenses are \$1.1 million. Additionally, FPL and FPC should address the costs associated with the Last Core in subsequent decommissioning studies so the related annual accruals can be revised, if warranted. Further, in the event of industry restructuring, treatment of the Last Core unfunded reserve should follow the same treatment afforded nuclear decommissioning. (P. LEE, BOHRMANN)

STAFF ANALYSIS: There are three discussion parts to this issue: definition, quantification, and finally, determination of an appropriate recovery mechanism for the associated costs.

Definition of Last Core

FPC and FPL consider the Last Core as the unburned fuel that will remain in the fuel assemblies at the end of the last operating cycle of each nuclear unit when it ceases operation. Currently for FPL, a typical fuel assembly is amortized over a three-cycle period, or about 54 months; for FPC, the three-cycle period is 72 months. According to FPC and FPL, two thirds of the fuel assemblies that would normally be moved to new locations within the reactor core at the end of a normal refueling cycle (18 months for FPL and 24 months for FPC), would have to be amortized during the final cycle of unit operation unless an alternative recovery method is introduced. The currently scheduled final cycles of operation for the FPL units are November 2010 to July 2012 for TP3, November 2012 to April 2013 for TP4, December 2014 to March 2016 for SL1, and May 2021 to April 2023 for SL2. It is staff's understanding that the final cycle for FPC's CR3 will be October 2014 to December 2016. According to both companies, no feasible solution currently exists to use all the nuclear fuel by the time of unit shutdown.

Staff believes that the Last Core is predicated solely on the final shut down of the nuclear unit. For the FPL and FPC nuclear units, final shut down is not expected to occur until 2012 or later. During any given cycle, an amount of unburned fuel exists in the reactor. However, fuel assemblies are continually rotated and the current existing unburned fuel will be burned in the next generating cycle. It is only at the time when the unit ceases operations that there are no future generating cycles to burn the residual fuel in the reactor.

Cost Estimates

FPL estimates the jurisdictional cost of the Last Core associated with its units to be approximately \$71.2 million; FPC estimates the jurisdictional cost associated with CR3 to be approximately \$17.5 million. Outages, capacity factor, plant life extension, future fuel contracts, the change in mix of generating assets owned by the company as the industry further evolves, market conditions, and technology are all factors cited by FPC that can potentially affect a Last Core cost estimate. According to FPL, the once or twice burned fuel at TP3 cannot practicably be used at TP4 during its last cycle due to internal restrictions on moving fuel from unit to unit. Further, FPL asserts that the NRC would have to approve any fuel transfer from one unit or plant to another. Additionally, the operating license expiration dates of the two units are relatively close together (July 19, 2012, for TP3 and April 10, 2013, for TP4). Accordingly, FPL believes there is no guarantee that the final refueling outage for TP4 would occur after the end of the operating license of TP3. FPC states that the fuel remaining at the time of CR3 shutdown cannot be used at any of the CP&L units due to different reactor designs.

FPL's and FPC's Last Core cost estimates are based on an estimated residual value of the unburned fuel at the end of the recently completed cycle for SL1 and the expected amount remaining at the end of the current cycle for SL2, TP3, TP4, and CR3. FPC's estimates reflect a reduced last cycle from 24 months to 18 months and a reduced fuel size from 72 to 54 assemblies.

Recovery Mechanism

FPL considers the Last Core cost to be a result of final shut down of the nuclear reactor, equating to an unrecovered cost remaining at the end of the unit's life. Both FPL and FPC maintain that the cost of the Last Core should be amortized over the remaining life span of each nuclear unit. The jurisdictional

annual amortization expenses would be \$5.5 million for FPL and \$1.1 million for FPC. This will ratably allocate the related costs to those customers receiving the benefit from the low cost nuclear generation.

It is clear that future adjustments will be necessary to the cost estimates of the Last Core to recognize factors such as outages, capacity factor, plant life extension, future fuel contracts, the change in mix of generating assets owned by the companies as the industry further evolves, market conditions, and technology. In fact, Staff has recently learned of research currently being undertaken regarding possible ways to minimize the Last Core. Possibilities include shorter refueling cycles as the nuclear unit nears shutdown so that fewer fuel assemblies will require replacing, and an enrichment of the fuel specifically designed for the last cycles that would minimize the amount of unburned fuel remaining at shutdown. Developing technologies such as these may serve to reduce the amount of the Last Core and associated costs.

Staff believes that the Last Core is similar to nuclear decommissioning in that both represent estimates of a future obligation that will not be incurred until the nuclear unit ceases operation. However, the cost of the Last Core does not meet the intent of nuclear decommissioning because it does not involve the removal of the plant facility. As with EOL M&S inventories addressed in Issue 5, staff believes that EOL nuclear fuel is unique to the nuclear unit and represents costs remaining at the time of shut down.

The existence of the Last Core is the direct result of unit shut down. The uncertainties surrounding the timing of unit shut down, the actual costs associated with the Last Core, and the future regulatory environment are all factors that lead staff to believe that the associated costs should be considered a base rate future obligation. However, staff agrees that amortization of this obligation over the remaining life span of each nuclear unit ratably allocates the costs to those customers receiving the benefit of the nuclear generation and avoids a burdensome expense at the time of unit shut down. Therefore, staff recommends amortization of the Last Core costs as a base rate fuel expense with a credit to an unfunded Account 228 reserve. Additionally, FPL and FPC should address the costs associated with the Last Core in subsequent decommissioning studies so the related annual accruals can be revised, if warranted. Further, in the event of industry restructuring, treatment of the Last Core unfunded reserve

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should follow the same treatment afforded nuclear decommissioning. Neither FPL or FPC objects to staff's recommended accounting or recovery treatment for the Last Core costs.

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ISSUE 7: What is the appropriate disposition of the accumulated balance of nuclear amortization?

RECOMMENDATION: Staff recommends that the \$98,666,667 million of nuclear amortization accumulated from January 1, 1996 through April 13, 1999, the day prior to the Implementation Date of the Stipulation, be transferred to a regulatory liability account and amortized over the remaining life of the nuclear units. The unamortized amount of the regulatory liability will be included in working capital as a reduction to rate base. The amortization expense will be recorded as a credit to Account 407.4, Regulatory Credits. The resulting annual jurisdictional amortization expense is about \$6.9 million. Further, in the event of industry restructuring, treatment of the Last Core unfunded reserve should follow the same treatment afforded nuclear decommissioning. (P. LEE, SLEMKEWICZ)

STAFF ANALYSIS: As part of Order No. PSC-96-0461-FOF-EI, FPL was authorized to record an annual \$30 million in nuclear amortization expense, beginning January 1, 1996. The expense amount was final; however, the account(s) to which the accumulated amount was to be booked remained subject to determination by the Commission in a future proceeding such as a generic stranded cost docket. In accordance with the Stipulation approved in Docket No. 990067-EI, the company continued to record a monthly \$2.5 million (\$30 million annually) in nuclear amortization through April 13, 1999, at which time the amortization ceased. The jurisdictional accumulated amount of nuclear amortization to be made account-specific is \$98,666,667 million.

Reserve deficiencies identified in FPL's last depreciation study in Docket No. 971660-EI for its steam and nuclear production accounts were corrected by Order No. PSC-99-0073-FOF-EI, issued January 8, 1999. Additionally, there has been no stranded cost docket opened. Therefore, staff has considered other accounts that indicate a need for these monies.

By Order No. PSC-98-0027-FOF-EI, issued January 5, 1998, in Docket No. 970410-EI, the Commission approved a plan (Plan) for FPL to record certain expenses for 1998 and 1999 to address identified underrecoveries. The amount of the expenses recorded would be based on FPL's 1996 revenue forecast benchmark. Among the underrecoveries identified was the nuclear decommissioning deficiency. FPL was allowed to record additional nuclear decommissioning expense, on an after tax basis, to help correct its identified reserve deficiency. The order stated that the

Commission had found sufficient evidence demonstrating the existence of a historic nuclear decommissioning deficiency that represented a failure of the past to adequately provide for the cost of decommissioning.

In accord with the Plan approved by the Commission in Order No. PSC-98-0027-FOF-EI, FPL recorded \$22.6 million of additional expense in 1999 to the nuclear decommissioning reserve to help correct perceived historic underrecoveries. These expenses were funded on an after tax basis to the nonqualified decommissioning fund. Based on the staff's recommendations in previous issues, a calculated historic nuclear decommissioning reserve deficiency of about \$172 million exists, of which \$20 million relates to EOL inventories.

Staff recommends that the \$98,666,667 million of nuclear amortization accumulated from January 1, 1996 through April 13, 1999, the day prior to the Implementation Date of the Stipulation, be transferred to a regulatory liability account and amortized over the remaining life the nuclear units (about 15 years). The unamortized amount of the regulatory liability will be included in working capital as a reduction to rate base. The annual amortization expense of about \$6.9 million should be recorded as a credit to Account 407.4, Regulatory Credits. The expense will serve to offset the total annual expenses addressed in this recommendation (nuclear decommissioning, EOL M&S, and Last Core). Further, in the event of industry restructuring, treatment of the Last Core unfunded reserve should follow the same treatment afforded nuclear decommissioning. FPL does not object to staff's recommended accounting treatment of the accumulated \$98.7 million nuclear amortization.

ISSUE 8: What should be the effective date for adjusting the annual decommissioning accrual amounts, amortization of nuclear EOL M&S inventories, and amortization of the costs associated with the Last Core?

RECOMMENDATION: The effective date for revised decommissioning accruals, amortization of nuclear EOL M&S inventories, and amortization of the costs associated with the Last Core as shown below should be January 1, 2001 for FPC; the effective date for FPL should be May 1, 2002, when its governing Stipulation ends. Additionally, the effective date for FPL to begin the amortization of the nuclear regulatory liability discussed in Issue 7 should be May 1, 2002. Further, contributions to the decommissioning trust funds should be made on a monthly basis.

| | <u>(Million)</u> |
|---|------------------------|
| FPL: | |
| Nuclear decommissioning accruals | \$78.5 (Issue 4) |
| Amortization of EOL M&S | 2.4 (Issue 5) |
| Amortization of Last Core | <u>5.5 (Issue 6)</u> |
| Total | 86.4 |
| Less | |
| Amortization of nuclear regulatory liability | <u>(6.9) (Issue 7)</u> |
| Total expense | <u><u>79.5</u></u> |
| FPC: | |
| Nuclear decommissioning accruals | \$18.4 (Issue 4) |
| Amortization of EOL M&S | 1.5 (Issue 5) |
| Amortization of Last Core | <u>1.1 (Issue 6)</u> |
| Total expense | <u><u>21.0</u></u> |

(P. LEE)

STAFF ANALYSIS: Each company's data and related calculations about a January 1, 2001 date. FPC has requested this implementation date. FPL has requested no revision to its current approved accrual levels due to the governing Stipulation, approved by Order No. PSC-99-0519-AS-EI. The Stipulation caps FPL's annual decommissioning accruals at the levels approved by Order Nos. PSC-95-1531-FOF-EI and PSC-95-1531A-FOF-EI for the term of the Stipulation period.

