

FLORIDA PUBLIC SERVICE COMMISSION

FROM THE DESK OF

Pamela Paultre

TO: Anne Cole

RE: Undocketed Filing of Document

Please include the attached letter from Progress Energy in Docket# 120000-OT.

Thank you!

DOCUMENT NO. DATE

02014-12 4/3/12
FPSC - COMMISSION CLERK

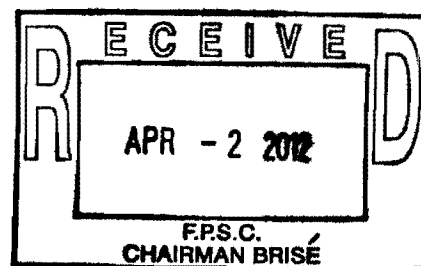


PO Box 1551
411 Fayetteville Street Mall
Raleigh NC 27602

10 CFR 50.75(f)(1)
12 APR -2 2012

Serial: RA-12-013
March 26, 2012

United States Nuclear Regulatory Commission
ATTENTION: Document Control Desk
Washington, DC 20555-0001



CRYSTAL RIVER UNIT 3 NUCLEAR GENERATING PLANT
DOCKET NO. 50-302 / LICENSE NO. DPR-72

DECOMMISSIONING FUNDING STATUS REPORT

Ladies and Gentlemen:

Pursuant to 10 CFR 50.75(f)(1), Florida Power Corporation, now doing business as Progress Energy Florida, Inc., submits this status report for funding the decommissioning of Crystal River Unit 3 Nuclear Generating Plant (CR-3). CR-3 is within five years of its operating license expiration date of December 3, 2016. Therefore, until license renewal is obtained, the status report for funding the decommissioning of CR-3 must be submitted annually in accordance with 10 CFR 50.75(f)(1). The specific information required by 10 CFR 50.75(f)(1) is listed in the attachment to this letter.

As of December 31, 2011, the total assets in the Florida Power Corporation qualified decommissioning trust funds were approximately allocated as 55%, 33%, and 12% in Domestic Equity, Fixed Income, and International Equity, respectively. As of December 31, 2011, the total assets in the Florida Power Corporation non-qualified decommissioning trust funds were approximately allocated as 100.0% in Municipal Bonds.

Also enclosed, as a convenience to the NRC staff, is the status report from each co-owner for funding the decommissioning of CR-3. None of the co-owners assumes any responsibility for the information contained in any other co-owner's report.

A number of the co-owners of CR-3 assumed greater than a 2% real rate of return on part or all of their decommissioning funds. In accordance with 10 CFR 50.75(e):

A licensee ... may take credit for collected earnings on the decommissioning funds using up to a 2 percent annual real rate of return ... A licensee may use a credit of greater than 2 percent if the licensee's rate-setting authority has specifically authorized a higher rate.

The below listed co-owners are municipally owned or cooperative electric providers that set their own rates and assumptions regarding needs for decommissioning. The rates provided in the enclosures are those provided by the co-owners and thus, in themselves, represent the citation of the "rate-setting authority."

City of Alachua (3.972% real rate of return)

City of Bushnell (3.972% real rate of return)

DOCUMENT NUMBER: 02014 APR -3 2012

FPSC-COMMISSION CLERK

City of Gainesville (3.972% real rate of return)

City of Kissimmee (3.972% real rate of return)

City of Leesburg (3.972% real rate of return)

City of Ocala (3.972% real rate of return)

Seminole Electric Cooperative, Inc. (4.55% real rate of return)

Additionally, as further evidence of the rate setting authority's approval of a greater than 2 percent real rate of return, the City of Alachua, City of Bushnell, City of Gainesville, City of Kissimmee, City of Leesburg, and City of Ocala, through their agent, the Florida Municipal Power Agency, are partners in a Forward Delivery Agreement that guarantees a 7.422% rate of return through September 2016. The Forward Delivery Agreement was previously provided to the staff in a letter dated July 20, 2011, (ML11208B460).

This document contains no new regulatory commitments.

Please contact me at (919) 546-5357 if you need additional information concerning this report.

