

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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| In Re: Request for Approval of Fossil Dismantlement Studies by Florida Power and Light Company |) | DOCKET NO. 941343-EI |
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| In Re: Petition for Increase in Annual Accrual for Turkey Point and St. Lucie Nuclear Unit Decommissioning Costs By Florida Power and Light Company |) | DOCKET NO. 941350-EI |
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| In Re: Petition for Approval of Increase in Accrual for Nuclear Decommissioning Costs by Florida Power Corporation |) | DOCKET NO. 941352-EI |
| |) | ORDER NO. PSC-95-0477-FOF-EI |
| |) | ISSUED: April 12, 1995 |
| |) | |
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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION

ORDER GRANTING APPROVAL OF
PRELIMINARY IMPLEMENTATION OF ACCRUALS

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

By Order No. 10987, issued July 13, 1982, in Docket No. 810100-EU(CI), the Commission required the establishment of a funded reserve, separate from the depreciation reserve, for the accumulation of the estimated costs of decommissioning each nuclear unit in operation in Florida. In particular, the Commission found that nuclear decommissioning cost estimates

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"should be reviewed and, if necessary, changed no less often than every five years." Accordingly, on January 26, 1987, Florida Power Corporation (FPC) filed an updated nuclear decommissioning study for its Crystal River Unit 3 nuclear plant. FPC also filed a petition seeking approval of a revised annual accrual to its nuclear decommissioning reserve, based on the cost estimates and funding assumptions developed in the study. Similarly, on April 20, 1988, Florida Power & Light Company (FPL) filed nuclear decommissioning studies for its St. Lucie Nuclear Units 1 and 2. On June 29, 1988, FPL filed nuclear decommissioning studies for its Turkey Point Nuclear Units 3 and 4, along with revisions to its studies on the St. Lucie Units 1 and 2. FPL's filing was accompanied by a petition seeking approval of revised annual accruals to its nuclear decommissioning reserve for the Turkey Point Nuclear Units and amended revised accruals for its St. Lucie Nuclear 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.

Pursuant to Commission Order Nos. 10987 and 21928, which provided that an approved accrual level is subject to subsequent review every five years, FPC filed the 1994 Crystal River Unit 3 Nuclear Decommissioning Cost Study on December 30, 1994. FPC's Docket 941352-EI is scheduled to be heard with FPL's nuclear filing at the October 10, 1995 agenda conference.

Order No. PSC-93-0211-FOF-EI, issued on February 10, 1993, in Docket Nos. 900794-EI, 901001-EI, and 910081-EI, granted FPL a waiver to file fossil dismantlement studies and nuclear decommissioning studies in December, 1994, with a January 1, 1995 implementation date. FPL's request for approval of fossil dismantlement studies was received by the Commission on December 29, 1994, and Docket 941343-EI is slated to be heard by the Commission at the November 7, 1995 agenda conference. FPL filed for an increase in the annual accrual for Turkey Point and St. Lucie Nuclear Units Decommissioning Costs on December 30, 1994, and as stated previously, Docket 941350-EI is scheduled to be heard, along with FPC's filing, at the October 10, 1995 agenda conference.

The associated proposed accruals are shown on Attachment A, page 6. FPL's proposed fossil dismantlement accruals represent an increase in 1995 of about \$14.6 million over the currently prescribed accruals, and an annual increase of about \$7.4 million over current accruals for 1996 through 1998. FPL's proposed nuclear decommissioning accruals represent an annual increase of

about \$8.9 million. FPC's nuclear decommissioning proposal represents an annual increase of about \$6.5 million over the current accrual levels. These accruals will be trued-up when final Commission action is taken in each of these dockets.

On January 26, 1995, FPC requested approval of its preliminary implementation of the proposed nuclear decommissioning accruals effective January 1, 1995. FPL submitted a similar request on February 22, 1995, but implemented the proposed fossil dismantlement and nuclear decommissioning accruals on January 1, 1995. These accruals relate to the removal and abandonment costs of nuclear power plants and fossil fueled generating stations. Both FPL and FPC believe they are required to provide the best estimate of expense for external financial reporting and to comply with "Generally Accepted Accounting Principles" in Statement of Financial Accounting Standards No.5 - Accounting for Contingencies. Although this is appropriate, it was not contemplated that FPC or FPL would implement proposed amounts without first obtaining Commission approval. Decommissioning and dismantlement costs are accrued separately due to their magnitude, but are nonetheless attributed to costs of removal which are recovered as depreciation expense.

Preliminary booking or implementation does not mean that, upon completion of the Commission's review of the Companies' filed studies, each Company's proposal will be automatically accepted. Such preliminary implementation of the proposed accruals shown on the Attachment A, page 6, only means that the proposed accruals are likely to result in more appropriate expenses than would retention of the current accruals. In either case, the accruals will be trued-up upon final Commission action in each of these dockets.

The increase in FPL's annual fossil dismantlement accrual in 1995 compared to 1996 through 1998 is primarily due to the inclusion of an estimated \$7.3 million that will be required to complete the dismantlement of the units at the Palatka Plant site. The units were retired in 1983, and dismantlement activities have been taking place since 1990. Under the current schedule, dismantlement should be completed by year-end 1999.

Our final review of FPL's fossil dismantlement study is expected to be completed in November, 1995. The review of FPL's and FPC's nuclear decommissioning studies will be completed in October, 1995.

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Based on the foregoing, it is

ORDERED that Florida Power and Light Company and Florida Power Corporation shall be allowed to implement, on a preliminary basis, the fossil dismantlement and nuclear decommissioning accruals specified in the above Order. It is further

ORDERED that the accrual levels became effective January 1, 1995. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto.

By ORDER of the Florida Public Service Commission, this 12th day of April, 1995.



BLANCA S. BAYO, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 3, 1995.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Attachment A

NUCLEAR DECOMMISSIONING AND FOSSIL DISMANTLEMENT
ANNUAL ACCRUAL COMPARISONS
COMMISSION APPROVED VS COMPANY PROPOSED

ANNUAL JURISDICTIONAL ACCRUALS

| | <u>Commission</u> <u>Approved</u> \$ | <u>Company</u> <u>Proposed</u> \$ | <u>Increase</u> <u>(Decrease)</u> \$ |
|---------------------------|--|---|--|
| Nuclear Decommissioning: | | | |
| Florida Power Corporation | 11,188,360 | 17,664,476 | 6,476,116 |
| Florida Power & Light Co. | 37,515,086 | 46,399,602 | 8,884,516 |
| Fossil Dismantlement: | | | |
| Florida Power & Light Co. | | | |
| 1995 (only) | 10,784,475 | 25,368,503 | 14,584,028 |
| 1996-1998 | 10,784,475 | 18,147,843 | 7,363,368 |