As discussed in previous issues, FPL's and FPC's currently filed decommissioning studies indicate that revisions to the annual accrual levels are warranted. Staff recommends annual

DOCKET NOS. 981246-EI, 001835-EI, 991931-EI, 990324-EI
DATE: DECEMBER 5, 2001

decommissioning accruals be revised effective January 1, 2001 for FPC and May 1, 2002 for FPL as being the earliest practicable dates for utilizing revised accruals.

Contributing to the trust funds on a monthly basis is the current practice approved by the Commission in Order Nos. 10987 and 21928. Considering that customers are billed monthly and costs are recovered monthly, a practice of monthly contribution is logical.

ISSUE 9: When should FPL and FPC file their next nuclear decommissioning studies?

RECOMMENDATION: The next decommissioning cost studies for FPL and FPC should be filed no later than January 1, 2006 and December 29, 2005, respectively, in accordance with Rule 25-6.04365, Florida Administrative Code. The studies should include an update of the amortizations of EOL M&S inventories and the Last Core. (P. LEE)

STAFF ANALYSIS: By Order No. PSC-01-0096-FOF-EI, issued January 11, 2001, in Docket No. 000543-EI, the Commission adopted Rule 25-6.04365 (Rule), Florida Administrative Code, relating to nuclear decommissioning. The Rule requires each utility to file a site-specific nuclear decommissioning study update at least once every five years from the submission date of the previous study unless otherwise required by the Commission. Therefore, the next decommissioning cost studies for FPL and FPC should be filed no later than January 1, 2006 and December 29, 2005, respectively. As discussed in previous issues, the studies should also include an update of the amortizations of EOL M&S inventories and the Last Core.

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ISSUE 10: Should these dockets be closed?

RECOMMENDATION: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, these dockets should be closed upon the issuance of a consummating order. (ELIAS, C. KEATING)

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, these dockets should be closed upon the issuance of a consummating order.

**Florida Power & Light Company
 1998 Decommissioning Study
 Turkey Point Nuclear Units (and St. Lucie Units)
 Support Schedule : Inflation and Funding Analysis**

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INFLATION FORECAST

Summer Issue 2001
 Standard & Poor's DRI "The U S Economy"

| YEAR | GDP | HRLY COMP | PPI INT M&S | GDP Transport | Burial | CPI | CPI MULTIPLIER |
|------|------|-----------|-------------|---------------|--------|------|----------------|
| 1998 | 0.0% | 0.0% | 0.0% | 0.0% | 0 | 0.0% | 1.000 |
| 1999 | 1.4% | 4.7% | 0.1% | 1.0% | 7.5% | 2.2% | 1.022 |
| 2000 | 2.3% | 4.3% | 4.3% | 3.0% | 7.5% | 3.2% | 1.000 |
| 2001 | 2.4% | 5.6% | 0.8% | 2.0% | 7.5% | 3.2% | 1.032 |
| 2002 | 2.3% | 4.6% | -0.8% | 2.5% | 7.5% | 2.4% | 1.057 |
| 2003 | 2.4% | 4.4% | 0.7% | 2.6% | 7.5% | 2.4% | 1.082 |
| 2004 | 2.3% | 4.3% | 0.6% | 2.7% | 7.5% | 2.3% | 1.107 |
| 2005 | 2.3% | 4.2% | 0.8% | 2.8% | 7.5% | 2.4% | 1.134 |
| 2006 | 2.3% | 4.2% | 0.9% | 2.9% | 7.5% | 2.5% | 1.162 |
| 2007 | 2.4% | 4.2% | 1.0% | 3.0% | 7.5% | 2.6% | 1.192 |
| 2008 | 2.5% | 4.3% | 1.2% | 3.0% | 7.5% | 2.7% | 1.224 |
| 2009 | 2.5% | 4.4% | 1.2% | 3.1% | 7.5% | 2.8% | 1.259 |
| 2010 | 2.5% | 4.5% | 1.3% | 3.2% | 7.5% | 2.8% | 1.294 |
| 2011 | 2.6% | 4.6% | 1.4% | 3.3% | 7.5% | 2.9% | 1.331 |
| 2012 | 2.6% | 4.6% | 1.1% | 3.3% | 7.5% | 3.0% | 1.371 |
| 2013 | 2.6% | 4.5% | 1.2% | 3.1% | 7.5% | 3.0% | 1.412 |
| 2014 | 2.6% | 4.5% | 1.3% | 3.2% | 7.5% | 3.0% | 1.455 |
| 2015 | 2.6% | 4.4% | 1.4% | 3.1% | 7.5% | 3.0% | 1.498 |
| 2016 | 2.7% | 4.4% | 1.6% | 3.2% | 7.5% | 3.1% | 1.545 |
| 2017 | 2.8% | 4.6% | 1.8% | 3.4% | 7.5% | 3.3% | 1.596 |
| 2018 | 3.1% | 4.8% | 2.1% | 3.6% | 7.5% | 3.5% | 1.652 |
| 2019 | 3.3% | 4.8% | 2.2% | 3.7% | 7.5% | 3.7% | 1.713 |
| 2020 | 3.6% | 5.2% | 2.4% | 3.9% | 7.5% | 4.0% | 1.781 |
| 2021 | 3.8% | 5.4% | 2.4% | 4.2% | 7.5% | 4.2% | 1.856 |
| 2022 | 4.0% | 5.5% | 2.4% | 4.3% | 7.5% | 4.4% | 1.938 |
| 2023 | 4.1% | 5.6% | 2.7% | 4.3% | 7.5% | 4.5% | 2.025 |
| 2024 | 4.2% | 5.8% | 2.9% | 4.4% | 7.5% | 4.7% | 2.120 |
| 2025 | 4.4% | 5.9% | 3.1% | 4.6% | 7.5% | 4.8% | 2.222 |
| 2026 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 2.333 |
| 2027 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 2.450 |
| 2028 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 2.572 |
| 2029 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 2.701 |
| 2030 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 2.836 |
| 2031 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 2.978 |
| 2032 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 3.127 |
| 2033 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 3.283 |
| 2034 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 3.447 |
| 2035 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 3.619 |
| 2036 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 3.800 |
| 2037 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 3.990 |
| 2038 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 4.190 |
| 2039 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 4.399 |
| 2040 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 4.619 |
| 2041 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 4.850 |
| 2042 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 5.093 |
| 2043 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 5.348 |
| 2044 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 5.615 |
| 2045 | 4.6% | 6.1% | 3.3% | 4.8% | 7.5% | 5.0% | 5.896 |

3.593%

= AVERAGE COMPOUND CPI INFLATION MULTILPLIER 2000-2032
 = AVERAGE COMPOUND CPI INFLATION MULTILPLIER 2000-2045

**Florida Power & Light Company
 1998 Decommissioning Study
 Turkey Point Nuclear Units
 Support Schedule : Inflation and Funding Analysis**

