FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

DATE 8/29/89

RE: DOCKET NO. 870098-EI - Petitions for approval of an increase in the accrual of nuclear decommissioning costs by Florida Power Corporation and Florida Power and Light Company.

Issue: 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?
Recommendation: Yes, there are portions of the nuclear electric generating units which could be retained and used for future generation of electricity. The question does remain, however, as to whether or not it will be cost justified to retain these assets versus dismantling them upon decommissioning, at the same time the contaminated assets are removed (See Issue 3).

APPROVED

Issue: 2. Should the dismantlement of non-contaminated 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-contaminated reusable components?
Recommendation: The dismantlement of non-contaminated plant components available for continued use after the decommissioning of the current nuclear steam source should be recovered separately through the use of lives and costs specifically related to those components. However, based on the current studies filed in this proceeding, there is no way to distinguish between the costs of dismantling contaminated assets and potentially reusable non-contaminated assets at the time of decommissioning (See Issue 3).

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' VOTES

APPROVED	APPROVED WITH MODIFICATIONS	DISAPPROVED	DEFER
	Betty Easley		
	John T. Herndon		
	Michael Wilson		
	[illegible]		
	[illegible]		

REMARKS/DISSENTING COMMENTS: TO:

DOCUMENT NUMBER-DATE
09003 SEP -7 1989
FPSC-RECORDS/REPORTING

Issue: 3. Should a decommissioning cost study be required from each company addressing the exclusion of non-contaminated 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?
Recommendation: Yes, FPL and FPC should file a site-specific economic cost study for each of their nuclear generating plants to determine if it is cost justified to retain the non-contaminated portion of the nuclear plant assets for use with a new generating station. These feasibility studies should be submitted no later than two years from the date of the final order in this proceeding.

APPROVED

*Issue: 4. What methodology should Florida Power Corporation and Florida Power & Light utilize to decommission their units?
Recommendation: The methodology that FPC and FPL should utilize to decommission their nuclear units is as follows:

Turkey Point Unit No. 3:	Integrated Prompt Removal/ Dismantling
Turkey Point Unit No. 4:	Integrated Prompt Removal/ Dismantling
St. Lucie Unit 1:	Mothball/Prompt Integrated Dismantling
St. Lucie Unit 2:	Integrated Prompt Removal/ Dismantling
Crystal River Unit 3:	Prompt Removal/Dismantling

APPROVED

Issue: 5. Should there be a contingency allowance applied to the total cost at this time, and if so, what should the percentage be?
Recommendation: Yes. The overall contingency allowance of 25% for both FPL and FPC is reasonable at this time. Staff does, however, have reason to believe that this amount may change through time.

APPROVED

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*Issue: 6. What is the estimated appropriate cost in current (January 1, 1989) dollars to decommission each of the nuclear units?
Recommendation: The estimated cost in current (January 1, 1989) dollars to decommission each of the nuclear units are:

Turkey Point Unit No. 3	$162,072,000
Turkey Point Unit No. 4	190,494,000
St. Lucie Unit No. 1	205,249,321
St. Lucie Unit No. 2	202,975,000
Crystal River Unit No. 3	189,123,000

APPROVED AS RECALCULATED DUE TO DECISION ON ISSUE 7.

*Issue: 7. What is the appropriate methodology and escalation rate to use in converting the current estimated decommissioning cost to the future estimated decommissioning cost?
Recommendation: The appropriate escalation rates to use in converting the current decommissioning cost to the future decommissioning cost for each nuclear unit are:

Turkey Point Unit No. 3	5.80%
Turkey Point Unit No. 4	5.80%
St. Lucie Unit No. 1	6.02%
St. Lucie Unit No. 2	5.91%
Crystal River Unit No. 3	6.08%

The methodology used by FPL and FPC in their escalation rate analyses is reasonable for determining the appropriate rate. The disparity between staff's escalation rates and the companies' escalation rates results from differences in the time frame and specific inflation measures.

APPROVED W/MOD. THAT THE LOWER OF THE COMPANIES' OR STAFF'S RECOMMENDED ESCALATION RATES ARE TO BE USED.

*Issue: 8. What is the total estimated cost of decommissioning each unit in future dollars based upon present operating license termination date?
Recommendation: The estimated total cost of decommissioning each nuclear unit in future dollars based upon present operating license termination dates is:

Turkey Point Unit No. 3	$ 542,426,010
Turkey Point Unit No. 4	673,190,276
St. Lucie Unit No. 1	1,622,545,122
St. Lucie Unit No. 2	1,757,460,731
Crystal River Unit No. 3	1,201,528,228

APPROVED AS RECALCULATED DUE TO DECISION ON ISSUE 7.

