

State of Florida



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Commissioners:
MICHAEL MCK. WILSON, CHAIRMAN
THOMAS M. BEARD
BETTY EASLEY
GERALD L. (JERRY) GUNTER
JOHN T. HERNDON

TIMOTHY J. DEVLIN, Director
Auditing & Financial Analysis Division
(904) 488-8147

Public Service Commission
February 6, 1989

Mr. James A. McGee
Senior Counsel
Florida Power Corporation
3201 Thirty-fourth Street South
Post Office Box 14042
St. Petersburg, Florida 33733

Dear Mr. McGee:

Docket No. 870098-EI

Attached you will find a preliminary list of Commission Staff issues identified thus far to be relevant to the above referenced docket. This list is being sent to all parties of record to give an indication of Staff's concerns at this time. To the extent possible, it is suggested that Florida Power Corporation consider addressing these issues as well as any others it considers relevant and necessary in its testimony scheduled to be filed on February 27, 1989.

If there are any questions regarding this, please call me.

Sincerely,

Patricia S. Lee

Patricia S. Lee
Chief - Depreciation Bureau

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
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Attachment

- cc: Division of Records and Reporting, FPSC
- Division of Auditing & Financial Analysis, FPSC
- Division of Electric & Gas, FPSC
- Division of Legal Services, FPSC
- Ms. Gail P. Fels, Dade County Attorneys Office
- Mr. Mathew M. Childs, P.A., w/o attachment

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

State of Florida



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Public Service Commission
February 6, 1989

Mr. Mathew M. Childs, P.A.
310 West College Avenue
Tallahassee, Florida 32301-1406

Dear Mr. Childs:

Docket No. 870098-EI

Attached you will find a preliminary list of Commission Staff issues identified thus far to be relevant to the above referenced docket. This list is being sent to all parties of record to give an indication of Staff's concerns at this time. To the extent possible, it is suggested that Florida Power & Light consider addressing these issues as well as any others it considers relevant and necessary in its testimony scheduled to be filed on February 27, 1989.

If there are any questions regarding this, please call me.

Sincerely,

Patricia S. Lee

Patricia S. Lee
Chief - Depreciation Bureau

Attachment

cc: Division of Records and Reporting, FPSC
Division of Auditing & Financial Analysis, FPSC
Division of Electric & Gas, FPSC
Division of Legal Services, FPSC
Ms. Gail P. Fels, Dade County Attorneys Office
w/o attachment
Mr. James A. McGee, Florida Power Corporation

PRELIMINARY LIST OF STAFF IDENTIFIED ISSUES
DOCKET NO. 870098-EI

1. Are there components and facilities now at the nuclear production units which could be retained to generate electricity with another steam source after the removal of the current nuclear steam generation components?
2. Should the dismantlement of non-nuclear plant components be included in the funding for "Nuclear Decommissioning", or recovered separately through the use of lives and costs specifically related to those non-nuclear reusable components?
3. Should a decommissioning cost study be required from each company addressing the exclusion of non-nuclear components and facilities which can be used for generation of power subsequent to decommissioning of the present nuclear components? If so, in what time-frame should they be required?
4. Upon termination of all activities involving nuclear material and upon receipt of the license termination, how will the companies use the land and remaining facilities?
5. What methodology should Florida Power Corp. and Florida Power & Light utilize to decommission their nuclear units?
6. What is the estimated appropriate cost in current (1989) dollars to decommission each of the nuclear units?

7. What is the appropriate methodology and escalation rate to use in converting the current estimated decommissioning cost to the future decommissioning estimated cost?
8. What is the total estimated cost of decommissioning each unit in future dollars based upon present operating license termination date?
9. Since the Companies' decommissioning funds are reviewed every five years, should there be a contingency allowance applied to the total cost at this time, and if so, what should the percentage be?
10. As presently planned, in which years will the funds accumulated in the Nuclear Decommissioning Trust Fund be expended, by unit?
11. What is the estimated future cost of decommissioning, by unit, in each year in which decommissioning funds will be expended?
12. In which years are decommissioning costs projected to be included in the company's cost of service and the projected amount that will be included each year?
13. What is the projected date that each nuclear unit will no longer be included in rate base for ratemaking purposes?
14. Should the decommissioning funds be funded internally or externally?
15. Are the costs associated with fund management for Florida Power & Light and Florida Power Corp. prudent?

16. Are the parties owning an interest in the nuclear units of Florida Power & Light and Florida Power Corp. providing for their fair share of the total decommissioning costs?
17. What is an appropriate investment strategy for a nuclear decommissioning trust fund?
18. What is the appropriate fund earnings rate, net of tax, for a nuclear decommissioning trust fund?
19. How often should contributions be made to the company's decommissioning fund?
20. Was it prudent for Florida Power & Light and Florida Power Corp. to qualify the nuclear decommissioning funds under Section 468(a) of the Internal Revenue Code for 1984 through 1987?
21. Should utility companies, prospectively, be required to qualify nuclear decommissioning trust funds as set forth under Section 468(a) of the Internal Revenue Code?
22. What is the appropriate annual accrual in equal dollar amounts necessary to recover future decommissioning costs, net of tax, over the remaining life of each nuclear power plant for Florida Power Corp. and Florida Power & Light?
23. What should be the effective date for adjusting the annual accrual amount?