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TURKEY POINT UNIT 3

| | AVERAGE INFLATION RATE = | | | | | TOTAL |
|-------------|--------------------------|-------------------------|------------------------|-------------------|-------------------|--------------------|
| | 5.400% | 2.300% | 4.000% | 7.500% | 3.700% | |
| | LABOR HRLY COMP | MATERIAL PPI INT M&S | SHIPPING GDP Transp | BURIAL | OTHER GDP | |
| 1998 | 215,309,777 | 78,160,856 | 5,679,249 | 72,916,380 | 23,292,974 | 395,359,236 |
| 1999 | 225,429,337 | 78,239,017 | 5,736,041 | 78,385,109 | 23,619,076 | 411,408,579 |
| 2000 | 235,122,798 | 81,603,295 | 5,908,123 | 84,263,992 | 24,162,314 | 431,060,521 |
| 2001 | 248,289,675 | 82,256,121 | 6,026,285 | 90,583,791 | 24,742,210 | 451,898,082 |
| 2002 | 259,711,000 | 81,598,072 | 6,176,942 | 97,377,575 | 25,311,281 | 470,174,870 |
| 2003 | 271,138,284 | 82,169,258 | 6,337,543 | 104,680,893 | 25,918,751 | 490,244,730 |
| 2004 | 282,797,230 | 82,662,274 | 6,508,656 | 112,531,960 | 26,514,883 | 511,015,004 |
| 2005 | 294,674,714 | 83,323,572 | 6,690,899 | 120,971,858 | 27,124,725 | 532,785,767 |
| 2006 | 307,051,052 | 84,073,484 | 6,884,935 | 130,044,747 | 27,748,594 | 555,802,811 |
| 2007 | 319,947,196 | 84,914,219 | 7,091,483 | 139,798,103 | 28,414,560 | 580,165,561 |
| 2008 | 333,704,925 | 85,933,190 | 7,304,227 | 150,282,961 | 29,124,924 | 606,350,227 |
| 2009 | 348,387,942 | 86,964,388 | 7,530,659 | 161,554,183 | 29,853,047 | 634,290,218 |
| 2010 | 364,065,399 | 88,094,925 | 7,771,640 | 173,670,746 | 30,599,373 | 664,202,084 |
| 2011 | 380,812,408 | 89,328,254 | 8,028,104 | 186,696,052 | 31,394,957 | 696,259,775 |
| 2012 | 398,329,778 | 90,310,865 | 8,293,031 | 200,698,256 | 32,211,226 | 729,843,156 |
| 2013 | 416,254,618 | 91,394,595 | 8,550,115 | 215,750,625 | 33,048,718 | 764,998,672 |
| 2014 | 434,986,076 | 92,582,725 | 8,823,719 | 231,931,922 | 33,907,984 | 802,232,427 |
| 2015 | 454,125,463 | 93,878,883 | 9,097,254 | 249,326,817 | 34,789,592 | 841,218,009 |
| 2016 | 474,106,984 | 95,380,945 | 9,388,366 | 268,026,328 | 35,728,911 | 882,631,534 |
| 2017 | 495,915,905 | 97,097,802 | 9,707,571 | 288,128,302 | 36,729,320 | 927,578,901 |
| 2018 | 519,719,869 | 99,136,856 | 10,057,043 | 309,737,925 | 37,867,929 | 976,519,622 |
| 2019 | 544,666,422 | 101,317,867 | 10,429,154 | 332,968,269 | 39,117,571 | 1,028,499,284 |
| 2020 | 572,989,076 | 103,749,496 | 10,835,891 | 357,940,890 | 40,525,804 | 1,086,041,156 |
| 2021 | 603,930,486 | 106,239,484 | 11,290,998 | 384,786,456 | 42,065,784 | 1,148,313,209 |
| 2022 | 637,146,663 | 108,789,231 | 11,776,511 | 413,645,441 | 43,748,416 | 1,215,106,262 |
| 2023 | 672,826,876 | 111,726,541 | 12,282,901 | 444,668,849 | 45,542,101 | 1,287,047,267 |
| 2024 | 711,850,835 | 114,966,610 | 12,823,349 | 478,019,012 | 47,454,869 | 1,365,114,675 |
| 2025 | 753,850,034 | 118,530,575 | 13,413,223 | 513,870,438 | 49,542,883 | 1,449,207,153 |
| 2026 | 799,834,886 | 122,442,084 | 14,057,057 | 552,410,721 | 51,821,856 | 1,540,566,605 |
| 2027 | 848,624,815 | 126,482,673 | 14,731,796 | 593,841,525 | 54,205,661 | 1,637,886,470 |
| 2028 | 900,390,928 | 130,656,601 | 15,438,922 | 638,379,639 | 56,699,121 | 1,741,565,213 |
| 2029 | 955,314,775 | 134,968,269 | 16,179,991 | 686,258,112 | 59,307,281 | 1,852,028,428 |
| 2030 | 1,013,588,976 | 139,422,222 | 16,956,630 | 737,727,471 | 62,035,416 | 1,969,730,715 |
| 2031 | 1,075,417,904 | 144,023,155 | 17,770,549 | 793,057,031 | 64,889,045 | 2,095,157,684 |
| 2032 | 1,141,018,396 | 148,775,919 | 18,623,535 | 852,536,308 | 67,873,941 | 2,228,828,099 |
| 2033 | 1,210,620,518 | 153,685,525 | 19,517,465 | 916,476,532 | 70,996,142 | 2,371,296,181 |
| 2034 | 1,284,468,369 | 158,757,147 | 20,454,303 | 985,212,271 | 74,261,965 | 2,523,154,056 |
| 2035 | 1,362,820,940 | 163,996,133 | 21,436,109 | 1,059,103,192 | 77,678,015 | 2,685,034,389 |
| 2036 | 1,445,953,017 | 169,408,005 | 22,465,043 | 1,138,535,931 | 81,251,204 | 2,857,613,200 |
| 2037 | 1,534,156,151 | 174,998,469 | 23,543,365 | 1,223,926,126 | 84,988,759 | 3,041,612,871 |
| 2038 | 1,627,739,677 | 180,773,419 | 24,673,446 | 1,315,720,586 | 88,898,242 | 3,237,805,370 |
| 2039 | 1,727,031,797 | 186,738,942 | 25,857,772 | 1,414,399,629 | 92,987,562 | 3,447,015,701 |
| 2040 | 1,832,380,737 | 192,901,327 | 27,098,945 | 1,520,479,602 | 97,264,989 | 3,670,125,599 |
| 2041 | 1,944,155,961 | 199,267,071 | 28,399,694 | 1,634,515,572 | 101,739,179 | 3,908,077,477 |
| 2042 | 2,062,749,475 | 205,842,884 | 29,762,879 | 1,757,104,240 | 106,419,181 | 4,161,878,659 |
| 2043 | 2,188,577,193 | 212,635,699 | 31,191,497 | 1,888,887,058 | 111,314,463 | 4,432,605,911 |
| 2044 | 2,322,080,402 | 219,652,677 | 32,688,689 | 2,030,553,587 | 116,434,929 | 4,721,410,284 |
| 2045 | 2,463,727,306 | 226,901,215 | 34,257,746 | 2,182,845,106 | 121,790,936 | 5,029,522,310 |

**Florida Power & Light Company
 1998 Decommissioning Study
 Turkey Point Nuclear Units
 Support Schedule : Inflation and Funding Analysis**

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TURKEY POINT UNIT 4

| | AVERAGE INFLATION RATE = | | | | | |
|-------------|--------------------------|-------------------------|---------------------------|-------------------|-------------------|--------------------|
| | 5.400% | 2.300% | 5.600% 2000-End 4 000% | 7.500% | 3.700% | TOTAL |
| | LABOR HRLY COMP | MATERIAL PPI INT M&S | SHIPPING GDP Transp | BURIAL | OTHER GDP | |
| 1998 | 260,109,652 | 83,777,552 | 5,896,011 | 79,731,607 | 23,025,484 | 452,540,306 |
| 1999 | 272,334,806 | 83,861,330 | 5,954,971 | 85,711,478 | 23,347,841 | 471,210,425 |
| 2000 | 284,045,202 | 87,467,367 | 6,133,620 | 92,139,838 | 23,884,841 | 493,670,869 |
| 2001 | 299,951,734 | 88,167,106 | 6,256,293 | 99,050,326 | 24,458,077 | 517,883,535 |
| 2002 | 313,749,513 | 87,461,769 | 6,412,700 | 106,479,101 | 25,020,613 | 539,123,696 |
| 2003 | 327,554,492 | 88,074,001 | 6,579,430 | 114,465,033 | 25,621,108 | 562,294,064 |
| 2004 | 341,639,335 | 88,602,445 | 6,757,075 | 123,049,911 | 26,210,393 | 586,259,159 |
| 2005 | 355,988,187 | 89,311,265 | 6,946,273 | 132,278,654 | 26,813,232 | 611,337,611 |
| 2006 | 370,939,691 | 90,115,066 | 7,147,715 | 142,199,553 | 27,429,937 | 637,831,962 |
| 2007 | 386,519,158 | 91,016,217 | 7,362,146 | 152,864,520 | 28,088,255 | 665,850,296 |
| 2008 | 403,139,482 | 92,108,411 | 7,583,011 | 164,329,359 | 28,790,462 | 695,950,724 |
| 2009 | 420,877,619 | 93,213,712 | 7,818,084 | 176,654,060 | 29,510,223 | 728,073,699 |
| 2010 | 439,817,112 | 94,425,491 | 8,068,263 | 189,903,115 | 30,247,979 | 762,461,959 |
| 2011 | 460,048,699 | 95,747,447 | 8,334,515 | 204,145,849 | 31,034,426 | 799,310,936 |
| 2012 | 481,210,939 | 96,800,669 | 8,609,554 | 219,456,787 | 31,841,321 | 837,919,271 |
| 2013 | 502,865,431 | 97,962,277 | 8,876,450 | 235,916,046 | 32,669,196 | 878,289,401 |
| 2014 | 525,494,376 | 99,235,787 | 9,160,497 | 253,609,750 | 33,518,595 | 921,019,004 |
| 2015 | 548,616,128 | 100,625,088 | 9,444,472 | 272,630,481 | 34,390,078 | 965,706,248 |
| 2016 | 572,755,238 | 102,235,089 | 9,746,695 | 293,077,767 | 35,318,610 | 1,013,133,400 |
| 2017 | 599,101,979 | 104,075,321 | 10,078,083 | 315,058,600 | 36,307,531 | 1,064,621,514 |
| 2018 | 627,858,874 | 106,260,903 | 10,440,894 | 338,687,995 | 37,433,065 | 1,120,681,730 |
| 2019 | 657,996,100 | 108,598,643 | 10,827,207 | 364,089,594 | 38,668,356 | 1,180,179,900 |
| 2020 | 692,211,897 | 111,205,010 | 11,249,468 | 391,396,314 | 40,060,417 | 1,246,123,106 |
| 2021 | 729,591,340 | 113,873,930 | 11,721,946 | 420,751,037 | 41,582,712 | 1,317,520,966 |
| 2022 | 769,718,863 | 116,606,905 | 12,225,990 | 452,307,365 | 43,246,021 | 1,394,105,144 |
| 2023 | 812,823,120 | 119,755,291 | 12,751,707 | 486,230,417 | 45,019,108 | 1,476,579,643 |
| 2024 | 859,966,861 | 123,228,195 | 13,312,782 | 522,697,699 | 46,909,910 | 1,566,115,446 |
| 2025 | 910,704,905 | 127,048,269 | 13,925,170 | 561,900,026 | 48,973,946 | 1,662,552,317 |
| 2026 | 966,257,905 | 131,240,861 | 14,593,578 | 604,042,528 | 51,226,748 | 1,767,361,620 |
| 2027 | 1,025,199,637 | 135,571,810 | 15,294,070 | 649,345,718 | 53,583,178 | 1,878,994,413 |
| 2028 | 1,087,736,815 | 140,045,680 | 16,028,185 | 698,046,646 | 56,048,005 | 1,997,905,331 |
| 2029 | 1,154,088,760 | 144,667,187 | 16,797,538 | 750,400,145 | 58,626,213 | 2,124,579,843 |
| 2030 | 1,224,488,175 | 149,441,204 | 17,603,820 | 806,680,156 | 61,323,019 | 2,259,536,374 |
| 2031 | 1,299,181,953 | 154,372,764 | 18,448,804 | 867,181,167 | 64,143,877 | 2,403,328,566 |
| 2032 | 1,378,432,053 | 159,467,065 | 19,334,346 | 932,219,755 | 67,094,496 | 2,556,547,715 |
| 2033 | 1,462,516,408 | 164,729,478 | 20,262,395 | 1,002,136,237 | 70,180,843 | 2,719,825,360 |
| 2034 | 1,551,729,909 | 170,165,551 | 21,234,990 | 1,077,296,454 | 73,409,161 | 2,893,836,065 |
| 2035 | 1,646,385,433 | 175,781,014 | 22,254,269 | 1,158,093,688 | 76,785,983 | 3,079,300,388 |
| 2036 | 1,746,814,944 | 181,581,788 | 23,322,474 | 1,244,950,715 | 80,318,138 | 3,276,988,059 |
| 2037 | 1,853,370,656 | 187,573,987 | 24,441,953 | 1,338,322,019 | 84,012,772 | 3,487,721,387 |
| 2038 | 1,966,426,266 | 193,763,928 | 25,615,167 | 1,438,696,170 | 87,877,360 | 3,712,378,891 |
| 2039 | 2,086,378,268 | 200,158,138 | 26,844,695 | 1,546,598,383 | 91,919,718 | 3,951,899,202 |
| 2040 | 2,213,647,343 | 206,763,356 | 28,133,240 | 1,662,593,262 | 96,148,025 | 4,207,285,226 |
| 2041 | 2,348,679,831 | 213,586,547 | 29,483,636 | 1,787,287,756 | 100,570,835 | 4,479,608,604 |
| 2042 | 2,491,949,300 | 220,634,903 | 30,898,850 | 1,921,334,338 | 105,197,093 | 4,770,014,485 |
| 2043 | 2,643,958,208 | 227,915,855 | 32,381,995 | 2,065,434,413 | 110,036,159 | 5,079,726,630 |
| 2044 | 2,805,239,658 | 235,437,078 | 33,936,331 | 2,220,341,994 | 115,097,823 | 5,410,052,884 |
| 2045 | 2,976,359,277 | 243,206,502 | 35,565,274 | 2,386,867,644 | 120,392,322 | 5,762,391,020 |