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*Issue: 9. As presently planned, in which years will the funds accumulated in the Nuclear Decommissioning Trust Fund be expended, by unit?
Recommendation: As presently planned, the funds accumulated in the Nuclear Decommissioning Trust Funds will be expended in the following years:

Unit	Year(s) of Fund Expenditures
Turkey Point Unit 3	2005-2013
Turkey Point Unit 4	2005-2014
St. Lucie Unit 1	2014-2028
St. Lucie Unit 2	2021-2028
Crystal River Unit 3	2015-2023

APPROVED

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*Issue: 10. What is the estimated future cost of decommissioning, by unit, in each year in which decommissioning funds will be expended?
Recommendation: The estimated future costs of decommissioning, by unit, in each year in which decommissioning funds will be expended are:

Turkey Point Plant

Year of Decommissioning	Estimated Future Cost Unit No. 3	Unit No. 4
2005	$ 1,181,262	$ 647,762
2006	5,059,912	2,833,826
2007	32,477,023	23,542,894
2008	101,657,092	35,271,774
2009	136,034,524	118,657,270
2010	143,924,526	158,697,622
2011	73,426,868	167,902,084
2012	35,977,100	94,608,426
2013	12,687,703	56,171,797
2014		14,856,822
Totals	$542,426,010	$673,190,276

St. Lucie Plant

Year of Decommissioning	Estimated Future Cost Unit No. 1	Unit No. 2
2014	$ 2,091,581	
2015	8,282,026	
2016	89,815,291	
2017	32,466,450	
2018	14,603,465	
2019	15,482,594	
2020	16,414,646	
2021	17,402,808	$ 1,489,148
2022	89,887,187	6,251,434
2023	309,804,347	72,772,279
2024	340,793,776	322,663,298
2025	361,309,561	420,371,172
2026	161,315,779	445,215,109
2027	149,653,381	279,496,214
2028	13,222,231	209,202,077
Totals	$1,622,545,122	$1,757,460,731

Crystal River Plant

Year of Decommissioning	Estimated Future Cost Unit No. 3
2015	$ 29,609,186
2016	31,409,425
2017	33,319,118
2018	264,177,471
2019	280,239,461
2020	297,278,021
2021	126,848,472
2022	67,279,726
2023	71,367,348
Total	$1,201,528,228

(The above amounts may not add due to rounding.)

APPROVED AS RECALCULATED DUE TO DECISION ON ISSUE 7.

*Issue: 11. What is the projected date that each nuclear unit will no longer be included in rate base for ratemaking purposes?
Recommendation: The projected date that each nuclear unit will no longer be included in rate base for ratemaking purposes is predicated on each unit's license expiration date.

Turkey Point Unit 3:	April 27, 2007
Turkey Point Unit 4:	April 27, 2007
St. Lucie Unit 1:	March 1, 2016
St. Lucie Unit 2:	April 6, 2023
Crystal River Unit 3:	December 3, 2016

APPROVED

Issue: 12. Do FPL and FPC comply with NRC requirements as they pertain to control of the decommissioning funds?
Recommendation: Yes, FPL and FPC comply with Nuclear Regulatory Commission (NRC) requirements as they pertain to control of the decommissioning funds.

APPROVED

Issue: 13. Do FPL and FPC comply with NRC requirements as they pertain to the management of the investments of the decommissioning trust funds?
Recommendation: At this time, it appears that FPL and FPC are in compliance with the NRC requirements as they pertain to the management of the investments of the decommissioning trust funds.

APPROVED

Issue: 14. Do FPL and FPC comply with IRS requirements as they pertain to control of the decommissioning funds?
Recommendation: Yes, FPL and FPC comply with Internal Revenue Service (IRS) requirements as they pertain to control of the decommissioning funds.

APPROVED

Issue: 15. Do FPL and FPC comply with IRS requirements as they pertain to the management of the investments of the decommissioning trust funds?
Recommendation: Yes, FPL and FPC comply with the IRS requirements as they pertain to the management of the investments of the decommissioning trust funds.

APPROVED

Issue: 16. What are the fee structures associated with the administration and management of the decommissioning trust funds for FPL and FPC and are these appropriate?
Recommendation: The fee structures are detailed in the respective company positions. Despite the differences between FPL's and FPC's arrangements for the assessment of fees associated with the administration and management of their respective decommissioning trust funds, it appears that both companies have reasonable fee structures.

APPROVED

Issue: 17. Are the parties owning an interest in the nuclear units of Florida Power & Light and Florida Power Corporation providing their share of the total decommissioning costs?
Recommendation: Yes, it appears that each company has made necessary arrangements to ensure that the parties owning an interest in each of the nuclear units are providing for their fair share of the total decommissioning costs.

APPROVED

Issue: 18. What is an appropriate investment strategy for a nuclear decommissioning trust fund?
Recommendation: An appropriate investment strategy for a nuclear decommissioning trust fund should ensure that each dollar contributed to the fund is available at the time of decommissioning and that the fund's assets earn a consistent positive real return over a market cycle.