Sincerely,



Donna Alexander
Manager - Nuclear Regulatory Affairs

DBM

Attachment:

- Status of Financial Assurance Mechanism, Crystal River Unit 3 Nuclear Generating Plant

Enclosures:

- City of Alachua, Status of Financial Assurance Mechanism (1 page)
- City of Bushnell, Status of Financial Assurance Mechanism (1 page)
- City of Gainesville, Status of Financial Assurance Mechanism (1 page)
- City of Kissimmee, Status of Financial Assurance Mechanism (1 page)
- City of Leesburg, Status of Financial Assurance Mechanism (1 page)
- City of New Smyrna Beach, Status of Financial Assurance Mechanism (1 page)
- City of Ocala, Status of Financial Assurance Mechanism (1 page)
- Orlando Utilities Commission, Status of Financial Assurance Mechanism (1 page)
- Seminole Electric Cooperative, Inc., Status of Financial Assurance Mechanism (1 page)

c: USNRC Region II
USNRC Resident Inspector -- CR3
F. Saba, NRR Project Manager -- CR3
R. Brisé-- Chairman, Florida Public Service Commission

Attachment
Status of Financial Assurance Mechanism

Crystal River Unit 3 Nuclear Generating Plant

Docket No. 50-302 / License No. DPR-72

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14:

\$442.5 million at expiration of current license, December 3, 2016

Progress Energy Florida, Inc. share (91.7806%) = \$406.1 million

- Amount of decommissioning funds accumulated as of December 31, 2011¹:

\$559,052,592 (Net of 2011 tax obligations.)

- Schedule of the annual amounts remaining to be collected

None

- Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections

Rate of escalation in decommissioning costs = 0%

Rate of earnings on decommissioning funds = 2%

- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)

None

- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report

None

- Material changes to trust agreements

None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning if needed

CITY OF ALACHUA
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.
\$ 442.5 million at expiration of current license on December 3, 2016.
City of Alachua share (0.0779%) = \$344,700.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2011¹:
\$245,721 (Assumed earnings rate is 7.422% through September 2016 and 4.00% thereafter.)
\$328,910 (Assumed earnings rate is 4.00%.)
\$574,631 (Total: The sum may differ from the total due to rounding. This total is net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:
None
- 4) Assumptions:
The assumed Cost Escalation Rate is 3.45%.
The assumed earnings rate is 7.422% for the portion invested at a guaranteed fixed rate through 2016 (guaranteed by a forward delivery agreement) and 4.00% for the rest.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):
None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:
None
- 7) Material changes to trust agreements:
None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.

CITY OF BUSHNELL
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.
\$442.5 million at expiration of current license on December 3, 2016.
City of Bushnell share (0.0388%) = \$171,687.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2011¹:
\$122,387 (Assumed earnings rate is 7.422% through September 2016 and 4.00% thereafter.)
\$162,588 (Assumed earnings rate is 4.00%.)
\$284,975 (Total: The sum may differ from the total due to rounding. This total is net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:
None
- 4) Assumptions:
The assumed Cost Escalation Rate is 3.45%.
The assumed earnings rate is 7.422% for the portion invested at a guaranteed fixed rate through 2016 (guaranteed by a forward delivery agreement) and 4.00% for the rest.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):
None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:
None
- 7) Material changes to trust agreements:
None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.

CITY OF GAINESVILLE
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.
\$442.5 million at expiration of current license on December 3, 2016.
City of Gainesville share (1.4079%) = \$6,229,831.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2011¹:
\$4,440,963 (Assumed earnings rate is 7.422% through September 2016 and 4.00% thereafter.)
\$5,646,213 (Assumed earnings rate is 4.00%.)
\$10,087,176 (Total: The sum may differ from the total due to rounding. This total is net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:
None
- 4) Assumptions:
The assumed Cost Escalation Rate is 3.45%.
The assumed earnings rate is 7.422% for the portion invested at a guaranteed fixed rate through 2016 (guaranteed by a forward delivery agreement) and 4.00% for the rest.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):
None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:
None
- 7) Material changes to trust agreements:
None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.