**Florida Power & Light Company
 1998 Decommissioning Study
 St Lucie Nuclear Units
 Support Schedule : Inflation and Funding Analysis**

**Support Schedule G
 Page 2 of 6
 Revised 11/01**

ST. LUCIE UNIT 1

| | AVERAGE INFLATION RATE = | | | | | TOTAL |
|-------------|--------------------------|-------------------------|---------------------------|--------------------|-------------------|--------------------|
| | 5.100% | 1.900% | 5.500% 2000-End 3.700% | 7.500% | 3.300% | |
| | LABOR HRLY COMP | MATERIAL PPI INT M&S | SHIPPING GDP Transp | BURIAL | OTHER GDP | |
| 1998 | 232,246,795 | 80,525,478 | 4,225,687 | 98,497,381 | 20,292,831 | 435,788,172 |
| 1999 | 243,162,394 | 80,606,003 | 4,267,944 | 105,884,685 | 20,576,931 | 454,497,957 |
| 2000 | 253,618,377 | 84,072,062 | 4,395,982 | 113,826,036 | 21,050,200 | 476,962,657 |
| 2001 | 267,821,006 | 84,744,638 | 4,483,902 | 122,362,989 | 21,555,405 | 500,967,940 |
| 2002 | 280,140,773 | 84,066,681 | 4,595,999 | 131,540,213 | 22,051,179 | 522,394,845 |
| 2003 | 292,466,967 | 84,655,148 | 4,715,495 | 141,405,729 | 22,580,407 | 545,823,746 |
| 2004 | 305,043,046 | 85,163,079 | 4,842,814 | 152,011,158 | 23,099,757 | 570,159,854 |
| 2005 | 317,854,854 | 85,844,383 | 4,978,413 | 163,411,995 | 23,631,051 | 595,720,697 |
| 2006 | 331,204,758 | 86,616,983 | 5,122,786 | 175,667,895 | 24,174,565 | 622,786,988 |
| 2007 | 345,115,358 | 87,483,153 | 5,276,470 | 188,842,987 | 24,754,755 | 651,472,723 |
| 2008 | 359,955,318 | 88,532,950 | 5,434,764 | 203,006,211 | 25,373,624 | 682,302,868 |
| 2009 | 375,793,352 | 89,595,346 | 5,603,242 | 218,231,677 | 26,007,964 | 715,231,581 |
| 2010 | 392,704,053 | 90,760,085 | 5,782,546 | 234,599,053 | 26,658,164 | 750,503,900 |
| 2011 | 410,768,440 | 92,030,727 | 5,973,370 | 252,193,982 | 27,351,276 | 788,317,793 |
| 2012 | 429,663,788 | 93,043,064 | 6,170,491 | 271,108,530 | 28,062,409 | 828,048,282 |
| 2013 | 448,998,658 | 94,159,581 | 6,361,776 | 291,441,670 | 28,792,032 | 869,753,717 |
| 2014 | 469,203,598 | 95,383,656 | 6,565,353 | 313,299,795 | 29,540,624 | 913,993,026 |
| 2015 | 489,848,556 | 96,719,027 | 6,768,879 | 336,797,280 | 30,308,681 | 960,442,423 |
| 2016 | 511,401,893 | 98,266,531 | 6,985,483 | 362,057,076 | 31,127,015 | 1,009,837,998 |
| 2017 | 534,926,380 | 100,035,329 | 7,222,989 | 389,211,357 | 31,998,571 | 1,063,394,626 |
| 2018 | 560,602,846 | 102,136,071 | 7,483,017 | 418,402,208 | 32,990,527 | 1,121,614,669 |
| 2019 | 587,511,783 | 104,383,064 | 7,759,889 | 449,782,374 | 34,079,215 | 1,183,516,324 |
| 2020 | 618,062,395 | 106,888,258 | 8,062,524 | 483,516,052 | 35,306,066 | 1,251,835,296 |
| 2021 | 651,437,765 | 109,453,576 | 8,401,150 | 519,779,756 | 36,647,697 | 1,325,719,944 |
| 2022 | 687,266,842 | 112,080,462 | 8,762,400 | 558,763,237 | 38,113,605 | 1,404,986,546 |
| 2023 | 725,753,785 | 115,106,635 | 9,139,183 | 600,670,480 | 39,676,262 | 1,490,346,345 |
| 2024 | 767,847,504 | 118,444,727 | 9,541,307 | 645,720,766 | 41,342,666 | 1,582,896,970 |
| 2025 | 813,150,507 | 122,116,513 | 9,980,207 | 694,149,824 | 43,161,743 | 1,682,558,794 |
| 2026 | 862,752,688 | 126,146,358 | 10,459,257 | 746,211,061 | 45,147,183 | 1,790,716,547 |
| 2027 | 915,380,602 | 130,309,188 | 10,961,301 | 802,176,890 | 47,223,953 | 1,906,051,935 |
| 2028 | 971,218,819 | 134,609,391 | 11,487,444 | 862,340,157 | 49,396,255 | 2,029,052,066 |
| 2029 | 1,030,463,167 | 139,051,501 | 12,038,841 | 927,015,669 | 51,668,483 | 2,160,237,661 |
| 2030 | 1,093,321,420 | 143,640,201 | 12,616,705 | 996,541,844 | 54,045,233 | 2,300,165,403 |
| 2031 | 1,160,014,027 | 148,380,328 | 13,222,307 | 1,071,282,482 | 56,531,314 | 2,449,430,458 |
| 2032 | 1,230,774,882 | 153,276,878 | 13,856,978 | 1,151,628,668 | 59,131,754 | 2,608,669,161 |

DOCKET NOS. 981246-EI, 001835-EI, 991931-EI, 990324-EI
 DATE: DECEMBER 5, 2001

ATTACHMENT A
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**Florida Power & Light Company
 1998 Decommissioning Study
 St Lucie Nuclear Units
 Support Schedule : Inflation and Funding Analysis**

**Support Schedule G
 Page 3 of 6
 Revised 11/01**

ST. LUCIE UNIT 2

| | AVERAGE INFLATION RATE = | | | | | |
|-------------|--------------------------|-------------------|---------------------------|--------------------|-------------------|--------------------|
| | 5.100% | 1.900% | 5.500% 2000-End 3.700% | 7.500% | 3.300% | |
| | LABOR | MATERIAL | SHIPPING | BURIAL | OTHER | TOTAL |
| | HRLY COMP | PPI INT M&S | GDP Transp | | GDP | |
| 1998 | 232,791,274 | 63,753,477 | 3,954,595 | 87,740,007 | 14,638,711 | 402,878,065 |
| 1999 | 243,732,464 | 63,817,230 | 3,994,141 | 94,320,508 | 14,843,653 | 420,707,996 |
| 2000 | 254,212,960 | 66,561,371 | 4,113,965 | 101,394,546 | 15,185,057 | 441,467,899 |
| 2001 | 268,448,886 | 67,093,862 | 4,196,244 | 108,999,137 | 15,549,498 | 464,287,627 |
| 2002 | 280,797,534 | 66,557,111 | 4,301,151 | 117,174,072 | 15,907,137 | 484,737,005 |
| 2003 | 293,152,626 | 67,023,011 | 4,412,981 | 125,962,127 | 16,288,908 | 506,839,653 |
| 2004 | 305,758,189 | 67,425,149 | 4,532,131 | 135,409,287 | 16,663,553 | 529,788,309 |
| 2005 | 318,600,033 | 67,964,551 | 4,659,031 | 145,564,983 | 17,046,815 | 553,835,412 |
| 2006 | 331,981,234 | 68,576,231 | 4,794,143 | 156,482,357 | 17,438,891 | 579,272,856 |
| 2007 | 345,924,446 | 69,261,994 | 4,937,967 | 168,218,534 | 17,857,425 | 606,200,365 |
| 2008 | 360,799,197 | 70,093,138 | 5,086,106 | 180,834,924 | 18,303,860 | 635,117,225 |
| 2009 | 376,674,362 | 70,934,255 | 5,243,775 | 194,397,543 | 18,761,457 | 666,011,392 |
| 2010 | 393,624,708 | 71,856,401 | 5,411,576 | 208,977,359 | 19,230,493 | 699,100,537 |
| 2011 | 411,731,445 | 72,862,390 | 5,590,158 | 224,650,661 | 19,730,486 | 734,565,140 |
| 2012 | 430,671,091 | 73,663,877 | 5,774,633 | 241,499,460 | 20,243,479 | 771,852,540 |
| 2013 | 450,051,290 | 74,547,843 | 5,953,647 | 259,611,920 | 20,769,809 | 810,934,509 |
| 2014 | 470,303,598 | 75,516,965 | 6,144,163 | 279,082,814 | 21,309,824 | 852,357,365 |
| 2015 | 490,996,956 | 76,574,203 | 6,334,633 | 300,014,025 | 21,863,880 | 895,783,696 |
| 2016 | 512,600,823 | 77,799,390 | 6,537,341 | 322,515,076 | 22,454,205 | 941,906,834 |
| 2017 | 536,180,460 | 79,199,779 | 6,759,610 | 346,703,707 | 23,082,922 | 991,926,479 |
| 2018 | 561,917,122 | 80,862,974 | 7,002,956 | 372,706,485 | 23,798,493 | 1,046,288,031 |
| 2019 | 588,889,144 | 82,641,960 | 7,262,066 | 400,659,472 | 24,583,843 | 1,104,036,484 |
| 2020 | 619,511,380 | 84,625,367 | 7,545,286 | 430,708,932 | 25,468,861 | 1,167,859,826 |
| 2021 | 652,964,994 | 86,656,375 | 7,862,188 | 463,012,102 | 26,436,678 | 1,236,932,338 |
| 2022 | 688,878,069 | 88,736,128 | 8,200,262 | 497,738,010 | 27,494,145 | 1,311,046,615 |
| 2023 | 727,455,241 | 91,132,004 | 8,552,874 | 535,068,360 | 28,621,405 | 1,390,829,884 |
| 2024 | 769,647,645 | 93,774,832 | 8,929,200 | 575,198,487 | 29,823,504 | 1,477,373,669 |
| 2025 | 815,056,856 | 96,681,852 | 9,339,943 | 618,338,374 | 31,135,738 | 1,570,552,763 |
| 2026 | 864,775,324 | 99,872,353 | 9,788,261 | 664,713,752 | 32,567,982 | 1,671,717,672 |
| 2027 | 917,526,619 | 103,168,141 | 10,258,097 | 714,567,283 | 34,066,110 | 1,779,586,250 |
| 2028 | 973,495,743 | 106,572,689 | 10,750,486 | 768,159,830 | 35,633,151 | 1,894,611,898 |
| 2029 | 1,032,878,983 | 110,089,588 | 11,266,509 | 825,771,817 | 37,272,276 | 2,017,279,172 |
| 2030 | 1,095,884,601 | 113,722,544 | 11,807,301 | 887,704,703 | 38,986,800 | 2,148,105,950 |
| 2031 | 1,162,733,562 | 117,475,388 | 12,374,052 | 954,282,556 | 40,780,193 | 2,287,645,751 |
| 2032 | 1,233,660,309 | 121,352,076 | 12,968,006 | 1,025,853,747 | 42,656,082 | 2,436,490,221 |

