



Florida Power
CORPORATION

ORIGINAL

JAMES A. MCGEE
SENIOR COUNSEL

June 30, 2000

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

MAIL ROOM
00 JUL -3 AM 10:41
JAMES A. MCGEE
SENIOR COUNSEL

Re: Docket No. 000543-EI; Proposed Rule 25-6.04365,
F.A.W., Nuclear Decommissioning.

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and fifteen copies of Florida Power Corporation's post-workshop revisions to Staff's draft rule.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/kbd

- APP Helton
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR Hewitt, Lee
- LEG Elias
- OPC _____
- PAI Tew
- RGO _____
- SEC I
- SER Cassano
- OTH Cy. Coler

Enclosure

cc: Mary Anne Helton, Esquire
Matthew M. Childs, Esquire

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Letter
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Florida Power Corporation's post-workshop revisions
to Staff's draft rule (file: decom#4.mah)

1 25-6.04365 Nuclear Decommissioning.

2 (1) Purpose. The purpose of this rule is to codify the
3 Commission's policy of requiring each utility that owns a
4 nuclear generating plant ~~to maintain a nuclear decommissioning~~
5 ~~trust fund~~ to ensure there are sufficient funds on hand at the
6 time of decommissioning to meet all required expenses ~~at the~~
7 ~~lowest cost to the utility's ratepayers.~~ This rule requires
8 each utility to file a Nuclear Decommissioning Study on a
9 regular basis, the purpose of which is to obtain sufficient
10 information to update cost estimates based on new developments,
11 additional information, technological improvements, and
12 forecasts; to reevaluate alternative methodologies; and to
13 revise the annual accrual needed to recover the costs.

14 (2) Definitions. For the purpose of this rule, the
15 following definitions shall apply:

16 (a) "Contingency ~~costs.~~" A specific provision for
17 unforeseeable elements of cost within the defined project scope,
18 which is particularly important where previous experience
19 relating estimates and actual costs ~~have~~ ~~has~~ shown that
20 unforeseeable events which will increase costs are likely to
21 occur.

CODING: Words ~~highlighted~~ are additions; words in
~~struck-through~~ type are deletions from existing law.

1 (b) "Decommissioning." The process of managing,
2 dismantling, ~~and removing or converting for reuse~~ the materials
3 and equipment that remain at the nuclear generating unit
4 following its retirement ~~and are no longer used and useful~~.

5 (3) Nuclear Decommissioning Study. Each utility shall
6 file a site-specific nuclear decommissioning study at least once
7 every five years from the submission date of the previous study
8 ~~unless otherwise required by or within such other filing~~
9 ~~interval as the Commission may establish~~. At a minimum, each
10 utility's nuclear decommissioning study shall include:

11 (a) A narrative describing each nuclear unit, including
12 the in-service date and the date of operating license
13 expiration.

14 (b) A list of all entities owning an interest in each
15 nuclear unit, the percent ownership of each entity, and
16 documentation showing ~~that the status of each entity is in~~
17 providing its share of the total decommissioning costs.

18 (c) A narrative explaining plans for spent nuclear fuel
19 storage and removal at each nuclear unit, including, at a
20 minimum, the date on-site spent fuel pool storage capacity will
21 be lost, the date spent nuclear fuel is expected to be removed
22 from the plant site, and the estimated costs for on-site dry
23 storage to accommodate the decommissioning of the unit.

24 (d) The decommissioning study methodology.

25 (e) A summary of the major assumptions used in the study.

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1 (f) The methodology selected to decommission each nuclear
2 unit and support for the selection.

3 (g) The method of ~~funding~~ **financial assurance** selected for
4 each year since the prior study, and also the method assumed in
5 the calculation of the proposed annual accrual.

6 (h) The total utility and jurisdictional decommissioning
7 cost estimates, **including contingency costs,** in current dollars
8 for each unit.

9 (I) The total utility and jurisdictional decommissioning
10 cost estimates in future dollars for each unit.

11 (j) For each year, the estimated amount of ~~the nuclear~~
12 ~~trust fund to be expended decommissioning expenditures.~~

13 (k) The projected date each nuclear unit will no longer be
14 included in rate base for ratemaking purposes.

15 (l) For each nuclear unit, a comparison of the current
16 approved annual decommissioning accruals with those proposed.
17 Current accruals shall be identified as to the effective date
18 and proposed accruals to the proposed effective date.

19 (m) The assumed fund earnings rate, net of tax, used in
20 the calculation of the decommissioning accrual and supporting
21 documentation for the rate proposed by the utility. ~~The rate~~
22 ~~shall be at least the rate of inflation measured by the long-~~
23 ~~term average Consumer Price Index at the time of the~~
24 ~~decommissioning study.~~

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1 (n) The methodology and escalation rate used in converting
2 the current estimated decommissioning costs to future estimated
3 decommissioning costs and supporting documentation and analyses.

4 (o) The annual revenue requirement of the proposed
5 decommissioning cost estimates.

6 (p) A reconciliation of the decommissioning fund balance
7 and the decommissioning reserve balance as of the effective date
8 of the revised decommissioning accruals proposed by the utility.
9 The reconciliation shall show the fund balances for ~~the~~
10 ~~qualified fund, the nonqualified fund, and the total fund by~~
11 ~~category.~~ The fund balance may involve estimates.

12 (q) A summary and explanation of ~~all material~~ differences
13 between the current study and the utility's last filed study,
14 ~~including, at a minimum, changes in methodology and assumptions.~~

15 (r) ~~All s~~Supporting schedules, analyses, and data used in
16 developing the decommissioning cost estimates and annual accrual
17 proposed by the utility. Supporting schedules shall include the
18 inflation and funding analyses.

19 (4) Accumulation of Annual Accruals.

20 (a) The decommissioning annual accrual shall be calculated
21 ~~using the external sinking fund method. In determining the~~
22 ~~annual decommissioning accrual,~~ the current cost estimate is
23 escalated to the expected dates of actual decommissioning. ~~A~~
24 ~~sinking fund annuity is then calculated to determine the annual~~

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1 ~~accrual. The annual accrual plus the earnings on the annuities,~~
2 ~~net of taxes, will grow to the escalated decommissioning amount.~~

3 (b) Decommissioning annual accruals shall be accumulated
4 ~~in an externally funded reserve~~ to assure that the costs for
5 decommissioning are available at the expiration of the nuclear
6 unit's operating license. ~~Contributions to the decommissioning~~
7 ~~trust fund shall be made on a monthly basis.~~

8 (c) A utility shall not change its annual nuclear
9 decommissioning accruals without prior Commission approval.

10 (5) Nuclear Decommissioning Fund Performance. The
11 Commission will review and evaluate each utility's investment
12 performance ~~to determine whether the decommissioning fund~~
13 ~~earned at least the rate of inflation.~~

14 (6) License Renewal. Each utility shall provide, ~~in~~
15 ~~writing,~~ the Director of the Division of ~~Auditing and Financial~~
16 ~~Analysis Economic Regulation~~ with a ~~copy summary~~ of any written
17 communication between the Nuclear Regulatory Commission and the
18 utility concerning license renewal within ~~15-21~~ days of receipt
19 or mailing ~~by the utility.~~ Written communications include
20 correspondence, petitions, pleadings, and electronic filings.

21 Specific Authority: 350.127(2), F.S.

22 Law Implemented: 366.041, 366.06(1), F.S.

23 History: New ~~/ /~~ .

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6/29/00

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