CITY OF KISSIMMEE
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.
\$442.5 million at expiration of current license on December 3, 2016.
City of Kissimmee share (0.6754%) = \$2,988,584.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2011¹:
\$2,130,426 (Assumed earnings rate is 7.422% through September 2016 and 4.00% thereafter.)
\$3,172,164 (Assumed earnings rate is 4.00%.)
\$5,302,590 (Total: The sum may differ from the total due to rounding. This total is net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:
None
- 4) Assumptions:
The assumed Cost Escalation Rate is 3.45%.
The assumed earnings rate is 7.422% for the portion invested at a guaranteed fixed rate through 2016 (guaranteed by a forward delivery agreement) and 4.00% for the rest.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):
None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:
None
- 7) Material changes to trust agreements:
None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.

CITY OF LEESBURG
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.
\$442.5 million at expiration of current license on December 3, 2016.
City of Leesburg share (0.8244%) = \$3,647,896.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2010¹:
\$2,600,419 (Assumed earnings rate is 7.422% through September 2016 and 4.00% thereafter.)
\$3,324,743 (Assumed earnings rate is 4.00%.)
\$5,925,162 (Total: The sum may differ from the total due to rounding. This total is net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:
None
- 4) Assumptions:
The assumed Cost Escalation Rate is 3.45%.
The assumed earnings rate is 7.422% for the portion invested at a guaranteed fixed rate through 2016 (guaranteed by a forward delivery agreement) and 4.00% for the rest.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):
None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:
None
- 7) Material changes to trust agreements:
None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.

CITY OF NEW SMYRNA BEACH
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.
\$442.5 million at expiration of current license on December 3, 2016.
City of New Smyrna Beach share (0.5608%) = \$2,481,490.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2011¹:
\$3,996,001 (Net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:
None
- 4) Assumptions:
The assumed cost escalation rate is 3.45%.
The assumed earnings rate is 0.1%.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):
None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:
None
- 7) Material changes to trust agreements:
None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.

CITY OF OCALA
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.

\$442.5 million at expiration of current license on December 3, 2016.

City of Ocala share (1.3333%) = \$5,899,733.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2010¹:

\$4,205,651 (Assumed earnings rate is 7.422% through September 2016 and 4.00% thereafter.)

\$5,339,555 (Assumed earnings rate is 4.00%.)

\$9,545,206 (Total: The sum may differ from the total due to rounding. This total is net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:

None
- 4) Assumptions:

The assumed Cost Escalation Rate is 3.45%.

The assumed earnings rate is 7.422% for the portion invested at a guaranteed fixed rate through 2016 (guaranteed by a forward delivery agreement) and 4.00% for the rest.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):

None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:

None
- 7) Material changes to trust agreements:

None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.

**ORLANDO UTILITIES COMMISSION
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72**

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.
\$442.5 million at expiration of current license on December 3, 2016.
Orlando Utilities Commission share (1.6015%) = \$7,086,493.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2010¹:
\$12,849,522 (Net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:
None
- 4) Assumptions:
The assumed cost escalation rate is 2.97%.
The assumed earnings rate is 1.50% in 2012, 2.75% in 2013, and 3.25% in 2014 and 4.00% thereafter.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):
None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:
None
- 7) Material changes to trust agreements:
As of October 3, 2011, OUC amended and restated the Decommissioning Trust Agreement to transfer trust duties to Wells Fargo from Regions Bank.

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.

SEMINOLE ELECTRIC COOPERATIVE, INC.
Status of Financial Assurance Mechanism
Crystal River Plant -- Docket No. 50-302 / License No. DPR-72

- 1) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 14.
\$442.5 million at expiration of current license on December 3, 2016.
Seminole Electric Cooperative, Inc. share (1.6994%) = \$7,519,692.
- 2) Fund Balance for the amount of funds accumulated in the decommissioning trust fund at the end of December 31, 2011¹:
\$10,395,834 (Net of taxes as the co-owner is tax exempt.)
- 3) Annual amounts remaining to be collected:
None
- 4) Assumptions:
The assumed cost escalation rate is 3.45%.
The assumed earnings rate is 8.00%.
- 5) Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):
None
- 6) Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report:
None
- 7) Material changes to trust agreements:
None

¹ The Funds shown reflect the total amount of funds in the Trust, all of which are available for Radiological Decommissioning, if needed.