DOCKET NOS. 981246-EI, 001835-EI, 991931-EI, 990324-EI
 DATE: DECEMBER 5, 2001

ATTACHMENT B
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Florida Power & Light Company
 1998 Decommissioning Study
 Turkey Point Nuclear Units
 Support Schedule : Inflation and Funding Analysis

Support Schedule G
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TURKEY POINT UNIT 3

INFLATION RATE 5.600%

EARNINGS RATE QUALIFIED FUND NOMINAL ANNUAL 4.700%
 EARNINGS RATE NON-QUALIFIED FUND NOMINAL MONTHLY 0.383474%

CORPORATE TAX RATE 38.575%

JURISDICTIONAL FACTOR 99.992%

QUALIFYING % 66.670%

LICENSE ENDS 19-Jul-12
 MONTHS TO FUND 138

| YEAR | SPENDING CURVE | ESTIMATED COST IN (\$1998) | ESTIMATED COST IN (\$2000) | ESTIMATED COST IN NOMINAL \$ | JURISDICTIONAL AMOUNT | QUALIFIED AMOUNT | NON-QUAL AMOUNT | TAX SAVINGS | PV @ 4.7% QUALIFIED AMOUNT | PV @ 4.7% NON-QUAL AMOUNT |
|-----------|----------------|----------------------------|----------------------------|------------------------------|-----------------------|------------------|-----------------|-------------|----------------------------|---------------------------|
| 2005 | 0.0441% | 174,297 | 190,036 | 249,549 | 249,529 | 166,361 | 51,086 | 32,082 | 132,226 | 40,604 |
| 2006 | 0.1587% | 627,469 | 684,130 | 948,685 | 948,609 | 632,438 | 194,208 | 121,963 | 480,107 | 147,431 |
| 2007 | 0.0723% | 285,847 | 311,659 | 456,381 | 456,344 | 304,245 | 93,427 | 58,672 | 220,595 | 67,740 |
| 2008 | 0.7830% | 3,095,513 | 3,375,041 | 5,219,037 | 5,218,619 | 3,479,253 | 1,068,405 | 670,960 | 2,409,420 | 739,882 |
| 2009 | 1.5730% | 6,218,913 | 6,780,486 | 11,072,256 | 11,071,370 | 7,381,282 | 2,266,636 | 1,423,451 | 4,882,156 | 1,499,207 |
| 2010 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2011 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2012 | 4.1877% | 16,556,298 | 18,051,346 | 34,711,758 | 34,708,981 | 23,140,478 | 7,105,953 | 4,462,550 | 13,335,587 | 4,095,078 |
| 2013 | 10.6861% | 42,248,652 | 46,063,742 | 93,538,447 | 93,530,964 | 62,357,094 | 19,148,550 | 12,025,320 | 34,322,507 | 10,539,719 |
| 2014 | 11.0219% | 43,575,917 | 47,510,860 | 101,879,722 | 101,871,572 | 67,917,777 | 20,856,118 | 13,097,676 | 35,705,072 | 10,964,276 |
| 2015 | 10.9511% | 43,296,255 | 47,205,945 | 106,894,526 | 106,885,975 | 71,260,879 | 21,882,715 | 13,742,381 | 35,780,875 | 10,987,553 |
| 2016 | 19.0648% | 75,374,572 | 82,180,962 | 196,514,188 | 196,498,467 | 131,005,528 | 40,229,038 | 25,263,901 | 62,826,478 | 19,292,688 |
| 2017 | 8.6434% | 34,172,492 | 37,258,298 | 94,082,667 | 94,075,141 | 62,719,896 | 19,259,959 | 12,095,286 | 28,728,420 | 8,821,893 |
| 2018 | 8.5830% | 33,933,803 | 36,998,055 | 98,657,345 | 98,649,452 | 65,769,590 | 20,196,455 | 12,683,407 | 28,772,981 | 8,835,576 |
| 2019 | 8.5388% | 33,758,764 | 36,807,210 | 103,644,759 | 103,636,467 | 69,094,433 | 21,217,445 | 13,324,590 | 28,870,619 | 8,865,559 |
| 2020 | 2.9496% | 11,661,528 | 12,714,574 | 37,807,694 | 37,804,669 | 25,204,373 | 7,739,732 | 4,860,564 | 10,058,709 | 3,088,818 |
| 2021 | 0.6403% | 2,531,339 | 2,759,921 | 8,666,404 | 8,665,711 | 5,777,430 | 1,774,127 | 1,114,155 | 2,202,188 | 676,245 |
| 2022 | 0.2844% | 1,124,375 | 1,225,907 | 4,065,030 | 4,064,705 | 2,709,939 | 832,165 | 522,601 | 986,580 | 302,958 |
| 2023 | 0.2844% | 1,124,375 | 1,225,907 | 4,292,672 | 4,292,328 | 2,861,695 | 878,766 | 551,867 | 995,061 | 305,562 |
| 2024 | 0.2852% | 1,127,456 | 1,229,266 | 4,545,483 | 4,545,119 | 3,030,231 | 930,520 | 584,368 | 1,006,365 | 309,033 |
| 2025 | 0.2844% | 1,124,375 | 1,225,907 | 4,786,913 | 4,786,530 | 3,191,179 | 979,944 | 615,406 | 1,012,242 | 310,838 |
| 2026 | 0.2844% | 1,124,375 | 1,225,907 | 5,054,980 | 5,054,575 | 3,369,885 | 1,034,821 | 649,869 | 1,020,943 | 313,510 |
| 2027 | 0.2844% | 1,124,375 | 1,225,907 | 5,338,059 | 5,337,632 | 3,558,599 | 1,092,771 | 686,262 | 1,029,719 | 316,205 |
| 2028 | 0.2852% | 1,127,456 | 1,229,266 | 5,652,436 | 5,651,984 | 3,768,178 | 1,157,128 | 726,678 | 1,041,416 | 319,797 |
| 2029 | 0.2844% | 1,124,375 | 1,225,907 | 5,952,661 | 5,952,185 | 3,968,322 | 1,218,588 | 765,275 | 1,047,498 | 321,665 |
| 2030 | 0.2844% | 1,124,375 | 1,225,907 | 6,285,010 | 6,285,507 | 4,190,548 | 1,286,829 | 808,131 | 1,056,502 | 324,430 |
| 2031 | 0.2844% | 1,124,375 | 1,225,907 | 6,638,027 | 6,637,496 | 4,425,218 | 1,358,891 | 853,366 | 1,065,584 | 327,218 |
| 2032 | 0.2852% | 1,127,456 | 1,229,266 | 7,028,964 | 7,028,402 | 4,685,636 | 1,438,921 | 903,645 | 1,077,688 | 330,935 |
| 2033 | 0.2844% | 1,124,375 | 1,225,907 | 7,402,303 | 7,401,711 | 4,934,720 | 1,515,349 | 951,641 | 1,083,982 | 332,868 |
| 2034 | 0.2844% | 1,124,375 | 1,225,907 | 7,816,832 | 7,816,206 | 5,211,065 | 1,600,208 | 1,004,933 | 1,093,300 | 335,729 |
| 2035 | 0.2844% | 1,124,375 | 1,225,907 | 8,254,574 | 8,253,914 | 5,502,884 | 1,689,820 | 1,061,210 | 1,102,698 | 338,615 |
| 2036 | 0.2852% | 1,127,456 | 1,229,266 | 8,740,716 | 8,740,017 | 5,826,969 | 1,789,340 | 1,123,708 | 1,115,224 | 342,462 |
| 2037 | 0.2844% | 1,124,375 | 1,225,907 | 9,204,973 | 9,204,237 | 6,136,464 | 1,884,379 | 1,183,393 | 1,121,737 | 344,462 |
| 2038 | 0.2844% | 1,124,375 | 1,225,907 | 9,720,451 | 9,719,674 | 6,480,106 | 1,989,904 | 1,249,663 | 1,131,379 | 347,423 |
| 2039 | 0.2844% | 1,124,375 | 1,225,907 | 10,264,797 | 10,263,975 | 6,842,992 | 2,101,339 | 1,319,644 | 1,141,105 | 350,409 |
| 2040 | 0.2852% | 1,127,456 | 1,229,266 | 10,869,328 | 10,868,458 | 7,246,001 | 2,225,094 | 1,397,363 | 1,154,067 | 354,390 |
| 2041 | 0.2844% | 1,124,375 | 1,225,907 | 11,446,644 | 11,445,729 | 7,630,867 | 2,343,279 | 1,471,583 | 1,160,807 | 356,459 |
| 2042 | 0.2844% | 1,124,375 | 1,225,907 | 12,087,656 | 12,086,689 | 8,058,196 | 2,474,502 | 1,553,991 | 1,170,785 | 359,523 |
| 2043 | 0.2844% | 1,124,375 | 1,225,907 | 12,764,565 | 12,763,544 | 8,509,455 | 2,613,074 | 1,641,015 | 1,180,849 | 362,614 |
| 2044 | 0.2852% | 1,127,456 | 1,229,266 | 13,516,317 | 13,515,236 | 9,010,608 | 2,766,968 | 1,737,660 | 1,194,263 | 366,733 |
| 2045 | 5.5566% | 21,968,470 | 23,952,237 | 278,113,711 | 278,091,462 | 185,403,578 | 56,933,533 | 35,754,351 | 23,470,235 | 7,207,215 |
| 100.0000% | | 395,359,236 | 431,060,521 | 1,354,187,519 | 1,354,079,184 | 902,764,592 | 277,219,988 | 174,094,604 | 337,187,971 | 103,543,323 |

| | QUALIFIED | NON-QUAL | TOTAL |
|-----------------------------|-------------|-------------|-------------|
| NPV @12/31/00 | 337,187,971 | 103,543,323 | 440,731,293 |
| LESS BALANCE @ 12/31/00 | 174,565,157 | 83,949,346 | 258,514,502 |
| PV OF FUNDING REQUIREMENTS | 162,622,814 | 19,593,977 | 182,216,791 |
| MONTHLY FUNDING REQUIREMENT | 1,519,815 | 183,118 | 1,702,933 |
| ANNUAL FUNDING REQUIREMENT | 18,237,775 | 2,197,420 | 20,435,195 |
| MONTHLY ACCRUAL | 1,519,815 | 298,117 | 1,817,931 |
| ANNUAL ACCRUAL | 18,237,775 | 3,577,398 | 21,815,173 |