APPROVED

Issue: 19. Should a minimum fund earnings rate be imposed and, if so, how should that rate be determined?
Recommendation: The companies should be required to ensure that the funds maintain the purchasing power of the contributions by earning at least the rate of inflation as measured by the Consumer Price Index (CPI) over each five year review period. This should be the minimum fund earnings rate imposed by the Commission.

APPROVED

*Issue: 20. What is the assumed appropriate fund earnings rate, net of tax, for a nuclear decommissioning trust fund?
Recommendation: The appropriate fund earnings rate, net of tax, for a nuclear decommissioning trust fund should be equal to or greater than the rate of inflation as measured by the Consumer Price Index (CPI). DRI forecasts a long-term average CPI over the next 25 years of 5.27%. Therefore, the appropriate fund earnings rate, net of taxes and all other administrative costs charged to the trust fund, should be 5.27%.

APPROVED

*Issue: 21. How often should contributions be made to the company's decommissioning fund?
Recommendation: Contributions should be made to the decommissioning funds on a monthly basis.

APPROVED

Issue: 22. What are the tax and revenue requirements implications of having a qualified fund versus a non-qualified fund?
Recommendation: If income tax rates remain constant and inflation rates and earnings on investments are assumed to be the same for both funding methods, the revenue requirements would be the same for both funding methods.

APPROVED

Issue: 23. Was it appropriate for Florida Power & Light and Florida Power Corporation to qualify the nuclear decommissioning funds under Section 468A of the Internal Revenue Code for 1984 through 1987?
Recommendation: Yes, it was appropriate for FPL and FPC to qualify their decommissioning funds under Internal Revenue Code Section 468A for tax years 1984 through 1987.

APPROVED

Issue: 24. Was it appropriate for Florida Power & Light to not qualify the nuclear decommissioning funds under Section 468A of the Internal Revenue Code for 1988?
Recommendation: Staff believes that the nuclear decommissioning trust funds should be qualified in all years when that option is available. However, there is no evidence in the record to indicate that FPL's decision was inappropriate for 1988.

APPROVED

Issue: 25. Should utility companies, prospectively, be required to qualify nuclear decommissioning trust funds pursuant to Section 468A of the Internal Revenue Code?
Recommendation: No, however, their decisions concerning their tax elections in regard to nuclear decommissioning should be closely examined in future proceedings. Qualifying the funds is the most conservative way to guarantee that the necessary funds will be available at the time of decommissioning.

APPROVED

*Issue: 26. 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 Corporation and Florida Power & Light?
Recommendation: The appropriate jurisdictional annual accruals necessary to recover future decommissioning costs over the remaining life of each nuclear power plant are:

FPL:	Recommended Annual Accrual
Turkey Point Unit 3:	$10,439,196
Turkey Point Unit 4:	13,590,449
St. Lucie Unit 1:	10,910,879
St. Lucie Unit 2:	8,824,810
Total	$43,765,334

FPC:

Crystal River Unit 3:	$ 8,599,412

APPROVED AS RECALCULATED DUE TO DECISION ON ISSUE 7.

*Issue: 27. In which years are decommissioning costs projected to be included in the company's cost of service, and what are the projected amounts that will be included each year?
Recommendation: Decommissioning expenses or accrual amounts will be included in each company's cost of providing service each year until each unit's operating license expiration date. The accrual amount will be that which the Commission approves in Issue 26. This amount will be subject to subsequent review at least once every five years and should be reflected in expenses for surveillance and tax savings reporting purposes.

APPROVED

Issue: 28. What should be the effective date for adjusting the annual accrual amount?
Recommendation: The effective date for adjusting the annual accrual amounts for FPL should be January 1, 1989. The effective date for adjusting the annual accrual amount approved for FPC in Order No. 18627 in Docket No. 870220-EI should be made effective January 1, 1990.

APPROVED

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Issue: 29. What are the jurisdictional revenue requirements needed to recover the costs associated with the decommissioning of each nuclear unit?
RECOMMENDATION: The jurisdictional revenue requirements needed to recover the decommissioning costs of each nuclear unit are as follows:

	Previous Revenue Requirement	Increase/Decrease	Total Recommended Annual Revenue Req.
FPL:			
Turkey Point Unit 3:	$ 5,459,105	$ 5,152,547	$10,611,652
Turkey Point Unit 4:	3,989,885	9,825,078	13,814,963
St. Lucie Unit 1:	4,978,857	6,112,270	11,091,127
St. Lucie Unit 2:	4,756,925	4,213,671	8,970,596
Total	$19,184,772	$25,303,566	$44,488,338
FPC:			
Crystal River Unit 3:	$ 9,400,000	$ (658,526)	$ 8,741,474

APPROVED AS RECALCULATED DUE TO DECISION ON ISSUE 7.

Issue: 30. Should base rates be revised in this docket to reflect any change in revenue requirements?
Recommendation: No, base rates should not be revised in this docket to reflect any change in revenue requirements.

APPROVED