

State of Florida



ORIGINAL

Public Service Commission

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COMMISSION
CLERK

DATE: July 27, 2006

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: Lawrence D. Harris, Senior Attorney, Office of the General Counsel

RE: Docket No. 060508-EI - Rule 25-6.0423

Attached is a copy of Rule 25-6.0423 for filing in the above mentioned docket.

LDH
Attachment

- CMP _____
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DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

1 **25-6.0423 Nuclear Power Plant Cost Recovery.**

2 (1) The purpose of this rule is to establish cost recovery mechanisms that
3 promote electric utility investment in nuclear power plants and allow for the
4 recovery in rates of all costs prudently incurred in the siting, design, licensing,
5 and construction of a nuclear power plant.

6 (2) Costs incurred during the "Preconstruction" period, as defined in
7 Section 366.93(1)(d), Florida Statutes, shall be afforded deferred accounting
8 treatment and shall accrue a carrying charge equal to the utility's allowance for
9 funds used during construction (AFUDC) rate until recovered in rates.

10 (3) For nuclear power plant petitions for determination of need pursuant
11 to Section 403.519, Florida Statutes, submitted on or before December 31, 2010,
12 the associated carrying costs shall be equal to the pretax AFUDC in effect on June
13 19, 2006. For nuclear power plant need petitions submitted after December 31,
14 2010, the utility's pretax AFUDC rate in effect at the time the petition for
15 determination of need is filed is presumed to be appropriate unless the
16 Commission determines otherwise in its need determination Order.

17 (4) After the Commission has issued a final order granting a
18 determination of need pursuant to Section 403.519, Florida Statutes:

19 (a) A utility may petition the Commission for cost recovery as permitted
20 under this rule;

21 (b) In its annual report filed pursuant to Rule 25-6.135, a utility shall
22 include the budgeted and actual costs as compared to the estimated in-service cost
23 of the nuclear power plant until commercial operation of the nuclear power plant
24 begins;

1 (c) A utility is entitled to recover, through the Capacity Cost Recovery
2 Clause, all prudently incurred preconstruction costs and the carrying costs on the
3 utility's annual projected construction cost balance associated with the nuclear
4 power plant, without regard to whether construction of the nuclear power plant is
5 completed. Such costs shall be recovered over a period equal to the period during
6 which the costs were incurred or 5 years, whichever is greater. The unrecovered
7 balance during the recovery period will accrue interest at the utility's actual
8 overall weighted average midpoint cost of capital on a FPSC Adjusted basis as
9 reported by the utility in its Earnings Surveillance Report filed in December of the
10 prior year.

11 (d) The difference between actual and projected cost as filed will be
12 included for cost recovery purposes in the following year's cost recovery
13 proceeding for the Capacity Cost Recovery Clause.

14 (5) After a nuclear power plant is placed in commercial service:

15 (a) The utility may file for a limited proceeding to increase its base rate
16 charges by the projected annual revenue requirements for the nuclear power plant
17 based on the jurisdictional annual revenue requirements for the plant for the first
18 12 months of operation and at such time as plant is included in base rates,
19 recovery through the clause will cease;

20 (b) The rate of return on capital investments shall be calculated using the
21 utility's most recent actual overall weighted average rate of return on a FPSC
22 Adjusted basis as reported by the utility in its Earnings Surveillance Report using
23 the midpoint of the return on equity range last approved by the Commission prior
24 to the commercial inservice date of the nuclear power plant;

25

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

1 (c) The net book value of any existing generating plant that is retired as a
2 result of operation of the nuclear plant shall be recovered through an increase in
3 base rate charges over a period not to exceed 5 years;

4 (d) At the end of the recovery period base rates shall be reduced by the
5 amount associated with the recovery.

6 Specific Authority 350.127(2), 366.05(1).

7 Law Implemented 366.93 FS.

8 History

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