Florida Power & Light Company
 1998 Decommissioning Study
 Turkey Point Nuclear Units
 Support Schedule : Inflation and Funding Analysis

Support Schedule G
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 Revised 01/01

TURKEY POINT UNIT 4

INFLATION RATE 5.600%

EARNINGS RATE QUALIFIED FUND 4.700%
 EARNINGS RATE NON-QUALIFIED FUND 4.700%

CORPORATE TAX RATE 38.575%

JURISDICTIONAL FACTOR 99.992%

QUALIFYING % 68.570%

LICENSE ENDS 10-Apr-13
 MONTHS TO FUND 147

| YEAR | SPENDING CURVE | ESTIMATED COST IN (\$1998) | ESTIMATED COST IN (\$2000) | ESTIMATED COST IN NOMINAL \$ | JURISDICTIONAL AMOUNT | QUALIFIED AMOUNT | NON-QUAL AMOUNT | TAX SAVINGS | PV @ 4.7% AMOUNT | PV @ 4.7% NON-QUAL AMOUNT |
|-----------|----------------|----------------------------|----------------------------|------------------------------|-----------------------|------------------|-----------------|-------------|------------------|---------------------------|
| 2005 | 0.0385% | 174,297 | 190,139 | 249,683 | 249,663 | 171,194 | 48,200 | 30,270 | 136,068 | 38,310 |
| 2006 | 0.1387% | 627,469 | 684,499 | 949,196 | 949,120 | 650,812 | 183,236 | 115,073 | 494,055 | 139,101 |
| 2007 | 0.0632% | 285,847 | 311,827 | 456,627 | 456,590 | 313,084 | 88,149 | 55,358 | 227,004 | 63,913 |
| 2008 | 0.6840% | 3,095,513 | 3,376,859 | 5,221,846 | 5,221,430 | 3,580,335 | 1,008,043 | 633,053 | 2,479,420 | 698,081 |
| 2009 | 1.3742% | 6,218,913 | 6,784,139 | 11,078,220 | 11,077,334 | 7,595,728 | 2,138,576 | 1,343,029 | 5,023,996 | 1,414,506 |
| 2010 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2011 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2012 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2013 | 5.4310% | 24,577,545 | 26,811,353 | 54,443,956 | 54,439,600 | 37,329,234 | 10,510,042 | 6,600,324 | 20,546,705 | 5,784,923 |
| 2014 | 8.9740% | 40,610,851 | 44,301,897 | 94,998,594 | 94,990,994 | 65,135,325 | 18,338,845 | 11,516,825 | 34,242,309 | 9,640,919 |
| 2015 | 10.9684% | 49,636,528 | 54,147,901 | 122,614,097 | 122,604,288 | 84,069,760 | 23,669,834 | 14,864,694 | 42,212,355 | 11,884,885 |
| 2016 | 11.6262% | 52,613,154 | 57,395,068 | 137,245,231 | 137,234,251 | 94,101,526 | 26,494,276 | 16,638,449 | 45,128,382 | 12,705,892 |
| 2017 | 19.6144% | 88,762,937 | 96,830,438 | 244,511,059 | 244,491,499 | 167,647,821 | 47,201,229 | 29,642,449 | 76,789,939 | 21,620,201 |
| 2018 | 10.5238% | 47,624,625 | 51,953,140 | 138,535,900 | 138,524,817 | 94,986,467 | 26,743,432 | 16,794,919 | 41,554,826 | 11,699,758 |
| 2019 | 10.4701% | 47,381,484 | 51,687,912 | 145,547,058 | 145,535,414 | 99,793,633 | 28,096,889 | 17,644,892 | 41,698,063 | 11,740,086 |
| 2020 | 4.6428% | 21,010,479 | 22,920,083 | 68,154,502 | 68,149,050 | 46,729,804 | 13,156,772 | 8,262,474 | 18,649,205 | 5,250,682 |
| 2021 | 0.9998% | 4,524,450 | 4,935,669 | 15,498,452 | 15,497,212 | 10,626,438 | 2,991,873 | 1,878,901 | 4,050,488 | 1,140,415 |
| 2022 | 0.4082% | 1,847,331 | 2,015,232 | 6,682,380 | 6,681,845 | 4,581,741 | 1,289,989 | 810,115 | 1,668,029 | 469,633 |
| 2023 | 0.4082% | 1,847,331 | 2,015,232 | 7,056,593 | 7,056,028 | 4,838,319 | 1,362,228 | 855,482 | 1,682,367 | 473,670 |
| 2024 | 0.4093% | 1,852,392 | 2,020,753 | 7,472,177 | 7,471,580 | 5,123,262 | 1,442,454 | 905,863 | 1,701,478 | 479,051 |
| 2025 | 0.4082% | 1,847,331 | 2,015,232 | 7,869,061 | 7,868,431 | 5,395,383 | 1,519,070 | 953,978 | 1,711,415 | 481,849 |
| 2026 | 0.4082% | 1,847,331 | 2,015,232 | 8,309,728 | 8,309,064 | 5,697,525 | 1,604,138 | 1,007,401 | 1,726,126 | 485,991 |
| 2027 | 0.4082% | 1,847,331 | 2,015,232 | 8,775,073 | 8,774,371 | 6,016,586 | 1,693,969 | 1,063,816 | 1,740,964 | 490,168 |
| 2028 | 0.4093% | 1,852,392 | 2,020,753 | 9,291,864 | 9,291,121 | 6,370,921 | 1,793,732 | 1,126,467 | 1,760,740 | 495,736 |
| 2029 | 0.4082% | 1,847,331 | 2,015,232 | 9,785,400 | 9,784,617 | 6,709,312 | 1,889,006 | 1,186,299 | 1,771,023 | 498,631 |
| 2030 | 0.4082% | 1,847,331 | 2,015,232 | 10,333,382 | 10,332,556 | 7,085,033 | 1,994,791 | 1,252,732 | 1,786,247 | 502,918 |
| 2031 | 0.4082% | 1,847,331 | 2,015,232 | 10,912,052 | 10,911,179 | 7,481,795 | 2,106,499 | 1,322,885 | 1,801,601 | 507,241 |
| 2032 | 0.4093% | 1,852,392 | 2,020,753 | 11,554,696 | 11,553,771 | 7,922,421 | 2,230,557 | 1,400,793 | 1,822,066 | 513,003 |
| 2033 | 0.4082% | 1,847,331 | 2,015,232 | 12,168,422 | 12,167,448 | 8,343,219 | 2,349,033 | 1,475,196 | 1,832,708 | 515,999 |
| 2034 | 0.4082% | 1,847,331 | 2,015,232 | 12,849,853 | 12,848,825 | 8,810,440 | 2,480,578 | 1,557,807 | 1,848,461 | 520,434 |
| 2035 | 0.4082% | 1,847,331 | 2,015,232 | 13,569,445 | 13,568,360 | 9,303,824 | 2,619,491 | 1,645,045 | 1,864,351 | 524,908 |
| 2036 | 0.4093% | 1,852,392 | 2,020,753 | 14,368,591 | 14,367,442 | 9,851,755 | 2,773,761 | 1,741,926 | 1,885,528 | 530,870 |
| 2037 | 0.4082% | 1,847,331 | 2,015,232 | 15,131,777 | 15,130,566 | 10,375,029 | 2,921,089 | 1,834,448 | 1,896,540 | 533,971 |
| 2038 | 0.4082% | 1,847,331 | 2,015,232 | 15,979,156 | 15,977,878 | 10,956,031 | 3,084,670 | 1,937,177 | 1,912,843 | 538,561 |
| 2039 | 0.4082% | 1,847,331 | 2,015,232 | 16,873,989 | 16,872,639 | 11,569,569 | 3,257,411 | 2,045,659 | 1,929,286 | 543,190 |
| 2040 | 0.4093% | 1,852,392 | 2,020,753 | 17,867,750 | 17,866,320 | 12,250,936 | 3,449,250 | 2,166,135 | 1,951,201 | 549,360 |
| 2041 | 0.4082% | 1,847,331 | 2,015,232 | 18,816,793 | 18,815,287 | 12,901,642 | 3,632,456 | 2,281,188 | 1,962,597 | 552,569 |
| 2042 | 0.4082% | 1,847,331 | 2,015,232 | 19,870,533 | 19,868,943 | 13,624,134 | 3,835,874 | 2,408,935 | 1,979,467 | 557,319 |
| 2043 | 0.4082% | 1,847,331 | 2,015,232 | 20,983,283 | 20,981,604 | 14,387,086 | 4,050,683 | 2,543,835 | 1,996,483 | 562,109 |
| 2044 | 0.4093% | 1,852,392 | 2,020,753 | 22,219,052 | 22,217,275 | 15,234,385 | 4,289,240 | 2,693,650 | 2,019,161 | 568,495 |
| 2045 | 5.0553% | 22,877,220 | 24,956,484 | 289,774,200 | 289,751,018 | 198,682,273 | 55,938,977 | 35,129,768 | 25,151,185 | 7,081,314 |
| 100.0000% | | 452,540,306 | 493,670,869 | 1,628,019,672 | 1,627,889,431 | 1,116,243,783 | 314,278,339 | 197,367,309 | 400,634,682 | 112,798,660 |

| | QUALIFIED | NON-QUAL | TOTAL |
|-----------------------------|-------------|-------------|-------------|
| NPV @12/31/00 | 400,634,682 | 112,798,660 | 513,433,341 |
| LESS BALANCE @ 12/31/00 | 200,342,145 | 90,970,510 | 291,312,655 |
| PV OF FUNDING REQUIREMENTS | 200,292,536 | 21,828,150 | 222,120,686 |
| MONTHLY FUNDING REQUIREMENT | 1,785,004 | 194,532 | 1,979,536 |
| ANNUAL FUNDING REQUIREMENT | 21,420,042 | 2,334,385 | 23,754,427 |
| MONTHLY ACCRUAL | 1,785,004 | 316,699 | 2,101,702 |
| ANNUAL ACCRUAL | 21,420,042 | 3,800,382 | 25,220,424 |

Florida Power & Light Company
 1998 Decommissioning Study
 St Lucie Nuclear Units
 Support Schedule : Inflation and Funding Analysis

Support Schedule G
 Page 5 of 6
 Revised 01/01

ST LUCIE UNIT 1

INFLATION RATE 5 500%

EARNINGS RATE QUALIFIED FUND NOMINAL ANNUAL 4 700%
 EARNINGS RATE NON-QUALIFIED FUND NOMINAL MONTHLY 0 383474%
 4 700% 0 383474%

CORPORATE TAX RATE 38 575%

JURISDICTIONAL FACTOR 99 992%

QUALIFYING % 77 140%

LICENSE ENDS 1-Mar-16
 MONTHS TO FUND 182

| YEAR | SPENDING CURVE | ESTIMATED COST IN (\$1998) | ESTIMATED COST IN (\$2000) | ESTIMATED COST IN NOMINAL \$ | JURISDICTIONAL AMOUNT | QUALIFIED AMOUNT | NON-QUAL AMOUNT | TAX SAVINGS | PV @ 4 7% QUALIFIED AMOUNT | PV @ 4 7% NON-QUAL AMOUNT |
|------|----------------|----------------------------|----------------------------|------------------------------|-----------------------|------------------|-----------------|-------------|----------------------------|---------------------------|
| 2000 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2001 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2002 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2003 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2004 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2005 | 0 0421% | 183,281 | 200,598 | 262,173 | 262,152 | 202,224 | 36,811 | 23,117 | 160,731 | 29,258 |
| 2006 | 0 1514% | 659,813 | 722,154 | 995,737 | 995,657 | 768,050 | 139,808 | 87,799 | 583,055 | 106,133 |
| 2007 | 0 0690% | 300,581 | 328,981 | 478,561 | 478,523 | 369,133 | 67,193 | 42,197 | 267,643 | 48,719 |
| 2008 | 0 7469% | 3,255,075 | 3,562,624 | 5,467,510 | 5,467,073 | 4,217,300 | 767,673 | 482,100 | 2,920,526 | 531,622 |
| 2009 | 1 5006% | 6,539,475 | 7,157,343 | 11,588,413 | 11,587,486 | 8,938,587 | 1,627,086 | 1,021,813 | 5,912,195 | 1,076,194 |
| 2010 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2011 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2012 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2013 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2014 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2015 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2016 | 9 8779% | 43,046,752 | 47,113,930 | 110,965,681 | 110,956,804 | 85,592,078 | 15,580,283 | 9,784,443 | 41,047,496 | 7,471,855 |
| 2017 | 3 4723% | 15,132,014 | 16,561,729 | 41,152,620 | 41,149,328 | 31,742,591 | 5,778,088 | 3,628,649 | 14,539,477 | 2,646,614 |
| 2018 | 1 8538% | 8,078,760 | 8,842,064 | 23,179,172 | 23,177,318 | 17,878,983 | 3,254,502 | 2,043,833 | 7,821,725 | 1,423,785 |
| 2019 | 1 8538% | 8,078,760 | 8,842,064 | 24,454,027 | 24,452,070 | 18,862,327 | 3,433,500 | 2,156,243 | 7,881,490 | 1,434,664 |
| 2020 | 7 7964% | 33,975,894 | 37,186,031 | 108,499,822 | 108,491,142 | 83,690,087 | 15,234,080 | 9,567,015 | 33,399,524 | 6,079,698 |
| 2021 | 3 0729% | 13,391,398 | 14,656,655 | 45,116,615 | 45,113,006 | 34,800,173 | 6,334,658 | 3,978,175 | 13,264,812 | 2,414,587 |
| 2022 | 8 3799% | 36,518,820 | 39,969,220 | 129,801,523 | 129,791,139 | 100,120,884 | 18,224,954 | 11,445,301 | 36,450,012 | 6,634,977 |
| 2023 | 9 3013% | 40,534,042 | 44,363,812 | 151,997,143 | 151,984,983 | 117,241,216 | 21,341,359 | 13,402,408 | 40,766,801 | 7,420,760 |
| 2024 | 9 2748% | 40,418,446 | 44,237,294 | 159,899,676 | 159,886,884 | 123,336,742 | 22,450,924 | 14,099,217 | 40,961,147 | 7,456,137 |
| 2025 | 7 2402% | 31,551,785 | 34,532,886 | 131,687,443 | 131,676,908 | 101,575,567 | 18,489,749 | 11,611,592 | 32,219,753 | 5,864,945 |
| 2026 | 4 7075% | 20,514,849 | 22,453,149 | 90,331,914 | 90,324,688 | 69,676,464 | 12,683,171 | 7,965,052 | 21,109,229 | 3,842,502 |
| 2027 | 4 5495% | 19,826,075 | 21,699,298 | 92,100,523 | 92,093,155 | 71,040,659 | 12,931,495 | 8,121,000 | 20,556,377 | 3,741,867 |
| 2028 | 4 5619% | 19,880,393 | 21,758,748 | 97,432,260 | 97,424,465 | 75,153,232 | 13,680,105 | 8,591,128 | 20,770,195 | 3,780,788 |
| 2029 | 4 5495% | 19,826,075 | 21,699,298 | 102,510,184 | 102,501,983 | 79,070,030 | 14,393,077 | 9,038,876 | 20,871,715 | 3,799,268 |
| 2030 | 6 2860% | 27,393,486 | 29,981,699 | 149,427,328 | 149,415,374 | 115,259,019 | 20,980,541 | 13,175,814 | 29,058,586 | 5,289,520 |
| 2031 | 3 8495% | 16,775,540 | 18,360,540 | 96,540,979 | 96,533,255 | 74,465,753 | 13,554,983 | 8,512,539 | 17,931,204 | 3,264,008 |
| 2032 | 6 8627% | 29,906,858 | 32,732,542 | 181,575,997 | 181,561,470 | 140,056,518 | 25,494,417 | 16,010,535 | 32,211,393 | 5,863,424 |
| 2033 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2034 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2035 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2036 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2037 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2038 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2039 | 0 0000% | - | - | - | - | - | - | - | - | - |
| 2040 | 0 0000% | - | - | - | - | - | - | - | - | - |
| | 100 0000% | 435,788,172 | 476,962,657 | 1,755,465,299 | 1,755,324,862 | 1,354,057,598 | 246,478,417 | 154,788,847 | 440,705,086 | 80,221,323 |

| | QUALIFIED | NON-QUAL | TOTAL |
|-----------------------------|-------------|------------|-------------|
| NPV @12/31/00 | 440,705,086 | 80,221,323 | 520,926,409 |
| LESS BALANCE @ 12/31/00 | 237,510,196 | 79,906,812 | 317,417,008 |
| PV OF FUNDING REQUIREMENTS | 203,194,891 | 314,511 | 203,509,402 |
| MONTHLY FUNDING REQUIREMENT | 1,553,065 | 2,404 | 1,555,469 |
| ANNUAL FUNDING REQUIREMENT | 18,636,783 | 28,847 | 18,665,630 |
| MONTHLY ACCRUAL | 1,553,065 | 3,914 | 1,556,979 |
| ANNUAL ACCRUAL | 18,636,782 | 46,961 | 18,683,743 |

DOCKET NOS. 981246-EI, 001835-EI, 991931-EI, 990324-EI
 DATE: DECEMBER 5, 2001

ATTACHMENT B
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Florida Power & Light Company
 1998 Decommissioning Study
 St Lucie Nuclear Units
 Support Schedule : Inflation and Funding Analysis

Support Schedule G
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ST. LUCIE UNIT 2

INFLATION RATE 5.500%

| | | |
|----------------------------------|----------------|-----------------|
| | NOMINAL ANNUAL | NOMINAL MONTHLY |
| EARNINGS RATE QUALIFIED FUND | 4.700% | 0.383474% |
| EARNINGS RATE NON-QUALIFIED FUND | 4.700% | 0.383474% |

CORPORATE TAX RATE 38.575%

FPL'S SHARE OF COST (NET OF PARTICIPANTS) 85.19215%
 JURISDICTIONAL FACTOR 99.992%

QUALIFYING % 97.560%

LICENSE ENDS 6-Apr-23
 MONTHS TO FUND 267

| YEAR | SPENDING CURVE | ESTIMATED COST IN (\$1998) | ESTIMATED COST IN (\$2000) | ESTIMATED COST IN NOMINAL \$ | JURISDICTIONAL AMOUNT | QUALIFIED AMOUNT | NON-QUAL AMOUNT | TAX SAVINGS | PV @ 4.7% QUALIFIED AMOUNT | PV @ 4.7% NON-QUAL AMOUNT |
|------|----------------|----------------------------|----------------------------|------------------------------|-----------------------|------------------|-----------------|-------------|----------------------------|---------------------------|
| 2000 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2001 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2002 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2003 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2004 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2005 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2006 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2007 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2008 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2009 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2010 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2011 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2012 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2013 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2014 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2015 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2016 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2017 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2018 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2019 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2020 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2021 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2022 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2023 | 6.4145% | 25,842,640 | 28,317,987 | 97,021,717 | 82,648,274 | 80,631,656 | 1,238,708 | 777,910 | 28,037,023 | 430,720 |
| 2024 | 10.2338% | 41,229,680 | 45,178,881 | 163,303,128 | 139,110,316 | 135,716,024 | 2,084,944 | 1,309,348 | 45,072,409 | 692,427 |
| 2025 | 11.8008% | 47,542,983 | 52,096,906 | 198,665,944 | 169,234,249 | 165,104,933 | 2,536,432 | 1,592,884 | 52,371,258 | 804,556 |
| 2026 | 11.5523% | 46,541,625 | 50,999,633 | 205,178,098 | 174,781,650 | 170,516,977 | 2,619,575 | 1,645,097 | 51,659,941 | 793,628 |
| 2027 | 11.2460% | 45,307,535 | 49,647,335 | 210,723,200 | 179,505,263 | 175,125,334 | 2,690,371 | 1,689,557 | 50,674,395 | 778,488 |
| 2028 | 11.2768% | 45,431,665 | 49,783,355 | 222,922,051 | 189,896,895 | 185,263,411 | 2,846,118 | 1,787,367 | 51,201,486 | 786,585 |
| 2029 | 11.3117% | 45,572,216 | 49,937,369 | 235,910,344 | 200,961,016 | 196,057,567 | 3,011,943 | 1,891,505 | 51,752,322 | 795,047 |
| 2030 | 11.2597% | 45,362,851 | 49,707,950 | 247,741,999 | 211,039,851 | 205,890,479 | 3,163,002 | 1,986,370 | 51,908,181 | 797,442 |
| 2031 | 6.8523% | 27,606,217 | 30,250,489 | 159,059,148 | 135,495,068 | 132,188,988 | 2,030,759 | 1,275,320 | 31,830,643 | 489,003 |
| 2032 | 8.0522% | 32,440,654 | 35,547,995 | 197,194,054 | 167,980,415 | 163,881,693 | 2,517,640 | 1,581,082 | 37,690,910 | 579,028 |
| 2033 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2034 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2035 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2036 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2037 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2038 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2039 | 0.0000% | - | - | - | - | - | - | - | - | - |
| 2040 | 0.0000% | - | - | - | - | - | - | - | - | - |
| | 100.0000% | 402,878,085 | 441,467,899 | 1,937,719,683 | 1,650,652,996 | 1,610,377,063 | 24,739,492 | 15,536,441 | 452,198,769 | 6,946,924 |

| | QUALIFIED | NON-QUAL | TOTAL |
|-----------------------------|-------------|--------------|-------------|
| NPV @12/31/00 | 452,198,769 | 6,946,924 | 459,145,694 |
| LESS BALANCE @ 12/31/00 | 212,747,269 | 44,684,435 | 257,431,704 |
| PV OF FUNDING REQUIREMENTS | 239,451,500 | (37,737,511) | 201,713,990 |
| MONTHLY FUNDING REQUIREMENT | 1,434,527 | (228,081) | 1,208,446 |
| ANNUAL FUNDING REQUIREMENT | 17,214,324 | (2,712,974) | 14,501,350 |
| MONTHLY ACCRUAL | 1,434,527 | (368,061) | 1,066,466 |
| ANNUAL ACCRUAL | 17,214,323 | (4,416,726) | 12,797,597 |

FLORIDA POWER CORPORATION
 ESTIMATED COST OF DECOMMISSIONING
 (COST INCLUDES 17% CONTINGENCY)

2000 RETAIL
 DETERMINATION OF ANNUAL ACCRUAL FOR DECOMMISSIONING

CRYSTAL RIVER #3 - NUCLEAR PLANT

| YEAR | % OF 2000 COST TO BE SPENT | ESTIMATED 100% COST IN 2000 DOLLARS | (1) ESTIMATED COST IN YEAR INCURRED | (2) FPC SHARE IN YEAR INCURRED | 78 12% * (2) QUALIFIED PLAN AMOUNT | 21 88% * (2) NONQUALIFIED PLAN AMOUNT PRE-TAX | TAX SAVINGS NQ * .38575 | NONQUALIFIED PLAN AMOUNT NET OF TAX | (3) 2000 NPV OF NONQUALIFIED FUND NET OF TAX | (3) 2000 NPV OF QUALIFIED FUND | |
|------|----------------------------|-------------------------------------|-------------------------------------|--------------------------------|------------------------------------|---|-------------------------|-------------------------------------|--|--------------------------------|----|
| 2016 | 1 2223% | \$ 6,579,519 | \$ 14,964,703 | \$ 13,160,516 | \$ 10,280,995 | \$ 2,879,521 | \$ 1,110,775 | \$ 1,768,746 | \$ 848,240 | \$ 4,930,469 | 16 |
| 2017 | 17 6389% | 94,948,435 | 227,335,051 | 199,926,898 | 156,182,893 | 43,744,005 | 16,874,250 | 26,869,755 | 12,307,508 | 71,538,507 | 17 |
| 2018 | 14 1530% | 76,184,184 | 192,020,693 | 168,870,138 | 131,921,352 | 36,948,786 | 14,252,994 | 22,695,792 | 9,928,990 | 57,713,156 | 18 |
| 2019 | 11 1457% | 59,996,189 | 159,188,430 | 139,996,225 | 109,365,051 | 30,631,174 | 11,815,975 | 18,815,199 | 7,861,798 | 45,697,412 | 19 |
| 2020 | 11 0869% | 59,679,674 | 166,693,590 | 146,596,542 | 114,521,219 | 32,075,323 | 12,373,056 | 19,702,267 | 7,862,897 | 45,703,802 | 20 |
| 2021 | 11 0441% | 59,449,286 | 174,800,924 | 153,726,433 | 120,091,089 | 33,635,344 | 12,974,834 | 20,660,510 | 7,875,184 | 45,775,223 | 21 |
| 2022 | 10 2502% | 55,175,802 | 170,785,250 | 150,194,900 | 117,332,256 | 32,862,644 | 12,676,765 | 20,185,879 | 7,348,872 | 42,715,985 | 22 |
| 2023 | 4 4880% | 24,158,455 | 78,718,260 | 69,227,765 | 54,080,730 | 15,147,035 | 5,842,969 | 9,304,066 | 3,235,185 | 18,804,806 | 23 |
| 2024 | 4 1071% | 22,108,109 | 75,833,753 | 66,691,022 | 52,099,026 | 14,591,996 | 5,628,862 | 8,963,134 | 2,976,731 | 17,302,515 | 24 |
| 2025 | 1 0888% | 5,860,902 | 21,163,136 | 18,611,649 | 14,539,420 | 4,072,229 | 1,570,862 | 2,501,367 | 793,433 | 4,611,902 | 25 |
| 2026 | 0 5552% | 2,988,586 | 11,360,199 | 9,990,581 | 7,804,642 | 2,185,939 | 843,226 | 1,342,713 | 406,789 | 2,364,500 | 26 |
| 2027 | 0 5552% | 2,988,586 | 11,958,882 | 10,517,086 | 8,215,948 | 2,301,138 | 887,664 | 1,413,474 | 409,004 | 2,377,373 | 27 |
| 2028 | 0 5568% | 2,997,199 | 12,625,396 | 11,103,243 | 8,673,853 | 2,429,390 | 937,137 | 1,492,253 | 412,416 | 2,397,204 | 28 |
| 2029 | 0 5552% | 2,988,586 | 13,252,561 | 11,654,795 | 9,104,726 | 2,550,069 | 983,689 | 1,566,380 | 413,469 | 2,403,328 | 29 |
| 2030 | 0 5552% | 2,988,586 | 13,950,971 | 12,269,003 | 9,584,545 | 2,684,458 | 1,035,530 | 1,648,928 | 415,720 | 2,416,412 | 30 |
| 2031 | 0 5552% | 2,988,586 | 14,686,188 | 12,915,580 | 10,089,651 | 2,825,929 | 1,090,102 | 1,735,827 | 417,984 | 2,429,568 | 31 |
| 2032 | 0 5568% | 2,997,199 | 15,504,705 | 13,635,414 | 10,651,985 | 2,983,429 | 1,150,858 | 1,832,571 | 421,470 | 2,449,834 | 32 |
| 2033 | 0 5552% | 2,988,586 | 16,274,899 | 14,312,751 | 11,181,121 | 3,131,630 | 1,208,026 | 1,923,604 | 422,547 | 2,456,093 | 33 |
| 2034 | 0 5552% | 2,988,586 | 17,132,587 | 15,067,034 | 11,770,367 | 3,296,667 | 1,271,689 | 2,024,978 | 424,848 | 2,469,465 | 34 |
| 2035 | 0 5552% | 2,988,586 | 18,035,474 | 15,861,067 | 12,390,666 | 3,470,401 | 1,338,707 | 2,131,694 | 427,160 | 2,482,909 | 35 |
| 2036 | 0 5568% | 2,997,199 | 19,040,660 | 16,745,064 | 13,081,244 | 3,663,820 | 1,413,319 | 2,250,511 | 430,724 | 2,503,621 | 36 |
| 2037 | 0 5552% | 2,988,586 | 19,986,503 | 17,576,874 | 13,731,054 | 3,845,820 | 1,483,525 | 2,362,295 | 431,824 | 2,510,017 | 37 |
| 2038 | 0 5552% | 2,988,586 | 21,039,791 | 18,503,175 | 14,454,680 | 4,048,495 | 1,561,707 | 2,486,788 | 434,175 | 2,523,682 | 38 |
| 2039 | 0 5552% | 2,988,586 | 22,148,588 | 19,478,292 | 15,216,442 | 4,261,850 | 1,644,009 | 2,617,841 | 436,539 | 2,537,421 | 39 |
| 2040 | 5 1507% | 27,725,703 | 216,305,461 | 190,227,066 | 148,605,384 | 41,621,682 | 16,055,564 | 25,566,118 | 4,071,904 | 23,668,312 | 40 |
| 2041 | 0 8467% | 4,557,699 | 37,431,323 | 32,918,497 | 25,715,930 | 7,202,567 | 2,778,390 | 4,424,177 | 673,005 | 3,911,905 | 41 |
| | 100 0000% | \$ 538,290,000 | \$ 1,762,237,978 | \$ 1,549,777,610 | \$ 1,210,686,269 | \$ 339,091,341 | \$ 130,804,484 | \$ 208,286,857 | \$ 71,688,416 | \$ 416,695,421 | |

| | NONQUALIFIED | QUALIFIED | TOTAL |
|---------------------------------|----------------------|-----------------------|-----------------------|
| NPV @ 12/31/00 RETAIL | \$ 71,688,416 | \$ 416,695,421 | \$ 488,383,837 |
| LESS EST. BOOK VALUE @ 12/31/00 | | | |
| FLORIDA POWER CORPORATION | \$ 52,183,308 | \$ 240,605,967 | \$ 292,789,275 |
| CITY OF TALLAHASSEE | 0 | 0 | 0 |
| | <u>\$ 52,183,308</u> | <u>\$ 240,605,967</u> | <u>\$ 292,789,275</u> |
| PV OF FUND REQUIREMENTS | \$ 19,505,108 | \$ 176,089,454 | \$ 195,594,562 |
| MONTHLY FUND REQUIREMENT (4) | \$ 144,232 | \$ 1,302,105 | \$ 1,446,337 |
| ANNUAL FUND REQUIREMENT | \$ 1,730,784 | \$ 15,625,260 | \$ 17,356,044 |
| MONTHLY ACCRUAL (5) | \$ 234,810 | \$ 1,302,105 | \$ 1,536,915 |
| ANNUAL ACCRUAL - SYSTEM | \$ 2,817,720 | \$ 15,625,260 | \$ 18,442,980 |

(1) ESTIMATED COST IN 2000 DOLLARS X (1 + INFLATION RATE) ^ (YEAR OF EXPENDITURE - 2000)
 (2) QUAL. AND NONQUAL. PLAN AMOUNTS X (.904473) X (.97232)
 (3) ESTIMATED ANNUAL DOLLARS / (1 + EARNINGS RATE) ^ (YEAR OF DECOMMISSIONING - CURRENT YEAR (2000))
 (4)=PMT(05841061 / 12, 191 (mos.), - \$6,155,852), (EXCEL FORMULA)
 (5) FOR THE NONQUALIFIED FUND, \$49,573 / (1 - .38575)

ASSUMPTIONS: 2000 COST - \$ 538,290,000
 COST ESCALATION RATE - 5 270000%
 EARNINGS RATE (AFTER TAX) - ANNUAL 4 700000%
 - MONTHLY 4 601694%
 FEDERAL TAX RATE 35 000000%
 STATE TAX RATE 5.500000%